Red5Limited

Annual Report 2010

Corporate Profile

Red 5 Limited (ABN 73 068 647 610) is listed on the Australian Securities Exchange (ticker RED) with over 2,600 shareholders.

The largest shareholders are Mathews Capital, with 19.2% interest, Baker Steel Capital Managers, with 8.1% interest, and Lujeta Pty Ltd, with 5.1% interest. There are also 31 institutions, mainly Melbourne and Sydney based, on the register.

The Company's principal asset is the Siana Gold Project in the Philippines, held under a Mineral Production Sharing Agreement by a Philippine compliant company.

The Siana development comprises an open pit operation followed by an underground mine, with ore treated through a conventional modern gravity and carbon-in-leach plant to produce gold dore.

The project, over a ten year life is expected to deliver 849,000 ounces of gold production at a cash cost of US$351 per ounce.

The second asset is the Mapawa MPSA, 20km north of Siana which has the potential to provide satellite ore to the Siana development. The property is also prospective for a gold-porphyry discovery.

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Milestones

Major Siana project milestones:

July 2009 – Board approves the Siana open pit and underground bankable feasibility study delivering 849,000 ounces of gold production over a ten year operating mine life at a cash cost of US$351 per ounce.

November 2009 – Notice to Proceed issued by Director of Mines and Geosciences Bureau.

March 2010 – Mr David Jerdin, a former Leighton's Philippines executive, and Manila resident appointed Project Director. Mr Jerdin has been involved in three mine builds in the country.

– EPCM letter of intent awarded to TWP Australia.

May 2010 – Open pit life-of-mine contract awarded to Delta Earthmoving Inc.

Siana corporate related milestones:

December 2009 – Equity placement – 290 million shares at 15.5 cents per share completed.

– Deutsche Bank AG and Ashmore Group plc mandated to provide US$40 million in debt funding.

April 2010 – Siana ownership consolidated.

Address to Shareholders

from the Chairman

Dear Shareholder,

Red5 is firmly in transition from explorer to gold producer with construction at the one million ounce Siana deposit in the Surigao del Norte region of Mindanao Island in the Philippines, now in progress.

All necessary permits have been secured, the mine access road and administration buildings are nearing completion, dewatering the open pit has commenced, the open pit contractor has mobilised to site and numerous engineering, fabrication and construction contracts have been awarded. All of the major equipment items, including the SAG mill have been ordered. First gold pour is scheduled for the June 2011 quarter.

The Company proceeded to derisk the future of the project, changing the scope to include a new mill, as fabrication times dramatically declined, and with the inclusion of a second hand heavy fuel oil power generating plant as back-up to the grid.

In parallel, exploration at the newly granted Mapawa Mineral Production Sharing Agreement project area, 20km north of Siana, commenced early in the year. Exploration results identified a gold dominated gold-copper porphyry with wide economic grade intersections to at least 600 metres vertical. Three diamond rigs are engaged in advancing the project with the potential of the resource to rapidly eclipse the Siana gold inventory.

Red5 also consolidated the ownership structure of both Siana and Mapawa.

An equity raise of $45 million was successfully completed in January 2010, expanding the institutional ownership, predominantly Australian, to over thirty funds. The proceeds were set aside for the equity component of the Siana build.

Equity investor attention increased markedly as the Company credentials improved with receipt of permits, imminent gold producer status and the Mapawa exploration success.

Red5 participated in an inaugural Emerging Asian Gold Producers conference and conducted a first time formal marketing road show to North American fund managers. Broker research coverage also expanded. Changes occurred to the share register with BakerSteel Capital Managers and Lujeta Pty Ltd as new substantial shareholders.

There were changes to the Board membership towards the end of the year with both Peter Rowe and founding executive director Lance Govey retiring after a collective ten years of guidance.

New appointees as non-executive directors, Kevin Dundo and Barry Bolitho, provide fresh insights with skills appropriate to the Company's current status.

Colin G Jackson
Chairman

Dear Shareholder,

Red5 is moving rapidly from explorer to producer status with the current development of the Siana Gold Project through its associate Greenstone Resources Corporation.

Our strategy is to develop the project on the basis of maximising the participation of local communities, contractors and suppliers to enable both cost effective development and operation, and technology transfer to the Philippine mining industry.

The senior management and development team has dramatically increased in size with a multi-disciplinary engineering team based in the Philippines currently implementing the development plan under management by the Project Director Mr David Jerdin. The Filipino dominated engineering team comprises mechanical, civil, mining, electrical and chartered engineers covering all aspects of design review, logistics, procurement, cost control, construction and project management. The development team is supported by legal, human resources, permit compliance, document control, commercial, safety and environmental specialists employed in the Manila and Surigao offices.

Of particular note is the inclusion of several key personnel from TWP Australia, the EPCM consultant to the project, into the Greenstone Resources Manila office. These personnel cover adjudication, engineering review and project management roles alongside the client team.

In addition, the Company has developed relationships with a number of key construction and mining related contractors, consultants and suppliers that has enabled a more cost and time effective plan to be implemented that is more attuned to the Philippine culture and business expectations. Our main stakeholder in the Philippines is, however, the local community in which we are developing the Siana Gold Project. The Company is committed to maximising the benefit to the people of the region through occupational training, employment, community infrastructure development, and education and health services. Indeed, all contracts related to the development and operation of the mine stipulate the employment policy of the Company that supports the local community.

The Company has made a significant gold-copper discovery in the Mapawa area north of Siana. Although exploration is at an early stage, strong community relationships have already developed akin to those of the Siana project.

At a national level, the Philippines has elected a new President and governing administration that continues to support investment in country as part of its long-term poverty alleviation programme. The Philippines has enormous potential mineral wealth that could provide the basis of strong mining and value-added industries. The underlying strategy of the Company is to promote a model of sustainable mineral development to the benefit of all stakeholders.

Greg Edwards
Managing Director

Project description

The Siana development comprises an open pit operation followed by an underground mine, with ore treated through a conventional modern gravity and carbon-in-leach plant to produce gold dore.

The project, over a ten year life is expected to deliver 849,000 ounces of gold production at a cash cost of US$351 per ounce.

The deposit will be initially exploited using conventional open-pit mining techniques. Benches will be blasted in 5m lifts but excavated at 2.5m intervals using a hydraulic excavator loading 6WD articulated trucks.

The operating conditions at site are subject to heavy rain and potential flooding. The selection of 6WD articulated trucks will match the operating environment and allows the pit ramp gradient to be steepened to 1:8 extending to a maximum depth of 215 metres below surface. The upper section of the ramp is located wholly on the west side of the pit due to superior geotechnical conditions and exits in the north-western corner to minimise haul distances to the ROM (run of mine) stockpile and waste dumps.

The main waste dump will be located north and east of the pit on the site of an existing dump. The waste dumps and site layout have been specifically planned to minimize the environmental impact and do not substantially increase the existing waste dump footprint. The mine plan includes progressive rehabilitation with stockpiled topsoil to reduce the requirement for major works at mine closure. Particular attention has been paid to site drainage and strict control of surface run-off.

The existing flooded pit is estimated to contain 8.2 gigalitres (GL) of water. Groundwater inflows and rainfall will total an estimated 6.8 GL/yr, based on data recorded during the previous mining operations and from three monitoring boreholes.

The pit will be dewatered using in-pit pumps and external bores. Stage one is to progressively dewater the pit ahead of the pre-production waste cut-back using pontoon mounted electric drive pumps, with power from the main grid. Bores extracting 3.2GL/yr will be located at the southern end of the pit to dewater the southern limestone which historically was a major source of groundwater inflow. Smaller bores will also be installed to depressurise and stabilise the eastern pit wall.

The most recent permit obtained was the water discharge permit allowing water from the open pit and the site in general to be discharged into the river system.

Initial underground mine access will be via a 5m x 5m decline at 1:7 gradient commencing from a portal off the new open pit approximately 125 metres below surface. The decline is scheduled to commence during the open pit mining phase in time to allow establishment of sufficient underground development for approximately two years of overlapping ore production prior to exhaustion of the open pit reserve.

Underground stope designs are based on a minimum mining width of 4m allowing twin boom jumbos or small road headers to be utilised.

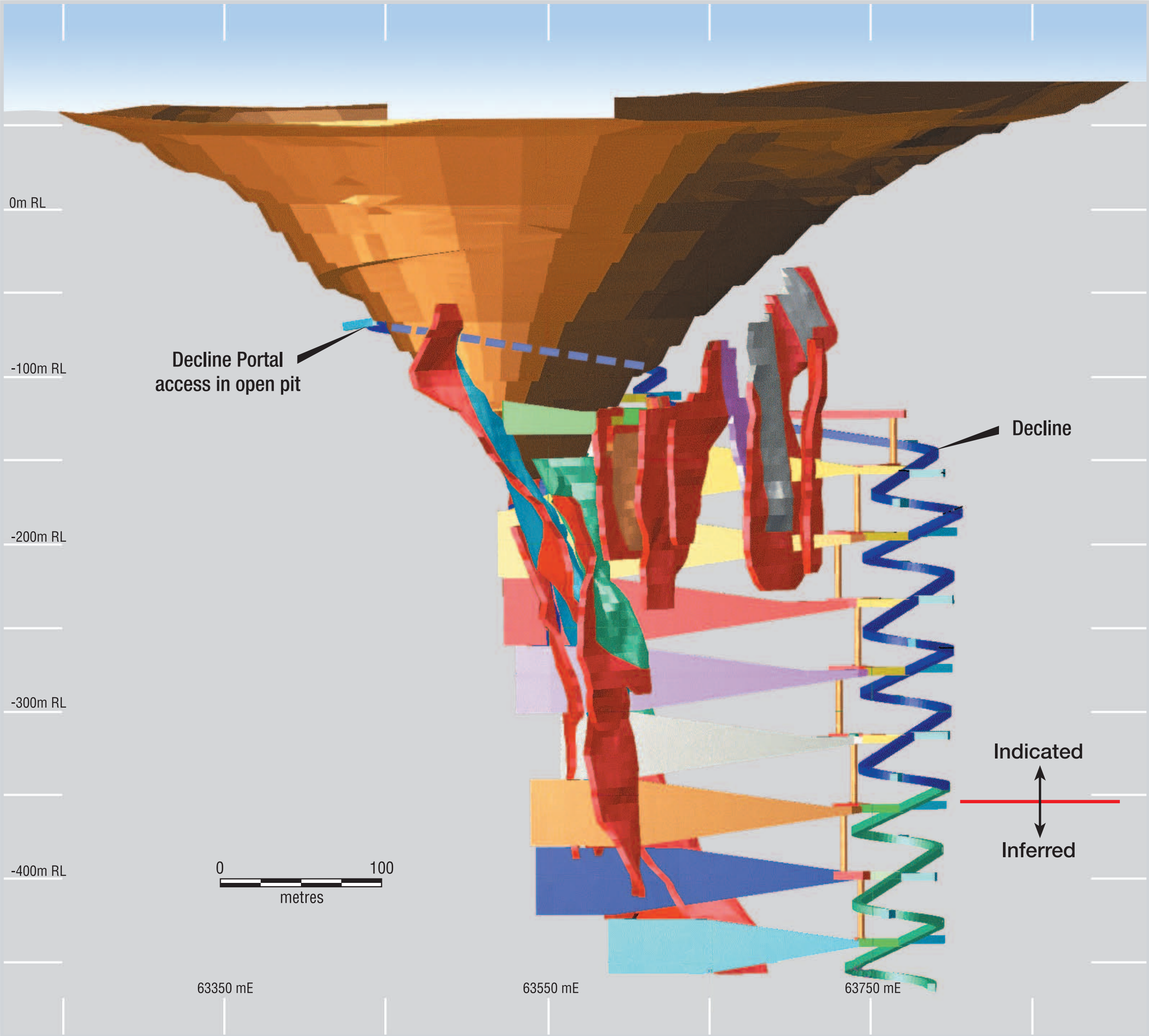
Detailed geotechnical investigations identified a large proportion of the underground rock mass as having low strength. In order to take advantage of this low strength, tunnel boring road headers for rock breakage were selected over conventional drill and blast methods based on efficiency, cost, and diminished impact on the stability of the wall rocks.

The geotechnical assessment also influenced the selection of an underhand cut and fill method (i.e. top down mining) utilising small open spans during the development cycle with cemented paste fill in voids created during the production cycle in order to support the rock mass.

The cut and fill method offers the opportunity of minimising the unsupported span widths and maximising ore recovery. Disposing of mill tailings in the underground paste fill also has an environmental benefit in that it reduces the size of the surface tailings dam required.

The standard design flowsheet comprises single stage crushing, SAG milling, gravity concentration and high intensity cyanidation, leaching and adsorption (CIL), followed by carbon elution and electrowinning to produce combined gold and silver doré.

The tailings from the cyanide leach area will be treated in a detoxification circuit to minimise cyanide concentration prior to discharge to the tailings storage facility.



