

RED 5 LIMITED

ABN 73 068 647 610



NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

24 November 2004 at 3.00 p.m.

Place of meeting

Celtic Club
48 Ord Street
West Perth, Western Australia

RED 5 LIMITED

ABN 73 068 647 610

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 Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 24 November 2004 at 3.00 p.m.

The explanatory memorandum and proxy form accompanying this notice of meeting are incorporated in and comprise part of this notice of meeting.

AGENDA

ORDINARY BUSINESS

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 2004.

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

1. Re-election of Lance Govey as a director

"That Mr Allen Lance Govey, being a director of the Company, retires by rotation in accordance with Clause 7.3(a) of the Constitution of the Company and being eligible for re-election, be hereby re-elected as a director of the Company."

2. Re-election of Colin Jackson as a director

"That Mr Colin George Jackson, being a director of the Company, retires in accordance with Clause 7.3(f) of the Constitution of the Company and being eligible for re-election, be hereby re-elected as a director of the Company."

3. Re-election of Peter Rowe as a director

"That Mr Peter William Rowe, being a director of the Company, retires in accordance with Clause 7.3(f) of the Constitution of the Company and being eligible for re-election, be hereby re-elected as a director of the Company."

SPECIAL BUSINESS

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

4. Ratification of share placement

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the placement made by the Company of 31,000,000 ordinary fully paid shares at an issue price of 17.7 cents each to AngloGold Ashanti Australia Limited (or its nominee), further details of which are set out in the explanatory memorandum accompanying the notice of meeting."

In accordance with ASX Listing Rules, the Company will disregard any votes cast on this resolution by AngloGold Ashanti Australia Limited and any of its associates. However, the Company will 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 person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Authority for issue of options pursuant to Employee Option Plan

“That for the purposes of ASX Listing Rule 7.2 and for all other purposes, shareholders approve as an exception to the 15% limit in ASX Listing Rule 7.1, any issue of options made within the next three years pursuant to the Red 5 Employee Option Plan (as amended from time to time), further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

In accordance with ASX Listing Rules, the Company will disregard any votes cast on this resolution by the directors of the Company and any person who may participate in the Plan and any of their associates. However, the Company will 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 person chairing the meeting as 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 2004

NOTES

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 attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the proxy instructions on that form.

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 3.00 p.m. on 22 November 2004.

RED 5 LIMITED

ABN 73 068 647 610

EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared for the information of shareholders of Red 5 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 2004 (including the financial statements, directors' report and auditors' report) was included in the 2004 annual report of the Company, which was distributed to shareholders along with this notice of meeting.

Time will be allowed during the annual general meeting for consideration by shareholders of the financial report and the associated directors' and auditors' reports.

RESOLUTION 1 – RE-ELECTION OF LANCE GOVEY AS A DIRECTOR

The Constitution of the Company requires that one third of the directors in office (other than a managing director) must retire by rotation at each annual general meeting of the Company.

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

Mr Govey has been Exploration Director of the Company since November 2001. Mr Govey is a senior geologist with wide ranging exploration and mining geology experience within Australia and Indonesia. He has been involved with the successful exploration and mining of Archean lode gold deposits for the last 16 years. Mr Govey spent 12 years with the Normandy Mining Group, his most recent role being Principal Geologist responsible for project generation and evaluation of new business opportunities within Western Australia.

RESOLUTION 2 – RE-ELECTION OF COLIN JACKSON AS A DIRECTOR

Mr Colin Jackson was appointed as an independent non-executive director of the Company on 5 December 2003. In accordance with Clause 7.3(f) of the Company's Constitution and ASX Listing Rule 14.4, any director appointed to fill a casual vacancy or as an additional director holds office until the next general meeting of shareholders and is then eligible for re-election.

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

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. He is a member of the finance/taxation committee of the Australian Gold Council. Mr Jackson is chairman of the Company's audit and remuneration committees.

