

RED 5 LIMITED

ABN 73 068 647 610



NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

27 November 2012 at 10.00 a.m.

Place of meeting

Duxton Hotel
1 St. George's Terrace
Perth, Western Australia

For personal use only

RED 5 LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Red 5 Limited (Company) will be held at the Duxton Hotel, 1 St. George's Terrace, Perth, Western Australia on Tuesday, 27 November 2012 at 10.00 a.m.

AGENDA

ORDINARY BUSINESS

Financial statements and reports

To receive and consider the annual financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2012.

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution.

1. Re-election of Gary Scanlan as a director

“That Mr Gary Scanlan, being a director of the Company, who retires by rotation in accordance with Clause 7.1(d) of the Constitution and being eligible for re-election, be hereby re-elected as a director of the Company.”

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary, non-binding resolution.

2. Remuneration report

“That for the purposes of Section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report as contained in the annual financial report of the Company for the year ended 30 June 2012.”

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 2 (in any capacity) by or on behalf of either a member of KMP (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of a member of KMP, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chairman pursuant to an express authorisation to exercise the proxy.

SPECIAL BUSINESS

The special business of the meeting is to consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution.

3. Ratification of share issue

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the placement made by the Company in March 2012 of 7,075,472 ordinary fully paid shares at an issue price of \$2.12 each, further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

For the purposes of ASX Listing Rule 7.5, the Company will disregard any votes cast on this resolution by any shareholder who participated in the share placement and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the Chairman as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board

Frank Campagna
Company Secretary

Perth, Western Australia
15 October 2012

Proxy appointments

A member of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote for the member at the meeting. A proxy need not be a member of the Company.

A proxy form is enclosed. If required it should be completed, signed and returned to the Company's share registrar in accordance with the proxy instructions on that form.

Voting prohibition statement for key management personnel

Members of KMP (which includes each of the directors) will not be able to vote as proxy on Resolution 2 unless you instruct them how to vote or, in the case of the Chairman of the meeting, unless you expressly authorise him to do so.

If you intend to appoint a member of KMP (other than the Chairman) as your proxy, you should ensure that you direct the member of KMP how to vote on Resolution 2.

If you intend to appoint the Chairman of the meeting as your proxy for Resolution 2, you can direct the Chairman how to vote by marking one of the boxes on the proxy form for Resolution 2 (for example, if you wish to vote 'for', 'against' or to 'abstain' from voting). If you do not direct the Chairman how to vote, then by submitting the proxy form, you will be expressly authorising the Chairman to exercise the proxy in respect of Resolution 2 even though it is connected to the remuneration of members of KMP.

Voting entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those entitled to attend and vote at the meeting is to be taken as those persons who held shares in the Company as at 10.00 a.m. on 25 November 2012.

RED 5 LIMITED
EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared for the information of shareholders of Red 5 Limited in connection with the business to be considered at the forthcoming annual general meeting of the Company and should be read in conjunction with the accompanying notice of meeting.

ANNUAL FINANCIAL REPORT

The financial report of the Company for the year ended 30 June 2012 (including the financial statements, directors' report and auditors' report) was included in the 2012 annual report of the Company, a copy of which is available on the Company's web-site at www.red5limited.com.

There is no requirement for shareholders to approve these reports. However, time will be allowed during the annual general meeting for consideration by shareholders of the financial statements and the associated directors' and auditors' reports.

RESOLUTION 1 – RE-ELECTION OF GARY SCANLAN AS A DIRECTOR

In accordance with ASX Listing Rule 14.4 and Clause 7.1(d) of the Constitution, at every annual general meeting, one third of the directors in office (other than any managing director) must retire by rotation and are eligible for re-election.

Mr Gary Scanlan therefore retires at the annual general meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

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 also as Managing Director of Castlemaine Goldfields Limited. Mr Scanlan is chairman of the audit committee and a member of the remuneration committee.

The Board (other than Mr Scanlan) recommends that shareholders vote in favour of the re-election Mr Scanlan as a director of the Company.

RESOLUTION 2 – REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report section of the Company's 2012 annual report. The Remuneration Report describes the underlying principles and structure of the remuneration policies of the Company and sets out the remuneration arrangements in place for directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of shareholders of the Company. Shareholders should note that the vote on Resolution 2 is not binding on the Company or the directors. However, the directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Members of KMP of the Company will be excluded from voting on Resolution 2. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 2.

RESOLUTION 3 – RATIFICATION OF SHARE ISSUE

On 20 March 2012, the Company announced a share placement of 7,075,472 ordinary shares at an issue price of \$2.12 to raise \$15 million in working capital for the Company. The placement was made to existing institutional shareholders and sophisticated investors and was managed by a syndicate comprising Casimir Capital LP and Petra Capital Pty Ltd.

Funds raised by the placement provided a working capital contingency during the initial pre-stripping and production ramp-up phase at the Siana gold mine in the Philippines.

ASX Listing Rule 7.1 prohibits a listed company from issuing shares representing more than 15% of its issued capital in any 12 month period without obtaining shareholder approval (subject to certain exceptions).

Under ASX Listing Rule 7.4, a company can seek ratification of issues that have been made within the 12 month period. The effect of such ratification is that the issue of shares is then deemed to have been made as if shareholder approval had been obtained, thus not counting towards the 15% limit.

Resolution 3 seeks the ratification by shareholders of the issue of the 7,075,472 shares to clients of Casimir Capital LP and Petra Capital Pty Ltd. If the resolution is approved then those shares will be deemed to have been issued pursuant to shareholder approval thus they will not be counted in the 15% capacity.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued was 7,075,472 fully paid shares;
- (b) the issue price of the securities was \$2.12 per share;
- (c) the shares were allotted and credited as fully paid and rank equally with the existing shares on issue;
- (d) the shares were allotted and issued to institutional shareholders and sophisticated investors who are clients of Casimir Capital LP and Petra Capital Pty Ltd and who are not related parties of the Company; and
- (e) the funds raised provided a working capital contingency during the initial pre-stripping and production ramp-up phase at the Siana project.

The Board recommends that shareholders vote in favour of Resolution 3 as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 month period.

GLOSSARY OF TERMS

“**ASX**” means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as the context requires.

“**ASX Listing Rules**” means the official listing rules of ASX.

“**Board**” means the board of directors of the Company.

“**Closely Related Party**” is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of KMP.

“**Company**” or “**Red 5**” means Red 5 Limited (ABN 73 068 647 610).

“**Constitution**” means the constitution of the Company.

“**Corporations Act**” means the Corporations Act 2001 (Commonwealth).

“**Corporations Regulations**” means the Corporations Regulations 2001 (Commonwealth).

“**Director**” means a director of the Company.

“**KMP**” is defined in the Corporations Act and includes the people who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director.

“**Remuneration Report**” means the report contained in the annual financial report of the Company for the year ended 30 June 2012.

“**Share**” means an ordinary fully paid share in the capital of the Company.