Target Mine Extraction Plan

	Stockpile	Open Pit	Underground*	Total^
Tonnes	83,000	3,109,000	3,362,000	6,554,000
Grade g/t Au	1.33	3.42	5.83	4.6
Grade g/t Ag	10.7	8.7	9.1	8.9
Ounces Au	3,500	341,400	630,000	975,000
Ounces Ag	28,500	870,000	986,000	1,885,000

** 400ktpa road header option ^ contains minor rounding adjustments*

Construction

The Company awarded an EPCM letter of intent to TWP Australia, with Contromation Energy Services as sub-contractor engineering design based in Jakarta. The scope of the contract was subsequently modified with the Company taking responsibility for procurement in particular.

Early on, the Board approved Capital Expenditure Authorisations for the development of initial infrastructure at site to allow the main construction to proceed on schedule. This included:

- 1.7km 12 metre wide access road with crossing;
- 69kV transmission line with the 10MVA station to be supplied by the Surneco power co-operative;
- Buildings – staff accommodation, administration offices and messing facilities;
- Construction of relocation housing;
- Perimeter fencing; and
- Explosives and detonator magazines;

for a total of US$3.0 million.

Long lead time, equipment items were progressively ordered in line with delivery and construction timetables. These included:

- SAG mill (35 weeks delivery)
- ROM apron feeder, leach tank agitators and carbon regeneration kiln (20 weeks)
- Gravity concentrator and intense cyanide reactor, hydrocyclones (15 weeks), and
- Vibrating screens, electrowinning cells, conveyor, peristaltic, reagent and slurry pumps (10 weeks)

Equipment has been sourced, on a fit-for-duty, best price basis, from the Philippines, Australia, South Africa and China.

Risk mitigation was introduced in two key areas, namely the purchase of a new 2.8MW 6.1 metre by 4.2 metre SAG mill (with the existing mill which required extensive refurbishment held for sale) and a second hand power plant (three 2.0MW Caterpillar 3608 heavy fuel oil power generators) as standby for the grid.

At the date of this report progress at site includes:

- one of two, 26 inch dewatering bores complete
- staff accommodation and administration near completion
- commencement of open-pit pre-strip

Capital Cost Table

Area	Current Forecast US$ million
Mine dewatering equipment	1.588
Mine dewatering operating	0.738
Mobile equipment	1.420
Site establishment	0.244
Pre-strip	15.240
Sustaining	0.074
Total mining	**19.304**
Tailings storage facility	**2.543**
Crushing	3.373
Milling	6.069
CIL	2.619
Gold room	1.727
Reagents	0.462
Services	0.457
Tailings reclaim	0.150
Plant infrastructure	1.489
Mobile plant	0.724
Earth works	1.657
Electrical	4.808
Construction costs	4.429
EPCM	4.929
Indirect costs	3.384
Indirect client costs	0.150
First fill	1.497
Spares	0.645
EPCM Site Expenses	0.489
Total processing	**39.056**
Power distribution	4.746
Admin & accommodation	0.699
Site access roads	1.174
Relocation housing	0.646
Total infrastructure	**7.264**
Miscellaneous capital	**4.372**
Total	**72.539**

Mining

Delta Earthmoving Inc., a Philippines based organisation was awarded a life-of-mine contract for the open pit phase at the Siana Gold Project.

Delta was chosen from five tendering organisations based on, among other things, overall cost, equipment suitability and availability, equipment servicing arrangements, explosive supply arrangements and local employment quotas.

The life-of-mine contract includes a 10.3 million bcm – drill and blast, excavate, load and haul programme. Delta will also be responsible for supplying material for the tailings dam construction and the maintenance of mine ramps and roads.

The fleet comprises Komatsu PC800 excavators (two initially stepping up to six units) and Komatsu HM400 six wheel drive 40 tonne articulated trucks (nine initially stepping up to 32 units), plus ancillary equipment. Equipment hours on all units are in the low to modest range.

A Komatsu accredited maintenance programme will keep spares and consumables at site on consignment.

Operating Cost Estimate

Operating costs are summarised below. The government excise tax is 2% of the value of the gold produced.

Summary Operating Costs

	LOM
Mining Operating	28.34*#
Processing	12.64
Administration	4.03
Excise Tax**	2.53
Total Cost (US$/t)	**47.54**
Total Cash Cost (US$/oz^)	**351**

Notes:

* *Open pit mine operating costs $16.41 per tonne, underground mine operating costs $39.94 per tonne, includes escalation on underground mining capital cost at 2% per annum from project commencement*

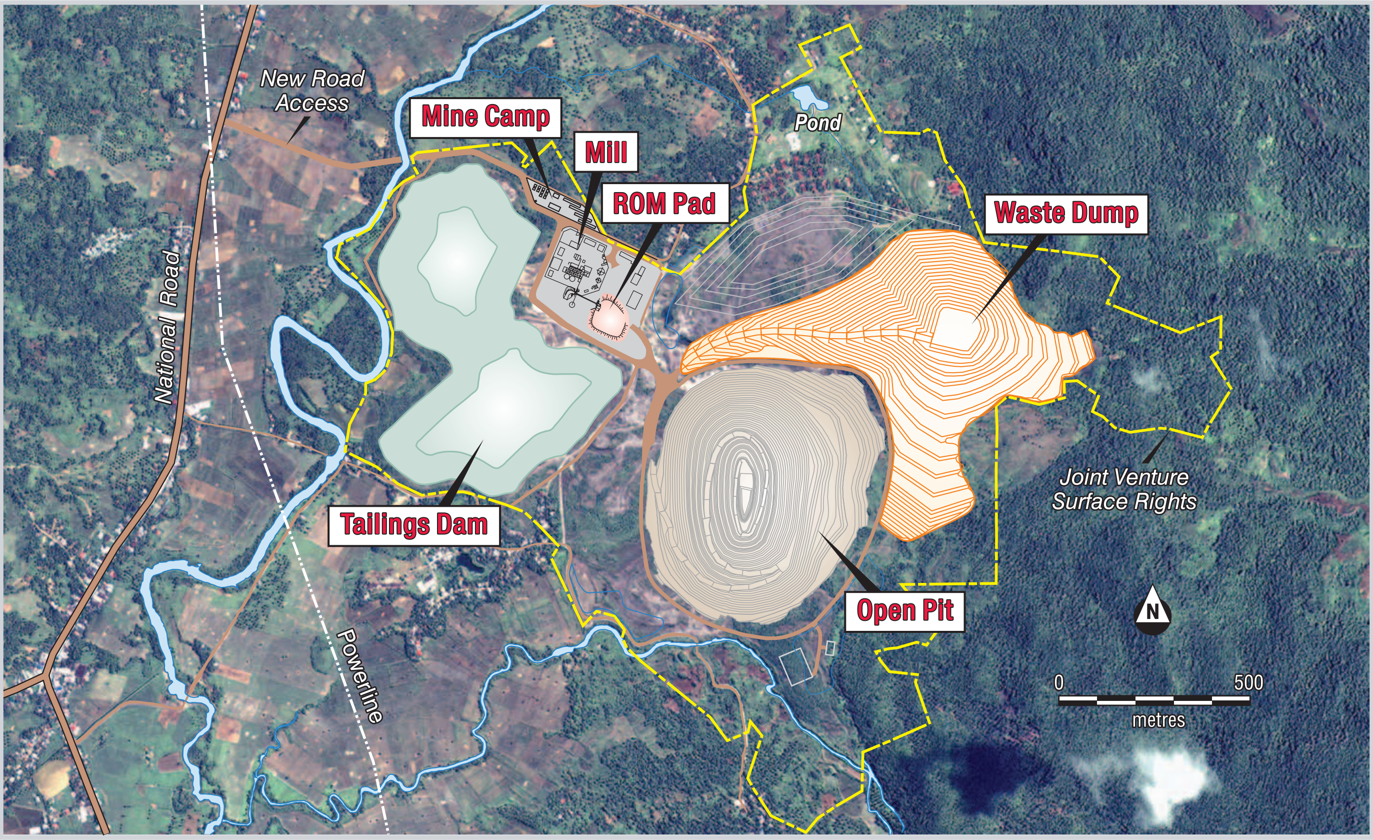
\# *Base Case long term mine plan at 400,000 tonnes per annum underground rate*

** *Includes 1% community tax on processing/admin costs*

^ *Cash costs per ounce based on Au produced net of Ag by-product credits at US$800/oz gold price and US$11/oz silver price*

Cash costs are estimated and presented using the "Gold Institute Production Cost Standard" and are applied consistently for all periods presented.

Cash costs exclude depreciation, depletion and amortization, corporate general and administrative expense, exploration, interest, and feasibility costs.



Permitting

The issue of the " Order Approving the Declaration of Mining Feasibility", more commonly known as a "Notice to Proceed", by the Director of the Mines and Geosciences Bureau completed the final permit necessary for the development of the Siana gold mine.

The official notice followed the prior approval of the technical content of the Feasibility Study by the Bureau's internal technical review committee, and approval of the Environmental Protection and Enhancement Program (EPEP) and the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) by a panel of high level government interagency representatives known as the Contingent Liability and Rehabilitation Fund Steering Committee.

This followed an intensive year of activity including completion of the underground Feasibility Study, completion and acceptance of the EIS, achievement of unanimous support at community, LGU and provincial levels, issue of the Environmental Compliance Certificate and completion and endorsement of Social Development Management Program.

Community endorsement was required from the three municipalities (Mainit, Tubod and Alegria), six barangays (a total of 69 signatories), the Mine Rehabilitation Fund Committee and acceptance by Mines and Geosciences Bureau Region XIII.

In terms of the natural environment there are no major risks identified and the planning for progressive rehabilitation and eventual closure will ensure that this former mine-site can be fully utilised to benefit future generations from the local communities.

Since project inception in 2002 the Joint Venture partners have maintained close communication with the host communities and implemented a number of social development projects well in advance of mine development. The aim is to expand on these initiatives via operational funding through the SDMP.

The submissions, which are used as guidelines by the Environmental Management Bureau, Mine and Geosciences Bureau and various representative committees for monitoring during operations and post closure, comprised:

The Environmental Protection and Enhancement Program (EPEP)

This document largely draws upon the content of the EIS as it applies to the natural environment. Potential impacts on project land, water and air are described together with control measures, monitoring programmes and summary capital and annualised operating costs as applied to the environmental protection equipment and processes to be utilized on site.

The Social Development Management Program (SDMP)

The SDMP expands upon baseline data supplied in the EIS with regard to the Community and socio-economic profile and defines in detail the organisation of, and mechanisms for the operation of the SDMP, five year budget allocations, five year target programmes and activities as expressed by the communities covering information dissemination, training, livelihood, infrastructure and social services, five year schedules, and monitoring mechanisms.

The Final Mine Rehabilitation and Decommissioning Plan (FMRDP)

This plan included a detailed risk assessment of possible negative impacts on the physical environment during operations and the implications for required rehabilitation. The closure plan includes remedial measures dealing with both the physical environment and social issues related to the cessation of operations. Details of schedules for rehabilitation activities, budget estimates and post closure monitoring are included.

The Three Year Development and Utilisation Work Program

This report presents an overview covering all aspects derived from the feasibility documentation but with an emphasis on activities, schedules and budgets for the first three project years from the commencement of early infrastructure installation, through plant construction and early production life.

The Three Year Development and Utilization Work Program and SCMP will require re-issue at the conclusion of their respective 3 and 5 year terms.

Financing

Financing considerations occupied much of the period. The Company commenced the year with treasury funds of $22.4 million and an all-inclusive project cost estimate, comprising direct and indirect costs, contingency, capital cost overrun and working capital of US$80million.

The Company reviewed the entire spectrum of financing opportunities ranging from equity, through gold streams to standard project funding.

The normal arrangements associated with debt and quasi-debt facilities; covenants, cash sweeps, security – secured and unsecured, and consequential impact on fees, margins and default risks, due diligence timetables and hedge commitments were analysed.

Project funding indicative offers from multi-national banks were rejected principally on the basis of required hedge commitments of 220,000 to 250,000 ounces over a four year period, which would represent up to 70% of production for the loan amortisation period. The length and commensurate expense of due diligence was also a consideration.

Gold royalty financing was also rejected as the obligation is not over a set number of years but over the life of the mine. Such arrangements, even with step-downs can ultimately be very expensive should the company continue to expand the resource base during the operating life.

With gold equities responding to a US$1,200 per ounce record gold price rise during December 2009, the opportunity to part finance the Siana build through a placement of new shares was executed with a $44.9 million raise, gross of fees. To preserve the equity value the balance was to be sought from debt funding.

The Company focused on securing a package that achieved a conservative repayment schedule relative to the project cash flows and the re-investment schedule dictated by a relatively early commencement of the underground mine establishment. Deutsche Bank AG and Ashmore Investment Management Limited, a subsidiary of Ashmore Group plc were mandated to provide a US$25 million interest only loan with a bullet repayment after 42 months plus a US$15 million gold prepay, repayable over 48 months. Ashmore were chosen because of their extensive direct investments portfolio in the Philippines.