RESOLUTION 3 – RE-ELECTION OF PETER ROWE AS A DIRECTOR

On 11 October 2004, the Company announced that it had entered into a subscription and relationship agreement with AngloGold Ashanti Australia Limited, which included a right for AngloGold to appoint a nominee to the Board of the Company. Settlement of the agreement and appointment of AngloGold's nominee is scheduled to occur after this notice of meeting and explanatory memorandum is to be despatched to shareholders. Resolutions 3 and 4 are included in this notice of meeting on the basis that the subscription and relationship agreement proceeds on the terms as announced.

AngloGold's nominee, Mr Peter Rowe, is therefore expected to be appointed as a non-executive director of the Company prior to the annual general meeting. Mr Rowe is the Head of AngloGold Ashanti Australia Limited.

In accordance with the Constitution, Mr Rowe will retire at the annual general meeting and being eligible, has offered himself for re-election at the meeting.

Mr Rowe became Head of AngloGold in June 2004. After qualifying as a chemical engineer, Mr Rowe spent 20 years with Anglo American and De Beers in South Africa before moving to Australia in the early 1990's. He has held a number of senior managerial positions in Australia, including Project Director of the Fimiston Expansion, General Manager of the Boddington Gold Mine and of the Boddington Expansion Project and Managing Director and CEO of Bulong Nickel.

RESOLUTION 4 – RATIFICATION OF SHARE PLACEMENT

As set out above, the Company entered into a subscription and relationship agreement with AngloGold on 11 October 2004. Under the terms of the agreement, AngloGold will subscribe for 31,000,000 ordinary fully paid shares in the Company at a subscription price of 17.7 cents per share, raising \$5,487,000 for the Company.

Completion of the share placement to AngloGold is scheduled to occur after this notice of meeting and explanatory memorandum is to be despatched to shareholders. Resolution 4 has been included in this notice of meeting on the basis that the share placement is completed on the terms as announced.

The funds raised from the placement are to be used for ongoing exploration of the Siana project, excluding the Siana mine development area, and for exploration on the Company's other Philippine project areas.

The key terms of the subscription and relationship agreement with AngloGold are as follows:

- a share placement of 31,000,000 fully paid shares to AngloGold at an issue price of 17.7 cents per share (representing a 30% premium to the weighted average market price of the Company's shares on the five trading days prior to the announcement of the transaction). Following allotment of these shares, AngloGold will hold a 12.3% interest in Red 5 and will be Red 5's single largest shareholder.
- AngloGold has the right to nominate at least one director to the Board of Red 5 for so long as it retains a minimum shareholding of 12% in the Company.
- for as long as AngloGold retains a minimum 12% shareholding in Red 5, the Company will have access, subject to availability, to a range of technical support and consulting services to be provided by the AngloGold group of companies relating, inter alia, to the development of the Siana project, with those services to be supplied substantially at cost.
- for a period of 2 years but provided that AngloGold retains a minimum 12% interest in Red 5, Red 5 will not commit to debt funding of the Siana project unless AngloGold has first been given the opportunity to provide debt funding on terms that are reasonably satisfactory to AngloGold and the Company.
- for a period of 2 years but provided that AngloGold retains a minimum 12% interest in Red 5 and subject to a waiver being granted by the ASX, the Company must give AngloGold an opportunity to participate in any future share placements on the same terms as any third party participation, to the extent necessary for AngloGold to maintain its percentage interest in the share capital of Red 5. ASX granted a waiver pursuant to Listing Rule 6.18 on 15 October 2004 to enable the Company to grant AngloGold the right to maintain its percentage interest in the share capital of Red 5 ("the Top Up Right").