Technical due diligence by Independent Experts Behre Dolbear and financial due diligence by Deutsche was satisfactorily concluded. Legal due diligence took longer than contemplated, in part due to corporate structure changes consequent upon the Merrill Crowe Corporation acquisition. Term sheets were provided but included, amongst other things, security over Mapawa for the duration of the funding package. This was not considered an issue when the mandate was originally awarded because Mapawa value was viewed as satellite ore, with delivery to the Siana plant only occurring after the loan would have been extinguished. The discovery of a gold dominated porphyry changed the view substantially.

As this report goes to press, Red5 is pursuing a combination of a gold prepay and equity.

Greg Edwards, Managing Director of Red5, at the signing of the grid power contract with Surigao Electric Cooperative Inc. (SURNECO).

Mapawa

Mineral Production Sharing Agreement (MPSA) 280-2009-XIII over the Mapawa area, located 20 kilometres north of the Company's Siana Gold Project in the Philippines was awarded in May 2009.

Gold mineralisation had been intersected in historic drilling by former mine operator Suricon at the 'LSY' prospect, with indications of target mineralisation of approximately three to four million tonnes, commencing at surface.

An extensive porphyry style exploration target was identified from an initial electrical geophysical survey surrounding the 'LSY' prospect.

The intrusive at LSY is superficially similar to diorites intersected below the Siana deposit, and at the Madja prospect, six kilometres to the south, supporting the overall prospectivity of the Surigao del Norte region for the discovery of additional porphyry copper-gold deposits.

Deep holes

The first hole, MDD001, at the LSY prospect at Mapawa intersected an altered diorite intrusive rock type - a typical host to porphyry systems in the Philippines and Pacific Rim.

The hole was extended by 100 metres beyond the original plan to a final depth of 546 metres (down-hole depth) due to the continuing favourable geology. At a 0.3 g/t gold equivalent cut-off grade, an intersection of 319 metres at 0.7 g/t gold, 1.6 g/t silver and 0.13% copper was recorded from 227 metres. Within this was an intersection, at a 0.5g/t gold equivalent cut-off, of 189 metres at 1.0 g/t gold, 1.7 g/t silver and 0.17% copper.

Drilling activity with 3 rigs operating at Mapawa.

The MDD001 gold-silver-copper intersection is located approximately 400 metres vertically below a continuous surface channel sample returning 83 metres at 1.8g/t gold. MDD001 was terminated in diorite porphyry at grades above 0.3g/t gold.

The third hole, MDD003, targeting 200 metres below the MDD001 intersection, recorded a 60% increase in gold mineralisation with a 254 metre intersection at 1.2 g/t and 0.16% copper.

Observations from both holes would appear to confirm the dipole-dipole Induced Polarisation modelling which identified an anomaly averaging 0.9 km in diameter at chargeability levels typical of porphyry copper-gold deposits.

New surface holes

An initial six strategically located wide-spaced diamond drill holes have been completed to vertical depths of 80-120 metres to determine the nature of the zone above the gold-copper porphyry and to assist with determining the location for the next deep holes.

Based on this drilling, it is evident that the near surface mineralisation is consistent with a typical diorite hosted gold-copper porphyry, with the predominantly intact gold 'cap' hosted in altered andesite and sediments. Chemical suite analysis (silver grades and other elements) implies the current drilling is still distant to the main system.

Results from surface include:

- 53 metres at 0.8g/t gold and 0.20% copper (MDD004)
- 69 metres at 0.8g/t gold and 0.09% copper (MDD005)
- 149 metres at 0.8g/t gold and 0.16% copper (MDD007) and,
  from 67 metres down hole, a 76 metre intersection at 0.7g/t gold and 0.13% copper (MDD009).

Most holes terminated in gold grades above 0.2g/t. Gold enrichment, plus 1g/t, was evident in the first four metres.

Chalcopyrite and bornite copper minerals were observed.

Three diamond drill rigs remain active with the forward program to be progressively refined as results become available.

Down hole analytical results (above 0.5g/t gold equivalent[(1)])

Drill hole Number	From (m)	Interval (m)	Cu %	Au g/t	Ag ppm
MDD001	293	189	0.17%	1.0	1.7
MDD002*	419	67	0.0%	0.2	2.0
MDD003	380	254	0.16%	1.2	1.8
MDD004	0	53	0.20%	0.8	2.4
	81	17	0.13%	0.5	2.5
	107	17	0.11%	0.4	3.7
MDD005	0	69	0.09%	0.8	1.4
	78	11	0.14%	0.5	3.2
	108	11	0.10%	0.5	3.0
MDD006	0	43	0.20%	0.4	1.5
	65	15	0.10%	0.4	5.3
	118	27	0.11%	0.4	3.3
	168	17	0.10%	0.5	4.5
	209	16	0.11%	0.7	2.7
MDD007	0	149	0.16%	0.8	5.7
incl.	26	18	0.45%	0.8	5.0
incl.	81	26	0.23%	1.4	3.1
incl.	113	7	0.19%	1.4	2.3
incl.	126	18	0.15%	1.0	12.5
MDD008	0	23	0.09%	1.1	11.1
MDD008A[(2)]	39	56	0.10%	0.5	7.0
MDD009	67	76	0.13%	0.7	2.1
incl.	119	15	0.27%	1.3	4.2

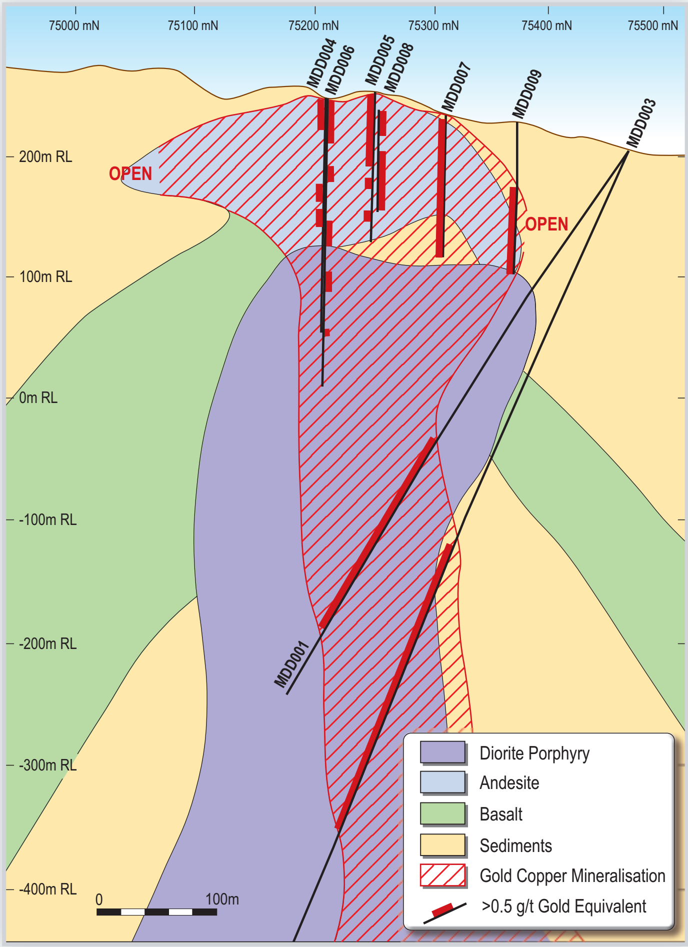
(1) *Gold equivalent is calculated using prices of $3.50/lb Cu, $1,200/oz Au and $17/oz Ag*

(2) *MDD008A is a deflection off MDD008 from 58m down hole*

* *Not at 0.5g/t Au equivalent but averaged 0.15% Zn*

Drillhole collar coordinates

Drill hole Number	Easting (m)	Northing (m)	RL (m)	Collar Azimuth	Collar Dip	Depth (m)
MDD001	77796	75470	206	158°	-52°	546
MDD002	77703	75086	180	91°	-58°	560
MDD003	77794	75471	207	164°	-63°	831
MDD004	77864	75211	248	91°	-59°	224
MDD005	77848	75251	255	94°	-62°	141
MDD006	77840	75211	250	90°	-60°	278
MDD007	77922	75312	236	270°	-52°	150
MDD008	77918	75254	240	270°	-61°	61
MDD008A	77918	75254	240	270°	-61°	95
MDD009	77934	75374	232	272°	-58°	150



Schematic cross-section of Mapawa drilling results at 77880E showing intersections above 0.5g/t Au equivalent. (Drill holes intersections are centred on approximately 77880E with some portions of the longer gold-copper intersections projected onto the plane of the cross-section.)

Siana Resource & Reserve Statement

Mineral Resource

Category	Tonnes (million)	Gold Grade (g/t)	Contained Gold ('000 oz)	Silver Grade (g/t)	Contained Silver ('000 oz)
Indicated Resource					
Open Pit	3.07	3.4	336	8.5	839
Stockpiles	0.08	1.3	3	10.7	29
Underground	2.00	6.7	430	10.2	655
Total Indicated Resource	**5.15**	**4.6**	**769**	**9.5**	**1,523**
Inferred Resource					
Open Pit	0.16	2.9	15	13.6	70
Underground	1.38	7.6	338	11.3	503
Total Inferred Resource	**1.54**	**7.1**	**353**	**11.5**	**573**
Total Mineral Resource	**6.69**	**5.2**	**1,122**	**9.7**	**2,095**
Indicated/Total Resource	77%		69%		73%
Underground/Total Resource	51%		68%		55%

Note:- reported February 2009; - contains minor rounding adjustments; - Open pit cut-off grade 1.1g/t Au; - Underground Resources are defined as the region below the designed Open Pit (nominally below -170mRL) and nominal +2g/t Au model

Mining Reserve

Category	Tonnes (million)	Gold Grade (g/t)	Contained Gold ('000 oz)	Silver Grade (g/t)	Contained Silver ('000 oz)
Stockpiles	0.08	1.33	3.5	10.7	28.5
Open Pit	3.11	3.42	341	8.7	870
Underground	1.94	5.82	363	9.1	566
Total Reserve	**5.13**	**4.3**	**708**	**8.9**	**1,465**

Mineral Resource

Mineral Resource estimates described in this report are consistent with the guidelines and definitions of the 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code).

They are assumed to have a reasonable prospect for eventual economic extraction according to the analysis of the known data, and from which Ore Reserves have been derived by the application of appropriate Modifying Factors including mining, metallurgical, economic, marketing, legal, environmental, social and governmental considerations.

Open Pit Mineral Resource

The open pit Mineral Resource was estimated by Hellman & Schofield Pty Ltd (H&S) using the method of Multiple Indicator Kriging (MIK) with block support correction.

Underground Mineral Resource

Cube Consulting Pty Ltd (Cube) estimated the underground Mineral Resource and classification based on drill data available at December 2008.

Mining Reserve

The Mining Reserve extends to approximately 400 metres below surface (-360m RL).
The Mineral Resource remains open to the north, south and at depth below 500 metres.

Financial Statements

Financial Statements

for the year ended 30 June 2010

for the year ended 30 June 2010

Directors' Report

The directors of Red 5 Limited ("Red 5" or "parent entity") present their report on the results and state of affairs of the consolidated entity for the financial year ended 30 June 2010.

Directors

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

Colin George Jackson
Gregory Charles Edwards
Gary Francis Scanlan
Barry Colin Bolitho (appointed on 29 March 2010)
Kevin Anthony Dundo (appointed on 29 March 2010)
Allen Lance Govey (resigned on 29 March 2010)
Peter William Rowe (resigned on 29 March 2010)

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

Principal Activities

The principal activities of Red 5 and the consolidated entity (which includes the controlled entities of Red 5) during the financial year were mineral exploration and evaluation and the commencement of pre-development activities on the Siana gold project. During the year the Siana project moved into the mine development phase.

Results of Operations

The net loss of the consolidated entity after income tax was $438,421 (2009: $850,076).

Review of Operations

During the year significant progress was made towards the development of the Siana gold project in the Philippines. A bankable feasibility study for the construction and development of an open pit and underground mining operation was approved by the Board of Directors of Red 5 in July 2009. Key development permits were obtained during the year and an Order Approving the Declaration of Mining Feasibility (commonly known as a Notice to Proceed) was awarded by the Philippines Mines and Geosciences Bureau in November 2009. This approval completed the major Philippine regulatory permits required for the development of the mine.

Board approval was given for early infrastructure activities including an order for the manufacture of a new ball mill, construction of a mine access road, installation of a temporary power spur line from the national grid, construction of administration offices and other civil works. An engineering design, procurement and construction management contract was awarded in March 2010 for the development of the plant and associated infrastructure. The mining contract for the open pit at the Siana project was also awarded.

In December 2009, Red 5 raised equity funds of $44,950,000 before costs, through a share placement of 290,000,000 ordinary shares at an issue price of 15.5 cents per share. The placement was conducted in two tranches with the first tranche of $15,190,000 completed in December 2009 and the second tranche of $29,760,000 completed following shareholder approval in January 2010. Funds raised from the placement will be applied towards the equity contribution for the development of the Siana project, to carry out further exploration programmes and as additional working capital.

A banking group was awarded the mandate to provide a senior secured debt financing package for the development of the Siana project, subject to normal due diligence and credit approval processes.

In April 2010, Red 5 entered into an agreement to purchase the minority interest held by Merrill Crowe Corporation in the Siana project. The details of this acquisition are outlined in Note 10.

Exploration activities on the Mapawa project were increased during the year and included a geochemical sampling programme, an induced polarisation survey and an ongoing drilling programme.

Dividends

No amounts were paid by way of dividend since the end of the previous financial year. The directors do not recommend the payment of a dividend.

Likely Developments

During the course of the next financial year, the consolidated entity intends to progress the financing, development and construction of the Siana project. The consolidated entity will also continue its mineral exploration activities on its other project areas.

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

Options Granted Over Shares

At the date of this report, there were 7,400,000 options granted over ordinary fully paid shares. The terms of these options are as follows:

Options granted over ordinary fully paid shares exercisable:	**Number**
at 15 cents each on or before 30 June 2011	700,000
at 15 cents each on or before 31 December 2012	6,000,000
at 25 cents each on or before 30 June 2013	700,000
	7,400,000

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

Significant Changes

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

(a) a bankable feasibility study for the construction and development of an open pit and underground mining operation at the Siana project was approved in July 2009.

(b) an Order Approving the Declaration of Mining Feasibility for the Siana project was awarded by the Philippines Mines and Geosciences Bureau.

(c) Red 5 raised equity funds of $44,950,000 through a share placement of 290,000,000 ordinary shares at an issue price of 15.5 cents per share.

(d) an engineering design, procurement and construction management contract was awarded in March 2010 and an open-pit mining contract was awarded in May 2010.

(e) in April 2010, Red 5 entered into a share purchase agreement for the transfer of shares in the minority joint venture partner on the Siana project to Red 5 Asia Inc and Surigao Investment Holdings Inc for a consideration of US$1.8 million and the issue of 40,000,000 ordinary fully paid shares in Red 5. An initial allotment of 28,000,000 shares was made by Red 5 and the balance of 12,000,000 shares will be allotted upon satisfaction of outstanding conditions, primarily associated with obtaining final Philippine tax clearances.

Events Subsequent to the End of the Financial Year

Significant events which have occurred subsequent to the end of the financial year are set out in Note 25 to the financial report.

Information on Directors

Colin G Jackson
(Non-Executive Chairman)
M.Sc., B.Sc. (Hons), DIC, Grad. Dip. Bus. Admin.

A director since December 2003 and Chairman since April 2007. Mr Jackson graduated as a mineral process design engineer and spent 10 years with Selection Trust Limited and RGC Group, followed by a 12 year finance career with McIntosh Securities Limited and 10 years corporate/communications responsibility with Newcrest Mining and Normandy Mining. Mr Jackson is a member of the audit and remuneration committees.
Other current directorships:
Intrepid Mines Limited (since December 2003).
Mr Jackson has not held directorships in any other listed companies in the last 3 years.

Gregory C Edwards
(Managing Director)
B.Sc. (Hons), MAusIMM

A director since November 2001. Mr Edwards is a geologist with over 20 years experience. He has a broad gold and base metals exploration and development background, spending 13 years with the Normandy Mining group, holding various positions including Exploration Manager – Western Australia, and Manager – Business Analysis, where he focussed on commercial evaluations of potential project and corporate acquisitions. Mr Edwards has not held directorships in any other listed companies in the last 3 years.

Gary F Scanlan
(Non-Executive Director)
FAusIMM, CA

A director since November 2006. Mr Scanlan has over 20 years experience in the mining industry preceded by 10 years experience with PricewaterhouseCoopers. His previous roles include Executive General Manager – Finance for Newcrest Mining Limited and until recently, Managing Director of Castlemaine Goldfields Limited. Mr Scanlan is chairman of the audit committee and a member of the remuneration committee.
Other current directorships:
Castlemaine Goldfields Limited (since June 2005) and Citadel Resource Group Limited (since December 2009). Mr Scanlan has not held directorships in any other listed companies in the last 3 years.

Barry C Bolitho
(Non-Executive Director)
B.App Sc, Dip App Chem, FAusIMM

A director since March 2010. Mr Bolitho holds tertiary qualifications in extractive metallurgy and chemistry and has extensive operational, project development and corporate executive management experience in the resources industry. Mr Bolitho is chairman of the remuneration committee.
Other current directorships:
Jabiru Metals Limited (since November 2005),
Andean Resources Limited (since August 2006) and Matilda Minerals Limited (since May 2003).
Former directorships in the last 3 years:
Sub-Sahara Resources NL (March 2007 to November 2009) and Olympia Resources Limited (June 2008).

Kevin A Dundo
(Non-Executive Director)
B.Com, LLB, FCPA

A director since March 2010. Mr Dundo practices as a lawyer and specialises in commercial and corporate areas (in particular mergers and acquisitions) with experience in the mining sector, the service industry and the financial services industry. Mr Dundo is a member of the audit committee.
Other current directorships:
Imdex Limited (since January 2004) and Synergy Plus Limited (since 7 July 2006).
Former directorships in the last 3 years:
Intrepid Mines Limited (10 April 2002 to 15 May 2009).

Allen L Govey
Resigned on 29 March 2010.

Peter W Rowe
Resigned on 29 March 2010.

Information on Company Secretary

Frank J Campagna
B.Bus (Acc), CPA

Company Secretary of Red 5 since June 2002. Mr Campagna is a Certified Practicing Accountant with over 20 years experience as Company Secretary, Financial Controller and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

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

Director	Fully paid shares	Options
C Jackson	225,000	–
G Edwards	9,900,000	–
G Scanlan	–	–
B Bolitho	7,100	–
K Dundo	–	–

Meetings of Directors

The number of meetings of the Board of Directors of Red 5 and of each Board committee held during the year ended 30 June 2010 and the number of meetings attended by each director whilst in office are as follows:

	Board meetings			Audit Committee meetings			Remuneration Committee meetings		
	held	eligible	attended	held	eligible	attended	held	eligible	attended
C Jackson	12	12	12	3	3	3	2	2	2
G Edwards	12	12	12	3	–	–	2	–	–
G Scanlan	12	12	11	3	3	3	2	–	–
B Bolitho	12	2	2	3	–	–	2	1	1
K Dundo	12	2	2	3	–	–	2	–	–
A Govey	12	10	9	3	–	–	2	–	–
P Rowe	12	10	10	3	2	2	2	1	1

Remuneration Report (audited)

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

Principles used to determine the nature and amount of remuneration

Directors and executives remuneration

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

Red 5's remuneration policy for executive directors and senior management is designed to promote superior performance and long term commitment to Red 5. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing Red 5's operations. Executive directors and senior executives receive a base remuneration which is market related, together with performance based remuneration linked to the achievement of pre-determined milestones and targets. As Red 5's principal activities during the year were mineral exploration and evaluation, measurement of financial performance will become relevant when mining operations commence.

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

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

The structure of remuneration packages for executive directors and other senior executives comprises:

- a fixed sum base salary plus superannuation benefits;
- short term incentives through eligibility to participate in a performance bonus scheme if deemed appropriate; and
- long term incentives through executive directors being eligible to participate in share option schemes with the prior approval of shareholders.

Fixed and variable remuneration is established for each executive director by the remuneration committee. The objective of short term incentives is to link achievement of Red 5's operational targets with the remuneration received by executives charged with meeting those targets. The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth.

Performance incentives may be offered to executive directors and senior management through the operation of performance bonus schemes. A performance bonus, based on a percentage of annual salary, may be payable upon achievement of agreed operational milestones and targets.

Non-executive directors' remuneration

In accordance with current corporate governance practices, the structure for the remuneration of non-executive directors and senior executives is separate and distinct. Shareholders approve the maximum fees payable to non-executive directors, with the current approved limit being $270,000 per annum. The remuneration committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations. The Chairman receives fees of $70,000 per annum and non-executive directors receive $50,000 per annum, with additional amounts payable for chairing of Board committees. Non-executive directors are entitled to statutory superannuation benefits. The Board approves any consultancy arrangements for non-executive directors who provide services outside of and in addition to their duties as non-executive directors.

Non-executive directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders.

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

Details of remuneration

The following table discloses details of the nature and amount of each element of the remuneration of each director of Red 5 and each of the officers receiving the highest remuneration and other key management personnel for the year ended 30 June 2010.

2010	Short term			Post-employment		Other		
Name	Salary or directors fees	Consulting fees	Cash bonus (5)	Super-annuation	Termination	Insurance premiums	Total	Performance related (4)
	$	$	$	$	$	$	$	%
Executive directors								
G Edwards	290,920	–	28,751	30,931	–	8,622	359,224	8.0
A Govey (1)	207,630	–	22,975	19,744	–	8,622	258,971	8.9
Non-executive directors								
C Jackson	55,000	105,225	–	4,950	–	8,622	173,797	–
G Scanlan	41,250	–	–	3,713	–	8,622	53,585	–
K Dundo (2)	12,500	–	–	1,125	–	8,622	22,247	–
B Bolitho (2)	13,750	–	–	1,238	–	8,622	23,610	–
P Rowe (1)	26,250	–	–	2,363	–	8,622	37,235	–
Other executives								
J Mobilia (3)	41,397	–	–	3,823	–	–	45,220	–
W Darcey	254,300	–	–	25,000	–	–	279,300	–
F Campagna	–	95,925	–	–	–	–	95,925	–
Total	**942,997**	**201,150**	**51,726**	**92,887**	**–**	**60,354**	**1,349,114**	**3.8**

(1) Up to date of resignation on 29 March 2010.

(2) Appointed on 29 March 2010.

(3) Appointed on 27 April 2010.

(4) A performance bonus was awarded during the year, comprising 50% in cash and 50% to be satisfied by the issue of shares, subject to shareholder approval. The component of the bonus related to the shares has not been recognised in this financial year.

(5) Short term incentive bonuses relate to executive performance during the period to 31 December 2009. The amounts were determined by the remuneration committee after performance reviews and were based on achievement of pre-determined key performance indicators. The amount vested for Mr Edwards represents 69% of the available bonus and for Mr Govey the amount vested represents 77% of the available bonus, with the respective balances being forfeited due to performance criteria not being met.

The company secretary is deemed to be an executive by virtue of being an officer of the parent entity. The role performed by the company secretary does not meet the definition of key management person under AASB 124, hence this officer has been excluded from the key management personnel disclosures in the financial report

During the financial year, Red 5 paid premiums of $60,354 (2009: $27,035) to insure the directors and other officers of the consolidated entity. The liabilities insured are for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

2009	Short term		Post-employment		Share based payments	Other		
Name	Salary or directors fees	Consulting fees	Super-annuation	Termination	Equity options	Insurance premiums	Total	Performance related (2)
	$	$	$	$	$	$	$	%
Executive directors								
G Edwards	285,992	–	25,662	–	–	5,407	317,061	–
A Govey	231,174	–	21,450	–	–	5,407	258,031	–
Non-executive directors								
C Jackson	50,000	87,925	4,500	–	–	5,407	147,832	–
P Rowe	35,000	–	3,150	–	–	5,407	43,557	–
G Scanlan	35,000	–	3,150	–	–	5,407	43,557	–
Other executives								
R Surendran (1)	225,000	–	22,500	128,554	–	–	376,054	–
W Darcey	273,503	–	25,000	–	–	–	298,503	–
F Campagna	–	87,600	–	–	–	–	87,600	–
Total	**1,135,669**	**175,525**	**105,412**	**128,554**	**–**	**27,035**	**1,572,195**	**–**

(1) Up to date of resignation on 19 June 2009.

(2) No entitlement to performance bonuses accrued or was paid during the financial year.

Options granted to officers

No options were granted as part of remuneration during the financial year.

Service agreements

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

G Edwards – Managing Director

Term of agreement: no defined period.
Remuneration: base salary of $350,000 per annum plus 10% superannuation contributions, to be reviewed annually by the remuneration committee.
Performance bonus: up to 65% of annual salary weighted equally between the achievement of agreed milestones and relative peer group share price performance. To receive 100% of the peer group share price performance component the Red 5 share price must be in the top quartile of the ASX All Ordinaries gold index. To receive 50% of the share price performance component the Red 5 share price must be in the second quartile of the ASX All Ordinaries gold index. No component is received for below median performance. Payment of a performance bonus is 50% cash and 50% shares (escrowed for two years).
Termination provisions: payment upon early termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) equal to 3 months of the annual salary.

The parties have agreed to the terms of this contract but a formal agreement is yet to be finalised.

J Mobilia – Chief Financial Officer

Term of agreement: no defined period.
Remuneration: base salary of $210,000 per annum plus 10% superannuation contributions, to be reviewed annually.
Performance bonus: up to 35% of annual salary weighted equally between the achievement of agreed milestones and relative peer group share price performance.
Equity compensation: entitlement to participate in the employee share option plan.
Termination provisions: payment upon early termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) equal to 2 months of the annual salary.

W Darcey – Project Manager

Term of agreement: no defined period.
Remuneration: base salary of $250,000 per annum plus 10% superannuation contributions, to be reviewed annually.
Performance bonus: up to 30% of annual salary upon the achievement of agreed milestones and targets.
Termination provisions: payment upon early termination by the Company (other than for unsatisfactory performance, gross misconduct or long term incapacity) equal to 3 months of the annual salary.