The following conditions apply to the waiver:

- the Top Up Right lapses if the strategic relationship between the Company and AngloGold ceases or changes in such a way that it effectively ceases.
 - the Top Up Right may only be transferred to a wholly owned subsidiary of AngloGold.
 - any securities issued under the Top-Up Right are offered to AngloGold on terms that are no more favourable than those terms offered to third parties.
 - the Company undertakes to include in each annual report a summary of the terms of the agreement with AngloGold.
- for a period of 2 years but provided that AngloGold retains a minimum 12% interest in Red 5, in relation to up to 3 potential projects in the Philippines (excluding the Siana open pit development area), Red 5 grants to AngloGold the right to farm in and earn up to a 75% interest in Red 5's 80% interest in any such project.

This right will be conditional on AngloGold fulfilling certain minimum expenditure obligations which will involve expenditure of US\$1.5 million for no interest in the first year, a further US\$4 million to earn 65% of the Red 5 interest and a further US\$5 million for 75% of the Red 5 interest. Red 5 will be manager of any joint venture during the initial earn-in period. These potential new project areas include the Madja copper-gold porphyry area, Siana outer targets and the Mapawa area.

- under the agreement, AngloGold agrees that it will not increase its shareholding in Red 5 above 20% except by way of a takeover offer except with the prior written consent of the Company and it will not seek a change in the composition of the Red 5 Board in a way that would result in AngloGold's representatives or nominees comprising more than 20% of the Board by number other than where AngloGold makes a takeover offer.

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 4 seeks the ratification by shareholders of the issue of the 31,000,000 shares to AngloGold. 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. Resolution 4 is to be considered as an ordinary resolution.

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 will be 31,000,000 fully paid shares.
- (b) the issue price for the securities will be 17.7 cents per share.
- (c) the shares will be allotted and credited as fully paid and will rank equally with the existing shares on issue.
- (d) the shares will be allotted and issued to AngloGold (or its nominee).
- (e) the funds raised are to be used to advance exploration activities and technical evaluation of the Siana project (outside of the Siana mine development area) and the Company's other project areas in the Philippines.

The Company will disregard any votes cast on Resolution 4 by AngloGold and any of its associates. However, the Company will 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 person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – AUTHORITY FOR ISSUE OF OPTIONS PURSUANT TO EMPLOYEE OPTION PLAN

ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue new securities representing more than 15% of its total ordinary shares during the following 12 month period without shareholder approval. Listing Rule 7.2 (Exception 9) provides that options issued under an employee incentive scheme are excluded from this restriction provided that, within 3 years before the date of issue, issues of securities under the scheme have been approved by shareholders in general meeting.

Resolution 5 seeks the approval of shareholders for the potential issue of options under the Plan for 3 years after the 2004 annual general meeting, without those options being subject to the 15% restriction contained in ASX Listing Rule 7.1. The Plan will be known as the Red 5 Employee Option Plan.

There is no longer any requirement under the Listing Rules for shareholders to approve the establishment or operation of an employee incentive scheme. Accordingly, if Resolution 5 is not passed, the Board will proceed with introducing the Plan, however any options issued under the Plan will count towards the 15% restriction.

No previous employee option schemes exist. As at the date of this notice, no options have been issued under the proposed new Plan.

It should be noted that directors of the Company will not participate in the new Plan, without first obtaining specific shareholder approval.

The Company will disregard any votes cast on Resolution 5 by the directors of Red 5 and any person who may participate in the Plan and any of their associates. However, the Company will 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 person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Summary of key features

The key features of the Plan are as follows:

- options may be issued under the Plan to employees, directors or consultants (together called “Employees”) of the Company (or any associated companies) as nominated by directors;
- the options will be issued for no consideration and are not transferable;
- the options will be issued at an exercise price of not less than 80% of the market price of the Company’s shares on ASX;
- the expiry date of the options will be determined by the directors at the time of issue of the options;
- the directors may elect to issue the options with vesting conditions whereby the options will vest to the Employee progressively over a period of time;
- options that have not vested may be exercised in the event of a takeover offer or a change of control of the Company;

- the options will automatically lapse if an Employee ceases employment with the Company within one year of the issue of the options. Thereafter, an Employee will have a period of six months from ceasing employment in which to exercise their options;
- the maximum number of options on issue under the Plan cannot be more than 5% of the number of shares on issue in the Company from time to time;
- the Company will not apply for official quotation of the options;
- all shares issued upon exercise of the options will rank pari passu with existing shares on issue; and
- holders of options may only participate in new issues of securities if an option has been exercised. Red 5 will give 9 business days notice to give optionholders an opportunity to exercise their options. If there is a bonus issue to holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the holder would have received, had the option been exercised. In the event of a pro-rata issue, there will be no change to the exercise price of the option or the number of shares over which the option is exercisable. Any reorganisation of capital will see the options reorganised in accordance with the Listing Rules.

A full copy the terms and conditions of the Plan is available upon request.

Purpose of the Plan

The primary purposes of the Plan are to increase the motivation of Employees of the Company, promote the retention of Employees, align Employee interests with those of the Company and its shareholders and to reward Employees who contribute to the growth of the Company.

The future success of the Company is in part dependent on the skills and commitment of the Company's Employees. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The directors consider that the introduction of the Plan will provide Employees with an opportunity and an incentive to participate in the future growth of the Company.

GLOSSARY OF TERMS

"AngloGold" means AngloGold Ashanti Australia Limited (ABN 42 008 737 424);

"ASIC" means Australian Securities and Investments Commission;

"ASX" means Australian Stock Exchange Limited;

"ASX Listing Rules" means the official listing rules of ASX;

"Board" means the board of directors of the Company;

"Company or Red 5" means Red 5 Limited (ABN 73 068 647 610);

"Constitution" means the constitution of the Company as amended from time to time;

"Corporations Act" means the Corporations Act 2001 (Commonwealth);

"Corporations Regulations" means the Corporations Regulations 2001 (Commonwealth);

"Plan" means the Red 5 Employee Option Plan.

RED 5 LIMITED

ABN 73 068 647 610

PROXY FORM

Company Secretary
Red 5 Limited
Level 1, 43 Ventnor Avenue
West Perth WA 6005

FACSIMILE: (08) 9481 5950

I/We _____
being a member of Red 5 Limited,

holding _____ shares in the capital of the Company,

hereby appoint _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the annual general meeting of the Company to be held on Wednesday, 24 November 2004 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof. If no voting directions are given, the Chairman will vote in favour of each resolution.

Instructions on voting

	FOR	AGAINST	ABSTAIN
Resolution 1 Re-election of Lance Govey as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Colin Jackson as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Peter Rowe as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of share placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Authority to issue options under Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If you do **not** wish to direct your proxy how to vote, please place a mark in this box. ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast by him/her other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote in favour of each resolution.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

Dated this _____ day of _____ 2004

Individuals and joint holders to sign:**Companies to sign (affix common seal if applicable):**_____
Usual signature_____
Director, or sole director and sole secretary
(please delete as applicable)_____
Usual signature_____
Director or Company Secretary

VOTING BY PROXY

1. A member of the Company entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a member) to attend and vote on his/her behalf.
2. If the member is entitled to cast two or more votes at the meeting, they may appoint two proxies. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
3. The proxy form must be received at the Company's registered office at Level 1, 43 Ventnor Avenue, West Perth, Western Australia, 6005, or by facsimile on (08) 9481 5950 and in both cases, not less than 48 hours before the time of the holding of the meeting.
4. In the case of joint holders of a share in the Company the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, must be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the register.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney, duly authorised in writing or, if the appointor is a corporation, under seal. A copy of the power of attorney must be lodged for any proxy appointed under a power of attorney.
6. A proxy for a corporation must be appointed under the common seal of the corporation or signed in accordance with the requirements of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary, that director.

For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

7. If no voting instructions are marked on the proxy form then the proxy may vote as he/she thinks fit or may abstain from voting.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on a poll and the shares the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned and the nominated proxy does not attend the meeting, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the meeting which do not contain a direction how to vote will be used to support each of the resolutions proposed in the notice of meeting.