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 $17,728 for taxation services. Further details of remuneration of the auditors are set out in Note 19.

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

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

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

Environmental Regulations

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

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the consolidated entity by any government agency during the year ended 30 June 2010.

Signed in accordance with a resolution of the directors.

Colin G Jackson
Chairman

Perth, Western Australia
28 September 2010

KPMG

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

To: the Directors of Red 5 Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 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

R Gambitta
Partner

Perth
28 September 2010

Statement of Comprehensive Income

for the year ended 30 June 2010

	Note	CONSOLIDATED 2010 $	2009 $
Amortisation and depreciation expenses		**(6,157)**	(10,479)
Employee and consultancy expenses	*3*	**(1,069,828)**	(1,158,180)
Exploration expenditure written-off		**(503,791)**	(130,205)
Impairment of property, plant and equipment		**–**	(444,979)
Occupancy expenses		**(189,057)**	(167,615)
Regulatory expenses		**(183,411)**	(116,710)
Other expenses		**(208,119)**	(202,257)
Operating loss before financing income/(expenses)		**(2,160,363)**	(2,230,425)
Financing income	*3*	**1,721,942**	1,699,271
Financing expenses	*3*	**–**	(318,922)
Net financing income		**1,721,942**	1,380,349
Profit/(loss) before income tax expense		**(438,421)**	(850,076)
Income tax expense	*4*	**–**	–
Net loss after tax		**(438,421)**	(850,076)
Movement in foreign currency translation reserve		**(1,295,785)**	2,859,320
Total comprehensive income		**(1,734,206)**	2,009,244
Net loss after income tax			
To non-controlling interest		**(9,398)**	–
To members of parent entity		**(429,023)**	(850,076)
Total comprehensive income			
To non-controlling interest		**(40,497)**	–
To members of parent company		**(1,693,709)**	2,009,244

		Cents	*Cents*
Basic and diluted loss per share (cents per share)	*24*	**(0.05)**	(0.13)

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2010

	Note	CONSOLIDATED 2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	5	**57,681,899**	22,453,445
Trade and other receivables	6	**212,139**	331,716
Held for sale assets	7	**1,300,000**	–
Total current assets		**59,194,038**	22,785,161
NON-CURRENT ASSETS			
Receivables	8	**24,306**	24,306
Property, plant and equipment	9	**447,412**	1,319,179
Mine development expenditure	10	**39,386,037**	–
Exploration and evaluation expenditure	11	**–**	27,348,354
Total non-current assets		**39,857,755**	28,691,839
TOTAL ASSETS		**99,051,793**	51,477,000
CURRENT LIABILITIES			
Trade and other payables	12	**1,571,642**	267,960
Employee benefits	13	**70,730**	144,416
Provisions	14	**1,271,464**	–
Total current liabilities		**2,913,836**	412,376
NON-CURRENT LIABILITIES			
Borrowings	15	**269,270**	298,461
Employee benefits	13	**73,514**	267,263
Total non-current liabilities		**342,784**	565,724
TOTAL LIABILITIES		**3,256,620**	978,100
NET ASSETS		**95,795,173**	50,498,900
EQUITY			
Contributed equity	16	**113,322,069**	67,221,875
Other equity	16	**930,285**	–
Reserves	17	**(1,971,306)**	(706,620)
Accumulated losses		**(16,445,378)**	(16,016,355)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**95,835,670**	50,498,900
Non controlling interest		**(40,497)**	–
TOTAL EQUITY		**95,795,173**	50,498,900

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2010

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY					
	Issued Capital $	Other Equity $	Accumulated Losses $	Other Reserves $	Non-Controlling Interest $	Total $
CONSOLIDATED						
Balance at 1 July 2008	67,221,875	–	(15,615,029)	(3,117,190)	–	48,489,656
Loss attributable to owners of the parent	–	–	(850,076)	–	–	(850,076)
Other comprehensive income for the period	–	–	–	2,859,320	–	2,859,320
Total comprehensive income for the period	–	–	(850,076)	2,859,320	–	2,009,244
Transfer from reserves – lapsing of options	–	–	448,750	(448,750)	–	–
Balance at 30 June 2009	**67,221,875**	**–**	**(16,016,355)**	**(706,620)**	**–**	**50,498,900**
Balance at 1 July 2009	67,221,875	–	(16,016,355)	(706,620)	–	50,498,900
Loss attributable to entity	–	–	(438,421)	–	–	(438,421)
Loss attributable to non-controlling interest	–	–	9,398	31,099	(40,497)	–
Other comprehensive income for the period	–	–	–	(1,295,785)	–	(1,295,785)
Total comprehensive income for the period	–	–	(429,023)	(1,264,686)	(40,497)	(1,734,206)
Shares issued during the year	49,430,000	–	–	–	–	49,430,000
Transaction costs	(2,432,213)	–	–	–	–	(2,432,213)
Other equity	–	930,285	–	–	–	930,285
Treasury shares acquired	(897,593)	–	–	–	–	(897,593)
Balance at 30 June 2010	**113,322,069**	**930,285**	**(16,445,378)**	**(1,971,306)**	**(40,497)**	**95,795,173**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2010

	Note	CONSOLIDATED 2010 $	2009 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,973,569)**	(1,615,044)
Interest received		**1,876,872**	1,884,453
Net cash used in operating activities	*23*	**(96,697)**	269,409
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(2,919,214)**	(5,954,499)
Payments for plant and equipment		**(12,314)**	(5,406)
Payments for development		**(2,796,597)**	–
Acquisition of exploration assets	*10*	**(1,607,454)**	–
Proceeds on sale of assets		**–**	1,623
Net cash from/(used in) investing activities		**(7,335,579)**	(5,958,282)
Cash flows from financing activities			
Proceeds from issues of shares		**44,950,000**	–
Payments for share issue expenses		**(2,432,313)**	–
Funds received from non-controlling interests		**10,116**	–
Interest paid		**–**	(319,323)
Repayment of borrowings		**–**	(2,000,000)
Net cash from/(used in) financing activities		**42,527,803**	(2,319,323)
Net increase/(decrease) in cash held		**35,095,527**	(8,008,196)
Cash at the beginning of the financial year		**22,453,445**	30,615,336
Effect of exchange rate fluctuations on cash held		**132,927**	(153,695)
Cash at the end of the financial year	*5*	**57,681,899**	22,453,445

The accompanying notes form part of these financial statements.

1. BASIS OF PREPARATION

Red 5 Limited (Company) is a company domiciled in Australia. The financial report includes separate financial statements for Red 5 Limited as an individual entity as well as the consolidated entity which consists of the Company and all its controlled entities, which together are referred to as the consolidated entity or the Group in this financial report. The financial report was authorised for issue by the directors on the date of signing of the Directors' Report.

1.1 Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB. The consolidated financial report and company financial report also comply with IFRS and interpretations adopted by the International Accounting Standards Board.

1.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for share based payments which are measured at fair value. The methods used to measure fair values are discussed further in the Note 2.12.

1.3 Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional currency. During the year the functional currency for the subsidiaries based in the Philippines has been changed from United States dollars to Philippine's Pesos, to reflect the change in primary economic environment having moved to the development of the Siana Gold Project. The change has been accounted for prospectively.

1.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in Note 2.17.

1.5 Corporations Act amendments

During the year the Company has adopted recent changes to the Corporations Act, opting not to disclose parent company financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all entities controlled by the Company as at 30 June 2010 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. The effects of all transactions between entities in the consolidated entity are eliminated in full.

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.

2.2 Finance income and expenses

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. 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.

2.3 Investments

Financial instruments are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at balance sheet date. Financial instruments available-for-sale are recognised or derecognised by the consolidated entity on the date it commits to purchase or sell the investments.

2.4 Property, plant and equipment

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

Plant and equipment is included at cost less provision for depreciation and any impairment in value and depreciated using a combination of the straight line and diminishing value methods commencing from the time the asset is held ready for use. The expected useful lives of plant and equipment are between 3 and 13 years.

2.5 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated at cost in respect of each identifiable area of interest. Costs incurred in respect of generative, broad scale exploration activities are expensed in the period in which they are incurred. Costs incurred for each area of interest where a JORC compliant resource or reserve 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.

Accumulated costs in relation to an abandoned area will be written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Change in Accounting Policy

The accounting policy for exploration and evaluation expenditure has been reviewed resulting in the restatement of expenditure capitalised for the 2009 and prior years. Under the revised policy, capitalisation of expenditure commences when a JORC compliant resource or reserve is identified. Expenditure in respect of the Mapawa and Alegria Projects has been expensed in the 2009 and 2010 years as no JORC compliant resource exists, resulting in a restatement of the 2009 year.

The directors believe this change in accounting policy will make the financial statements more reliable and relevant to the users of the financial statements as exploration and evaluation expenditure is now capitalised on a more definitive basis compared to the previous accounting policy.

The following adjustments were made to the balance sheet as at 1 July 2008:

		CONSOLIDATED	
	2008	Increase (decrease)	2008 Restated
	$	$	$
Balance Sheet (extract)			
Exploration and evaluation	19,187,826	(52,556)	19,135,270
Net assets	48,542,212	(52,556)	48,489,656
Accumulated losses	(15,562,473)	(52,556)	(15,615,029)
Total equity	48,542,212	(52,556)	48,489,656

The following adjustments were made to the 2009 statement of comprehensive income:

		CONSOLIDATED	
	2009	Increase (decrease)	2009 Restated
	$	$	$
Statement of comprehensive income (extract)			
Exploration written off	68,052	62,153	130,205
Loss for the year	787,923	62,153	850,076
Basic and diluted loss per share	(0.12)	(0.01)	(0.13)

2.6 Mine development

Costs incurred in the development of a mine before production commences are capitalised as part of the mine development costs. Mine development costs are deferred until production commences, at which time they are transferred to mine properties and amortised on a unit-of-production basis.

2.7 Impairment

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. 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 income statement 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 income statement.

Calculation of recoverable amount

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and 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.

The recoverable amount of the consolidated entity's receivables carried at amortised cost is calculated as the present value of the estimated cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

2.8 Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

2.9 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.

Liabilities for trade creditors and other amounts are carried at amortised cost. Trade payables are non interest bearing and are normally settled on 30 day terms.

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

2.10 Goods and services tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable or payable is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable or payable are classified as operating cash flows.

2.11 Employee benefits

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

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

2.12 Share based payments

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

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined using a Black-Scholes model. 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, as described in the previous paragraph.

2.13 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet 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 income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

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

The 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.

2.14 Restoration costs

Full provision for restoration costs is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the operations. These increases are accounted for on a net present value basis.

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

2.15 Provisions

A provision is recognised in the balance sheet 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.

2.16 Earnings per share

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

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

2.17 Accounting estimates and judgements

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

Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries and loans to subsidiaries is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The consolidated entity undertakes at least on an annual basis, a comprehensive review for indicators of impairment of these assets. Should an impairment indicator exist, the area of interest is tested for impairment. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverability amounts.

The key areas of estimation and judgement in determining recoverable amounts include:

- recent drilling results and reserves and resources estimates
- environmental issues that may impact the underlying tenements
- the estimated market value of assets at the review date
- independent valuations of underlying assets at the review date
- fundamental economic factors such as the gold price, exchange rates and current and anticipated operating costs in the industry
- the consolidated entity's market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate.

2.18 New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement.
- AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.
- AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 Scope of AASB 2 and AI
- AASB 2 - Group and Treasury Share Transactions will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issue [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement - AASB 14 make amendments to Interpretation
- AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the Group's 30 June 2012 financial statements, with retrospective application required. The amendments are not expected to have any impact on the financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

	CONSOLIDATED 2010 $	2009 $

3. REVENUE AND EXPENSES

	2010 $	2009 $
(a) Employee and consultancy expenses		
Provision for employee entitlements	**6,663**	81,270
Superannuation contributions	**65,365**	56,074
Other employee benefits and consultancy expenses	**997,800**	1,020,836
	1,069,828	1,158,180
(b) Financing income/(expenses)		
Finance revenue - interest received	**1,721,942**	1,699,271
Amortisation of loan establishment fees	**–**	(231,750)
Interest expense	**–**	(81,312)
Other financing expenses	**–**	(5,860)
Net financing income/(expense)	**1,721,942**	1,380,349
(c) Operating lease payments		
Rental and outgoings relating to operating lease	**147,559**	130,773

4. INCOME TAX

	2010 $	2009 $
(a) The major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax charge/(credit)	**(31,036)**	(58,332)
Deferred income tax		
Unused tax losses not recognised as deferred tax asset	**31,036**	58,332
Income tax expense	**–**	–
A reconciliation between income tax expense and the numerical loss before income tax at the applicable income tax rate is as follows:		
Loss before income tax	**(438,421)**	(787,923)
At statutory income tax rate of 30% (2009: 30%)	**(131,526)**	(236,377)
Items not allowable for income tax purposes:		
Unearned income	**(32,997)**	(79,308)
Non-deductible expenses	**191,644**	167,677
Other deductible items	**(58,157)**	–
	(31,036)	(148,008)
Current year tax losses not brought to account	**31,036**	148,008
Income tax expense	**–**	–

4. INCOME TAX (continued)

	CONSOLIDATED 2010 $	2009 $
(b) Deferred income tax		
Deferred income tax at balance date relates to the following:		
Deferred tax liabilities		
Non-assessable income	**32,997**	79,308
	32,997	79,308
Deferred tax assets		
Accrued expenses	**17,300**	5,852
Provisions	**12,348**	193,029
Tax value of losses recognised	**3,349**	–
Non-recognition of deferred taxes	**–**	(119,573)
	32,997	79,308
Net deferred income tax balances	**–**	–
(c) Tax losses		
The directors estimate that the potential deferred tax assets in respect of tax losses not brought to account is:	**1,783,784**	**1,685,527**

The potential benefit of tax losses has not been brought to account in this financial report as realisation of the benefit cannot be regarded as probable. The potential future income tax benefit will be obtainable by the consolidated entity only if:

(a) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions for the loss to be realised;

(b) the consolidated entity complies with the conditions for deductibility imposed by income tax law; and

(c) no changes in income tax legislation adversely affects the consolidated entity in realising the benefit of the deduction for the loss.

CURRENT ASSETS

5. CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank	**26,539,836**	891,785
Cash on deposit	**31,141,768**	21,561,360
Cash on hand	**295**	300
	57,681,899	22,453,445

6. TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
Interest receivable	**109,989**	264,919
Prepayments	**69,128**	63,106
Other	**33,022**	3,691
	212,139	331,716

7. HELD FOR SALE ASSETS

	2010 $	2009 $
Property, plant and equipment (i)	**1,300,000**	–
	1,300,000	–

(i) Relates to an item of property, plant & equipment which the Group's management is committed to sell. No impairment on the asset has been recognised during the year (2009: $444,979).

	CONSOLIDATED 2010 $	2009 $

NON-CURRENT ASSETS

8. RECEIVABLES

	2010 $	2009 $
Security deposit	**24,306**	24,306
	24,306	24,306

Security deposits represent funds held on deposit as security against a bank guarantee.

9. PROPERTY, PLANT AND EQUIPMENT

	2010 $	2009 $
Plant and equipment - at cost		
Opening balance	**1,437,078**	1,882,479
Additions	**12,314**	5,406
Impairment	**–**	(444,979)
Reclassified to assets held for sale (i)	**(1,300,000)**	–
Reclassified from exploration & evaluation expenditure (ii)	**609,150**	–
Disposals	**–**	(5,828)
Closing balance	**758,542**	1,437,078
Accumulated depreciation		
Opening balance	**117,899**	109,397
Depreciation for the year	**6,157**	10,478
Reclassified from exploration & evaluation expenditure (ii)	**187,074**	–
Disposals	**–**	(1,976)
Closing balance	**311,130**	117,899
Net book value	**447,412**	1,319,179

(i) Refer to Note 7.

(ii) Exploration and evaluation assets were re-classified during the year following the commitment to progress the Siana Gold Project to development. Specific plant and equipment items were identified and therefore reclassified.

10. MINE DEVELOPMENT

	2010 $	2009 $
Opening balance	**–**	–
Reclassified from exploration and evaluation expenditure (i)	**26,054,947**	–
Acquisition of exploration assets (ii)	**7,376,900**	–
Development expenditure incurred in current year	**3,997,881**	–
Foreign currency translation adjustment	**1,956,309**	–
	39,386,037	–

(i) Siana Gold Project was moved to development in March 2010. Accordingly expenditures have been transferred from exploration and evaluation (see Note 11) to development expenditure. This balance will be further reclassified to mine properties as the Siana Gold Project moves to production.

(ii) This relates to the acquisition of 10% of the Siana Gold Project via the acquisition of Merrill Crowe Corporation (MCC). The consideration for the acquisition was cash of US$1,800,000 (A$1,944,874) and 40,000,000 ordinary shares of Red 5 with a total consideration valued at $8,289,203. Of the consideration a value of $7,376,900 was ascribed to MCC's 10% share of the Siana Gold Project, and $912,303 was attributed to identifiable assets and liabilities.

10. MINE DEVELOPMENT (continued)

(ii) (continued)
The Group has paid $1,310,256 into an escrow account, and $297,198 has been paid towards outstanding taxes of MCC. A further provision of $1,271,464 has been made for additional taxes. Red 5 has provided for 5,814,280 shares to be issued at a fair value of $930,285 (Other Equity) once the transaction is complete.

If the estimated tax liability is greater than provided, Red 5 will issue fewer shares to the vendor. If the tax liability is lower, it will issue up to 12 million shares to the vendor. This calculation is made based on 15.1 cents per share.

	CONSOLIDATED	
	2010	2009
	$	$

11. EXPLORATION AND EVALUATION EXPENDITURE

	2010 $	2009 $
Opening balance	**27,348,354**	19,135,270
Exploration and evaluation expenditure incurred in current year	**2,842,326**	5,337,911
Exploration expenditure written-off	**(503,791)**	(130,205)
Re-classified as development	**(26,054,947)**	–
Re-classified as plant and equipment	**(422,076)**	–
Foreign currency translation adjustment	**(3,209,866)**	3,005,378
	–	27,348,354

Exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence of or otherwise of economically recoverable reserves. The ultimate recoupment of deferred exploration and evaluation expenditure carried forward is dependent upon the successful development and exploitation, or alternatively sale, of the respective areas of interest at an amount greater than or equal to the carrying value.

12. TRADE AND OTHER PAYABLES

	2010 $	2009 $
Creditors and accruals	**1,571,642**	267,960

Creditors and accruals have increased due to the Siana gold project moving from exploration to development

13. EMPLOYEE BENEFITS

	2010 $	2009 $
Provision for employee entitlements		
Balance at 1 July 2009	**411,679**	334,512
Increase/(decrease) in provision during the period (i)	**(268,520)**	81,270
Net present value discount adjustment	**1,085**	(4,103)
	144,244	411,679

(i) 2010 decrease in leave provision was due to $275,183 leave being paid out. Net leave accrued/taken was $6,663.

	2010 $	2009 $
Current	**70,730**	144,416
Non-current	**73,514**	267,263
	144,244	411,679

14. PROVISIONS

	2010 $	2009 $
Tax liability	**1,271,464**	–
	1,271,464	–

The tax liability is the expected tax liabilities of the Merrill Crowe Corporation acquired by the Group during the year. See Note 10 for more information.

	CONSOLIDATED 2010 $	2009 $
15. BORROWINGS		
Unsecured loans – other corporations	**269,270**	298,461

Loans due to other corporations are unsecured and interest free and are repayable six months after the occurrence of specified events, including shareholders funds of a controlled entity exceeding specified levels or commencement of gold production.

16. CONTRIBUTED EQUITY

(a) Share capital

	2010 $	2009 $
971,678,088 (2009: 659,288,043) ordinary fully paid shares	**113,322,069**	67,221,875

(b) Movements in ordinary share capital

	CONSOLIDATED 2010 *Shares*	$
Opening balance 1 July 2009	659,288,043	**67,221,875**
Share placements at 15.5 cents	290,000,000	**44,950,000**
Less share issue expenses	–	**(2,432,213)**
Issue of shares for MCC acquisition	28,000,000	**4,480,000**
Acquisition of treasury shares (i)	(5,609,955)	**(897,593)**
Balance 30 June 2010	971,678,088	**113,322,069**

2009: No movements.

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

(i) The Company acquired its own shares via the acquisition of Merrill Crowe Corporation.
The amount paid has been deducted from share capital.

(c) Other equity

	CONSOLIDATED 2010 *Shares*	$
Opening balance 1 July 2009	–	**–**
Shares to be issued for MCC acquisition	5,814,280	**930,285**
Balance 30 June 2010	5,814,280	**930,285**

See Note 10 and 26 for more information.

(d) Movement in share options

	Options	$
Opening balance 1 July 2008	19,900,000	**967,270**
Lapse of unlisted options	(12,500,000)	**(448,750)**
Balance 30 June 2009	7,400,000	**518,520**

2010: No movements

	CONSOLIDATED 2010 $	2009 $

17. RESERVES

Foreign currency translation reserve	**(2,489,826)**	(1,225,140)
Share based payment reserve	**518,520**	518,520
	(1,971,306)	(706,620)

Translation reserve

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

Share based payment reserve

The share based payment reserve arises on the granting and vesting of equity instruments.
Refer to Note 26 for further details.

18. 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

Gregory Edwards – Managing Director

Allen Govey – Executive Director - Technical (resigned on 29 March 2010)

Non-executive directors

Colin Jackson

Gary Scanlan

Kevin Dundo (appointed on 29 March 2010)

Barry Bolitho (appointed on 29 March 2010)

Peter Rowe (resigned on 29 March 2010)

Other executives

Joe Mobilia – Chief Financial Officer (appointed on 27 April 2010)

William Darcey – Project Manager

Compensation of key management personnel

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

Key management personnel		
Short term benefits	**1,031,312**	1,223,594
Post-employment benefits	**86,023**	233,966
Share based payments	**–**	–
Other benefits	**60,354**	27,035
	1,177,689	1,484,595

Loans to key management personnel

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

Other transactions with directors

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

18. RELATED PARTIES (continued)

Share holdings of key management personnel

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

2010	Balance at 1 July 2009	Received during the year on the exercise of options	Other purchases during the year	Balance at 30 June 2010
G Edwards (1)	9,900,000	–	–	9,900,000
C Jackson	225,000	–	–	225,000
G Scanlan	–	–	–	–
K Dundo (2)	–	–	–	–
B Bolitho (3)	–	–	–	–
A Govey (4)	6,786,500	–	–	6,786,500
P Rowe (5)	–	–	–	–
J Mobilia (6)	–	–	100,000	100,000
W Darcey	–	–	–	–
Total	**16,911,500**	**–**	**100,000**	**17,011,500**

(1) a bonus payment consisting of 165,342 fully paid shares is yet to be approved by shareholders and has not been included in these financial statements.

(2) appointed on 29 March 2010

(3) appointed on 29 March 2010

(4) resigned on 29 March 2010 and his holding represents the number held at resignation. A bonus payment of 144,141 fully paid shares is yet to be approved by shareholders and has not been included in these financial statements.

(5) resigned on 29 March 2010

(6) appointed on 27 April 2010

2009	Balance at 1 July 2008	Received during the year on the exercise of options	Other purchases during the year	Balance at 30 June 2009
G Edwards	8,000,000	–	1,900,000	9,900,000
A Govey	6,786,500	–	–	6,786,500
C Jackson	225,000	–	–	225,000
P Rowe	–	–	–	–
G Scanlan	–	–	–	–
R Surendran (1)	–	–	–	–
W Darcey	–	–	–	–
Total	**15,011,500**	**–**	**1,900,000**	**16,911,500**

(1) resigned on 19 June 2009

Option holdings of key management personnel

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

2010	Held at 1 July 2009	Granted as compensation	Exercised	Other changes	Held at 30 June 2010	Vested during the year	Vested and exercisable at 30 June 2010
W Darcey	700,000	–	–	–	700,000	–	700,000
Total	**700,000**	**–**	**–**	**–**	**700,000**	**–**	**700,000**

2009	Held at 1 July 2008	Granted as compensation	Exercised	Held at resignation	Held at 30 June 2009	Vested during the year	Vested and exercisable at 30 June 2009
R Surendran	700,000	–	–	700,000	–	–	–
W Darcey	700,000	–	–	–	700,000	–	700,000
Total	**1,400,000**	**–**	**–**	**700,000**	**700,000**	**–**	**700,000**

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 22.

Individual directors and executives compensation disclosures

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

	CONSOLIDATED 2010 $	2009 $

19. REMUNERATION OF AUDITOR

Amounts paid or due and payable to the auditor for:		
Auditing and reviewing financial reports (KPMG Australia)	**65,879**	55,784
Other services – accounting advice (KPMG Australia)	**–**	–
Taxation advisory services – KPMG Australia	**14,200**	24,320
– overseas KPMG firms	**3,528**	1,175
	83,607	81,279

20. EXPENDITURE COMMITMENTS

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

- not later than one year	**7,315,039**	–
	7,315,039	–

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

- not later than one year	**356,318**	139,808
- later than one year but not later than two years	**314,786**	–
- later than two years but not later than five years	**349,693**	–
	1,020,797	139,808

21. SEGMENT INFORMATION

Segment Information

Identification of reportable segments

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

The Group is managed primarily on the basis of its development assets in the Philippines. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating tenements where the development and exploration interests are considered to form a single project. This is indicated by:

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

21. SEGMENT INFORMATION (continued)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Unallocated items

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

- Income tax expense
- Deferred tax assets and liabilities
- Discontinuing operations

Comparative information

This is the first period in which AASB 8: Operating Segments has been adopted.
Comparative information has been stated to conform to the requirements of the Standard.

	Philippines $	Reconciliation to Group $	Total $
(i) Segment performance			
Year ended 30 June 2010			
Interest revenue	32,474	1,689,468	1,721,942
Segment revenue	**32,474**	**1,689,468**	**1,721,942**
Segment result	**(471,317)**	**32,896**	**(438,421)**
Included within segment result:			
Depreciation	–	(6,157)	(6,157)
Exploration written off	(503,791)	–	(503,791)
Impairment of assets	–	–	–
Year ended 30 June 2009			
Interest revenue	–	1,699,271	1,699,271
Segment revenue	**–**	**1,699,271**	**1,699,271**
Segment result	**(575,184)**	**(274,892)**	**(850,076)**
Included within segment result:			
Depreciation	–	(10,479)	(10,479)
Exploration written off	(130,205)	–	(130,205)
Impairment of assets	(444,979)	–	(444,979)
(ii) Segment assets as at 30 June 2010			
Additions to non-current assets:			
Capital expenditure	-	12,314	12,314
Exploration expenditure	503,791	-	503,791
Acquisition of development assets	7,376,900	-	7,376,900
Development expenditure	6,336,158	-	6,336,158
Segment assets	**47,792,069**	**51,259,724**	**99,051,793**

21. SEGMENT INFORMATION (continued)

		Philippines $	Reconciliation to Group $	Total $
(ii)	**Segment assets (continued) for the period ended 30 June 2009**			
	Additions to non-current assets:			
	Capital expenditure	–	5,406	5,406
	Exploration expenditure	5,337,911	–	5,337,911
	Development expenditure	–	–	–
	Segment assets	**29,488,690**	**21,988,310**	**51,477,000**
(iii)	**Segment liabilities as at 30 June 2010**			
	Segment liabilities	**2,916,065**	**340,555**	**3,256,620**
	Segment liabilities as at 30 June 2009			
	Segment liabilities	**269,466**	**708,634**	**978,100**

22. INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entities	Country of incorporation	Class of shares	Equity holding 2010 %	Equity holding 2009 %
Bremer Resources Pty Ltd	Australia	Ordinary	100	100
Estuary Resources Pty Ltd	Australia	Ordinary	100	100
Greenstone Resources (WA) Pty Ltd	Australia	Ordinary	100	100
Oakborough Pty Ltd	Australia	Ordinary	100	100
Opus Resources Pty Ltd	Australia	Ordinary	100	100
Red 5 Philippines Pty Ltd	Australia	Ordinary	100	100
Red 5 Mapawa Pty Ltd	Australia	Ordinary	100	100
Red 5 Dayano Pty Ltd	Australia	Ordinary	100	100
Bremer Binaliw Corporation	Philippines	Ordinary	100	100
Greenstone Resources Corporation (i)	Philippines	Ordinary	40	100
Red 5 Asia Incorporated	Philippines	Ordinary	100	100
Surigao Holdings and Investments Corporation (i)	Philippines	Ordinary	40	–

(i) The Company holds a 40% direct interest in Greenstone Resources Corporation (GRC) and a 40% interest in Surigao Holdings and Investments Corporation (SHIC) voting stock. Agreements are in place which deal with the relationship between Red 5 and other shareholders of these entities. In accordance with Australian accounting standard, AASB 127 Consolidated and Separate Financial Statements, relating to company control, Red 5 has consolidated these companies as subsidiaries in these financial statements.

	CONSOLIDATED	
	2010	2009
	$	$

23. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES

Operating profit/(loss) after income tax	**(438,421)**	(850,076)
Amortisation and depreciation	**6,157**	10,479
Loss on disposal of assets	**–**	2,229
Exploration expenditure written-off	**503,791**	130,205
Impairment of property, plant and equipment	**–**	444,979
Financing expenses	**–**	5,860
Exchange gains	**(132,927)**	–
Amortisation of borrowings	**–**	231,750
Interest expense classified as financing costs	**–**	81,312
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	**119,577**	167,387
Increase/(decrease)in payables	**21,312**	11,678
Increase/(decrease)in provisions	**(176,186)**	33,606
Net cash outflow from operating activities	**(96,697)**	269,409

	CONSOLIDATED	
	2010	2009

24. EARNINGS PER SHARE

Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**798,863,943**	659,288,043
Issued ordinary shares at commencement of the financial year	**659,288,043**	659,288,043
Effect of share placement 10 December 2009	**54,504,110**	–
Effect of share placement 28 January 2010	**81,008,219**	–
Effect of treasury shares acquired 12 April 2010	**(1,229,579)**	–
Effect of shares issued 23 April 2010	**5,293,150**	–
Weighted average number of ordinary shares for the financial year	**798,863,943**	659,288,043

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

There were no movements in ordinary shares or options subsequent to balance date.

25. SUBSEQUENT EVENTS

On 8 July 2010 the merger of Greenstone Resources Corporation and Merrill Crowe Corporation was approved.

26. SHARE BASED PAYMENTS

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

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

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

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

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

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

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired/ forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
		$	*Number*	*Number*	*Number*	*Number*	*Number*	*Number*
Consolidated and parent entity - 2010								
12.12.07	31.12.12	0.15	6,000,000	–	–	–	6,000,000	6,000,000 (i)
16.06.08	30.06.11	0.15	350,000	–	–	–	350,000	350,000
16.06.08	30.06.13	0.25	350,000	–	–	–	350,000	350,000
16.06.08	30.06.11	0.15	350,000	–	–	–	350,000	350,000
16.06.08	30.06.13	0.25	350,000	–	–	–	350,000	350,000
			7,400,000	**–**	**–**	**–**	**7,400,000**	**7,400,000**
Weighted average exercise price			$0.16	–	–	–	$0.16	$0.16
Consolidated and parent entity - 2009								
12.12.07	31.12.12	0.15	6,000,000	–	–	–	6,000,000	6,000,000 (i)
16.06.08	30.06.11	0.15	350,000	–	–	–	350,000	350,000
16.06.08	30.06.13	0.25	350,000	–	–	–	350,000	350,000
16.06.08	30.06.11	0.15	350,000	–	–	–	350,000	350,000
16.06.08	30.06.13	0.25	350,000	–	–	–	350,000	350,000
			7,400,000	**–**	**–**	**–**	**7,400,000**	**7,400,000**
Weighted average exercise price			–	–	–	–	$0.16	$0.16

(i) 6,000,000 options were issued as part commission for a share placement and are not employee shares.

No options were issued or exercised during the 2010 or 2009 financial years. 28,000,000 Red 5 shares were issued, and up to an additional 12,000,000 Red 5 shares may be issued, as part consideration for the acquisition of Merrill Crowe Corporation. Refer to Note 10 for more information.

27. 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 consolidated entity does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 development and construction activities exclusively in the Philippines. At the balance sheet date there were no significant concentrations of credit risk.

Cash and cash equivalents

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

Trade and other receivables

As the consolidated entity operates primarily in development activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The consolidated entity has established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables (mainly relate to unsecured loans to controlled entities) and diminution of investments in wholly owned entities. Management does not expect any counterparty to fail to meet its obligations.

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	
	2010 $	2009 $
Trade and other receivables	**212,139**	356,022
Cash and cash equivalents	**57,681,899**	22,453,445

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 entities reputation.

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 Company anticipates a need to raise additional capital via debt facilities in the next 12 months to meet future development and construction activities. The final decision on how the Company will raise future funding will be influenced by market conditions existing at that time.

27. FINANCIAL RISK MANAGEMENT (continued)

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

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
CONSOLIDATED					
30 June 2010					
Trade and other payables	1,571,642	(1,571,642)	(1,571,642)	–	–
Acquisition liabilities	1,271,464	(1,271,464)	(1,271,464)	–	–
Non-interest bearing loan	269,270	(322,846)	–	–	(322,846)
	3,112,376	(3,165,952)	(2,843,106)	–	(322,846)
30 June 2009					
Trade and other payables	267,960	(267,960)	(267,960)	–	–
Non-interest bearing loan	298,461	(322,846)	–	–	(322,846)
	566,421	(590,806)	(267,960)	–	(322,846)

Market risk

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

Currency risk

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

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

Exposure to currency risk

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

	30 June 2010			30 June 2009		
	USD *$*	Peso *$*	Total *$*	USD *$*	Peso *$*	Total *$*
Cash	6,815,773	–	6,815,773	305,632	17,770	323,402
Trade payables	–	–	–	(5,300)	–	(5,300)
Gross balance sheet exposure	6,815,773	–	6,815,773	300,332	17,770	318,102

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

27. FINANCIAL RISK MANAGEMENT (continued)

	CONSOLIDATED Profit or Loss
30 June 2010	
USD	(681,577)
30 June 2009	
USD	(27,302)
Peso	(1,609)

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

Interest rate risk

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

The consolidated entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit with more than one counterparty at interest rates maturing over 90 day rolling periods.

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

	CONSOLIDATED Carrying amount	
	2010	2009
	$	$
Variable rate instruments		
Cash and cash equivalents	**57,681,899**	22,453,445
	57,681,899	22,453,445

Profile

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009:

	Profit or Loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	$	$	$	$
CONSOLIDATED				
30 June 2010				
Variable rate instruments	576,819	(576,819)	576,819	(576,819)
30 June 2009				
Variable rate instruments	224,534	(224,534)	224,534	(224,534)

Net fair values

The carrying value of financial assets and liabilities equates their fair value. There are no financial assets and liabilities carried at fair value and therefore the hierarchy in AASB 7 is not applicable.

27. FINANCIAL RISK MANAGEMENT (continued)

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.

There were no changes in the consolidated entity's approach to capital management during the year. Risk management is facilitated by regular monitoring and reporting by the board and key management personnel.

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

28. PARENT ENTITY DISCLOSURES

		PARENT ENTITY	
		2010	2009
		$	$
(a)	**Financial position**		
	Assets		
	Current assets	**51,210,082**	21,944,825
	Non-current assets	**49,485,707**	30,102,427
	Total assets	**100,695,789**	52,047,252
	Liabilities		
	Current liabilities	**3,706,784**	347,378
	Non-current liabilities	**–**	109,819
	Total liabilities	**3,706,784**	457,197
	Contributed equity	**113,322,069**	67,221,875
	Other equity	**930,285**	–
	Reserves	**518,520**	518,520
	Accumulated losses	**(17,781,869)**	(16,150,340)
	Total equity	**96,989,005**	51,590,055
(b)	**Financial performance**		
	(Loss)/profit for the year	**(1,631,529)**	2,627,926
	Other comprehensive income	**–**	–
	Total comprehensive income	**(1,631,529)**	2,627,926
(c)	**Guarantees entered into by the parent entity in relation to the debts of its subsidiaries**		
	Guarantee provided under the deed of cross guarantee	**–**	–
(d)	**Contingent liabilities of the parent entity**	**–**	–
(e)	**Commitments for the acquisition of property, plant and equipment by the parent entity**	**–**	–

Declaration by Directors

The Board of Directors of Red 5 Limited declares that:

(a) the 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 financial position as at 30 June 2010 and performance of the consolidated entity for the financial year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

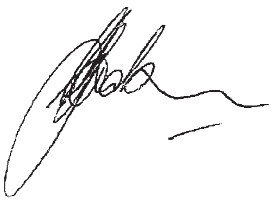
(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.1;

(c) the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

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

The Board of Directors has received the declaration by the Managing Director and Chief Financial Officer required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.



Colin G Jackson
Chairman

Perth, Western Australia
28 September 2010

KPMG

Report on the financial report

We have audited the accompanying financial report of the Group comprising Red 5 Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Red 5 Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
   (ii) 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 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Red 5 Limited for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG
Perth, 28 September 2010

R Gambitta
Partner

Corporate Governance Statement

A description of Red 5's main corporate governance practices is set out below. These practices, unless otherwise stated, were in place for the entire financial year. Copies of relevant corporate governance policies and charters are available in the corporate governance section of the Company's web-site at www.red5limited.com.

The Company's Board and management are committed to high standards of corporate governance practices. Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances.

BOARD OF DIRECTORS

The Board has the responsibility for protecting the rights and interests of shareholders and the enhancement of long-term shareholder value. The Board's primary role is to formulate the strategic direction of the Company and to oversee the Company's business activities and management. Day to day management of the Company's affairs and the implementation of corporate strategies are formally delegated by the Board to the Managing Director.

The Company has established functions reserved for the Board and those delegated to senior management, as set out in the Company's Board charter. The Board charter states that the Board is responsible for:

- the corporate governance of the Company;
- the overall strategic direction and leadership of the Company;
- approving and monitoring management implementation of objectives and strategies;
- reviewing performance against stated objectives by receiving regular management reports on the business situation, opportunities and risks; and
- the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

Board composition and independence

The Company has a five member Board comprising one executive director and four non-executive directors, including the Chairman. The roles of Chairman and Managing Director are not combined. Mr Edwards is not considered independent by virtue of his executive role in the Company, neither is Mr Jackson by virtue of financial remuneration during the year. Messrs Scanlan, Bolitho and Dundo are independent non-executive directors based on the principles set out below.

The current composition of the Board is considered suitable for the Company's current size and level of operations and includes an appropriate mix of skills, expertise and experience relevant to the Company's business. Details of the experience, qualifications and term of office of directors are set out in the Directors' Report.

Having regard to the structure of the Board and of executive management based in the Philippines, it is considered appropriate by the Board to utilise the Chairman's expertise as a consultant to assist with corporate and commercial aspects of the Company's operations. The Chairman is expected to bring independent thought and judgement to his role in all circumstances.

Where matters arise in which there is a perceived conflict of interest in relation to any director, that director must declare his interest and abstain from any consideration or voting on the relevant matter.

The Board has adopted ASX recommended principles in relation to the assessment of directors' independence, which identifies shareholdings, executive roles and contractual relationships which may affect independent status. Financial materiality thresholds used in the assessment of directors' independence are set at 5% of the annual gross expenditure of the Company and/or 25% of the annual income or business turnover of the director.

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which will not be unreasonably withheld.

The audit committee comprises three non-executive directors, Mr Scanlan (chairman), Mr Jackson and Mr Dundo. The remuneration committee comprises three non-executive directors, Mr Bolitho (chairman), Mr Jackson and Mr Scanlan. Details of the qualifications of committee members and attendance at committee meetings are set out in the Directors' Report.

The current size of the full Board permits it to act as the nomination committee and to regularly review membership. When a Board vacancy occurs, the Board identifies the particular skills, experience and expertise that will best complement Board effectiveness and then undertakes a process to identify candidates who can meet those criteria. The Board will give consideration at an appropriate time in the Company's development to the creation of a separate nomination committee.

Performance assessment

The Board has adopted a formal process for an annual self assessment of its collective performance, the performance of individual directors and of Board committees. The Board is required to meet annually with the purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties. A formal assessment was undertaken in November 2009, using a self-assessment checklist as the basis for evaluation of performance against the requirements of the Board charter.

The performance of senior executives is reviewed annually by the Managing Director through a formal performance appraisal meeting, incorporating measurement against pre-determined key performance indicators. Executive remuneration and other terms of employment are reviewed annually by the remuneration committee having regard to performance, relevant comparative information and where appropriate, expert advice. A formal evaluation of senior executives was undertaken during the year in accordance with the Company's performance appraisal procedures.

AUDIT COMMITTEE

The audit committee charter sets out the responsibilities of the audit committee as including:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- reviewing the effectiveness of the Company's internal control environment including compliance with applicable laws and regulations;
- the nomination of the external auditors and the review of the adequacy of the existing external audit arrangements; and
- considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The Managing Director and Chief Financial Officer provide a declaration to the Board that the Company's external financial reports present a true and fair view of the Company's financial condition and operational results and that the declaration in relation to the integrity of the Company's external financial reports is founded on sound risk management and internal control systems and that those systems are operating effectively in relation to financial reporting risks.

The external auditors provide an annual declaration of their independence to the Board. KPMG were appointed as external auditors in 1998. The current audit engagement partner has conducted the audit since 2008 with rotation due no later than five years from that date. The performance of the external auditors is reviewed annually.

REMUNERATION COMMITTEE

The remuneration committee operates in accordance with a formal written charter. The committee advises the Board on remuneration and incentive policies and practices generally and makes specific recommendations in relation to compensation arrangements for executive and non-executive directors and in respect of all equity based remuneration plans. Details of the Company's remuneration policies are set out in the Remuneration Report section of the Directors' Report.

RISK MANAGEMENT

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The Company's risk management systems and internal control systems are continuing to be developed and it is recognised that the extent of these systems will evolve with the growth in the Company's activities.

The Managing Director is required to formally report to the Board regarding material business risks and whether those risks are being managed effectively. Changes to key risk factors are required to be reported at each board meeting, areas of significant business risks and mitigation actions are reported quarterly and a review of all identified and potential new risk factors is reported on a six monthly basis. The effectiveness of the Company's management of material business risks is monitored on a regular basis, however, no formal report was provided by management during the year ended 30 June 2010.

RESPECT THE RIGHTS OF SHAREHOLDERS AND STAKEHOLDERS

The Board has adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Board has established a code of conduct to guide compliance with the legitimate interests of all stakeholders. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company has also established a whistleblower policy which provides a mechanism for legitimate reporting of illegal or unethical practices.

TIMELY AND BALANCED DISCLOSURES

The Board recognises the obligations of continuous disclosure and the Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. A record of the circumstances surrounding each continuous disclosure announcement decision is maintained.

Material information is lodged immediately with the ASX and then disseminated by posting to the Company's web-site. Shareholders, potential investors and interested parties can avail themselves of an email alert facility. A strict protocol is practiced for all investor/analyst/media meetings, group briefings and conference calls.

DEALINGS IN COMPANY SHARES

The Company's share trading policy prohibits the purchase or disposal of shares by directors, officers and specified employees in the period of two weeks prior to the release of quarterly reports and four weeks prior to the release of half year and full year results and for one business day thereafter. Any proposed transactions to be undertaken must be notified to the Chairman or Managing Director in advance.

Where the Company grants securities under an equity based remuneration scheme, participants are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under the scheme.

Statement of Shareholders

as at 28 September 2010

Distribution of share and option holders

			Number of Holders	
			Fully paid shares	Unlisted options
1	–	1,000	50	-
1,001	–	5,000	248	-
5,001	–	10,000	427	-
10,001	–	100,000	1,430	-
100,001		and over	507	5
			2,662	5

Including holdings of less than a marketable parcel	75

Classes of shares and voting rights

At meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or attorney. 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 on a poll, every person present in person or by proxy has one vote for each ordinary share held.

Substantial shareholders

The following shareholders have lodged a notice of substantial shareholding in the Company.

Shareholder	Number of shares	%
Mathews Capital Partners	187,700,494	19.21
Bank of America Corporation	111,387,277	11.40
Baker Steel Capital Managers LLP	79,190,033	8.10
Lujeta Pty Ltd	50,000,000	5.12

Twenty largest holders of fully paid shares

	Shareholder	Number of shares	%
1.	National Nominees Limited	127,475,547	13.04
2.	ANZ Nominees Limited	94,157,816	9.63
3.	HSBC Custody Nominees (Australia) Limited	67,641,909	6.92
4.	Merrill Lynch (Australia) Nominees Pty Ltd	58,271,821	5.96
5.	Lujeta Pty Ltd	50,000,000	5.12
6.	Equity Trustees Limited	42,241,906	4.32
7.	David Teoh	39,897,061	4.08
8.	Citicorp Nominees Pty Ltd	36,805,648	3.77
9.	Southbridge Resources Inc	28,000,000	2.87
10.	JP Morgan Nominees Australia Limited	25,232,115	2.58
11.	Bond Street Custodians Limited	18,444,446	1.89
12.	Merrill Lynch (Australia) Nominees Pty Ltd	17,600,000	1.80
13.	RBC Dexia Investor Services Australia Nominees Pty Ltd	9,592,768	0.98
14.	Thomas David Cumming	7,000,000	0.72
15.	Allen Lance Govey	6,886,500	0.70
16.	Gregory Charles Edwards	6,850,000	0.70
17.	Twynam Agricultural Group Pty Ltd	6,000,000	0.61
18.	Greenstone Resources Corporation	5,609,955	0.57
19.	Breamlea Pty Ltd (J&E MacDonald Account)	5,000,000	0.51
20.	Gwynvill Trading Pty Ltd	4,838,710	0.50
		657,546,202	67.27

Unquoted securities

The following classes of unquoted securities are on issue:

Security	Number on issue	Holders of greater than 20% of each class of security		
		Name of holder	Number	%
Options over fully paid shares exercisable:				
– at 15 cents each on or before 30.06.11	700,000	William Darcey	350,000	50.00
		Raj Surendran	350,000	50.00
– at 15 cents each on or before 31.12.12	6,000,000	Lost Ark Nominees Pty Ltd	6,000,000	100.00
– at 25 cents each on or before 30.06.13	700,000	William Darcey	350,000	50.00
		Raj Surendran	350,000	50.00

Investor Information

Announcements

The Company makes both statutory announcements (Activities or quarterly reports, financial reports, Appendix 5B cash statements, changes to Directors' interests) and specific announcements under Continuous Disclosure provisions on a timely basis. Significant announcements made during the financial year include:

Release date	Announcement subject
16/07/2009	Siana Bankable Feasibility Study
28/07/2009	June 2009 Quarterly Activities and Cash Flow Report
30/09/2009	Annual financial statements
14/10/2009	Broker presentation
21/10/2009	Initial Mapawa Project gold results positive
23/10/2009	September 2009 Quarterly Activities and Cash Flow Report
23/11/2009	Siana Gold Project – Green light for development
24/11/2009	AGM chairman's address and presentation
30/11/2009	Drilling to commence on Mapawa LSY geophysical anomaly
04/12/2009	Siana Gold Project Financing
10/12/2009	Completion of first tranche of placement
21/12/2009	Change in substantial holding - AngloGold Ashanti
25/01/2010	Mapawa exploration drilling in progress
28/01/2010	Completion of share placement
29/01/2010	December 2009 Quarterly Activities and Cash Flow report
05/03/2010	S&P Announces March SP/ASX Index Rebalance
24/03/2010	Appointment of Project Director
25/03/2010	Award of Siana EPCM contract
26/03/2010	Appointment of Chief Financial Officer
29/03/2010	Board changes and management additions
13/04/2010	Philippine operating structure simplified
14/04/2010	Mineralised porphyry discovered at Mapawa
16/04/2010	Ceasing to be a substantial holder - AngloGold Ashanti
27/04/2010	March 2010 Quarterly Activities and Cash Flow Report
04/05/2010	Siana mining contract awarded
12/07/2010	Mapawa porphyry potential confirmed
14/07/2010	Presentation to Emerging Asia Gold Conference
23/07/2010	June 2010 Quarterly Activities and Cash Flow Report
23/07/2010	Ceasing to be a substantial shareholder - Ross Stanley
27/07/2010	Investor presentation to North America
28/07/2010	Becoming a substantial holder - Baker Steel
05/08/2010	Debt financing package

Share Price Movements

Share prices on the Australian Securities Exchange during the 2009–10 year were:

Quarter ended	High (cents)	Low (cents)
September 2009	12.0	7.2
December 2009	19.5	9.2
March 2010	16.5	10.5
June 2010	19.5	11.0

The closing price on 30 June 2010 and on the date of this report was 12.0 cents (7.2 cents in 2009) and 16.5 cents (10.0 cents in 2009) respectively.

Investor Relations

This annual report has been produced with the objective of ensuring that shareholders are informed on company strategy and performance sufficient to make or retain an investment in the Company. Announcements, statutory reports and the latest information on the Company's projects are available on the Red 5 Limited website: www.red5limited.com.

Financial institutions, stockbrokers and other non-shareholder entities requiring copies of this report, Activities Reports and other corporate information should contact the Directors at:

Red 5 Limited
Level 2,
35 Ventnor Avenue
West Perth 6005
Western Australia Australia
Phone +61 8 9322 4455
Facsimile + 61 8 9481 5950

Shareholder Enquiries

Enquiries relating to shareholding, tax file number and notification of change of address should be directed to:

Security Transfer Registrars Pty Ltd
770 Canning Highway Applecross WA 6153
Telephone: (61 8) 9315 2333
Facsimile: (61 8) 9315 2233
Email: registrar@securitytransfer.com.au

Tenement Directory

Project	Tenement Number	Registered Holder	Equity Interest Red 5	Other
Philippines				
Siana	MPSA 184-2002-XIII	Greenstone	40%	SHIC 60%
	APSA 46-XIII	Greenstone	40%	SHIC 60%
Mapawa	MPSA 280-2009-XIII	Greenstone	40%	SHIC 60%
Western Australia				
Montague	ML 57/429, ML 57/485		25% free carried	

Abbreviations	
Greenstone	Greenstone Resources Corporation
SHIC	Surigao Holdings and Investments Corporation
MPSA	Mineral Production Sharing Agreement
APSA	Application for MPSA
ML	Mining Lease

Board of Directors

Colin Jackson (Chairman)
Gregory Edwards (Managing Director)
Gary Scanlan (Non-executive Director)
Kevin Dundo (Non-executive Director)
Barry Bolitho (Non-executive Director)

Company Secretary

Frank Campagna

Registered Office

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

Telephone: (61-8) 9322 4455
Facsimile: (61-8) 9481 5950
Email: info@red5limited.com
Website: www.red5limited.com

Manila Office

5th Floor, NOL Building,
Cnr Acacia / Commerce Avenue,
Madrigal Business Park
Ayala Alabang
Muntinlupa City
Philippines, 1770

Telephone: (63-2) 807 2790
Facsimile: (63-2) 807 6658

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway,
Applecross, Western Australia, 6153

Telephone: (61-8) 9315 2333
Facsimile: (61-8) 9315 2233
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

Bankers

National Australia Bank Limited

Auditors

KPMG

Solicitors

Freehills (Australia)
SyCip Salazar Hernandez & Gatmaitan (Philippines)

Stock Exchange Listing

Shares in Red 5 Limited are quoted on ASX Limited.
ASX code: RED

Competent Person Declaration

The information in this Public Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on, and accurately reflects, information compiled by Mr G C Edwards who is a full-time employee of Red 5 Limited and who is a Member of The Australasian Institute of Mining and Metallurgy.

Mr Edwards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which the Company is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Edwards consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Red5Limited ABN 73 068 647 610

www.red5limited.com