

RED 5 LIMITED

ABN 73 068 647 610



NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

12 December 2007 at 10.00 a.m.

Place of meeting

Celtic Club
48 Ord Street
West Perth, Western Australia



8 November 2007

Dear Shareholders

Shareholders have an important resolution to consider - namely the approval of the issue of 350 million shares at a subscription price of 10 cents per share to domestic and international institutions and professional investor clients of Southern Cross Equities Limited.

The \$35 million equity raising to be approved by shareholders is critical to the development of the Company's primary asset, the Siana gold project in the Philippines. Without this proposed equity contribution, Red 5 will not have access to the Societe Generale US\$42 million Project and Working Capital senior debt facility required to complete the mine construction.

The subscription price of the placement represent a 4 percent discount to the volume weighted average market price for the preceding twelve months. It is equal to the price one month prior to the announcement of the placement and 25 percent higher than the price two months earlier.

This proposed equity contribution is the culmination of the last six years of exploration and evaluation commitment, and the associated \$16 million in expenditure, to reach the decision to develop the Siana project.

The Board elected to proceed with a placement rather than a rights issue due to the quantum of the raising and the price achievable. The placement route also broadens the Company's shareholder base and generates significant institutional focus.

The Company was able to achieve significant support, with investors impressed by the quality of the geological and engineering input and by the immediate and future potential. Our four largest institutional/corporate shareholders participated in the raising on a pro-rata basis, together with 84 new shareholders.

The Board believes the increase in capital and associated equity will attract on-going investment among financial institutions to the benefit of the share price and hence all shareholders.

I therefore commend to you to vote in favour of the share placement and the grant of options to Southern Cross Equities resolutions contained in the attached notice of meeting.

Yours faithfully

Colin G Jackson
Chairman

RED 5 LIMITED

ABN 73 068 647 610

NOTICE OF GENERAL MEETING

Notice is hereby given that a 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, 12 December 2007 at 10.00 a.m.

AGENDA

1. Approval of Share Placement

To consider and, if thought fit, to pass the following resolution as an ordinary resolution.

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 350 million Shares to clients of Southern Cross Equities Limited, for the purposes and on the terms set out in the Explanatory Memorandum."

2. Approval of Grant of Options to Southern Cross Equities Limited

To consider and, if thought fit, to pass the following resolution as an ordinary resolution.

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the grant of 6 million Options to Southern Cross Equities Limited (or its nominee), for the purposes and on the terms set out in the Explanatory Memorandum."

By order of the Board

Frank Campagna
Company Secretary

Perth, Western Australia
8 November 2007

VOTING EXCLUSION NOTE

For the purposes of Resolutions 1 and 2, the Company will disregard any votes cast on each respective resolution by a person who may participate or obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities and any of their associates, unless 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 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).

PROXIES

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 5.00 p.m. on 10 December 2007.

RED 5 LIMITED

ABN 73 068 647 610

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 general meeting of the Company and should be read in conjunction with the accompanying notice of meeting.

RESOLUTION 1 – APPROVAL OF SHARE PLACEMENT

On 1 November 2007, the Company announced a capital raising of \$35 million to provide funds for the equity contribution for the development of the Siana project and to carry out further exploration programmes to target ore body extensions of the Siana deposit. The placement is subject to the approval of Shareholders of the Company.

The purpose of the placement is to raise equity funds required, ahead of senior debt funding draw down, to develop the Company's primary asset - the Siana project.

The development capital cost to first gold pour is currently estimated at US\$59.9 million excluding financing costs. Societe Generale Corporate and Investment Banking has provided an offer of US\$42 million as Project and Working Capital debt facilities, inclusive of financing costs (establishment fees, capitalised interest and refinancing of the crusher/SAG mill loan). The primary condition precedent to drawdown of this facility is the requirement for the Company to raise the balance of the funds through an equity placement, or other means of mezzanine funding.

The equity capital will also be used to:

- retire the \$2 million secured finance facility previously provided by Societe Generale for the early purchase of a second hand SAG mill and crusher.
- fund aggressive exploration at the Siana project during 2008, including the targeting of deep ore body extensions from 500 metres to 1,000 metres below surface (US\$5 million). This programme will commence immediately following the conclusion of the underground resource upgrade programme scheduled for completion in December 2007.

Previous intersections of altered and modestly mineralised diorite porphyries at Siana indicate the potential for deeper copper-gold mineralisation that could occur within the anticipated depth range of the proposed drill programme. Further exploration will also be undertaken in the Alegria prospect area, south of Siana, to follow up earlier intersections of porphyry copper-gold mineralisation.

- provide additional non-construction related working capital.

Previous ASX announcements and the Company's recent annual report have foreshadowed the planned transition of the Company from explorer to producer-explorer.

ASX Listing Rule 7.1 provides generally that a listed company may not issue shares equal to more than 15% of the company's issued share capital in any 12 months without obtaining shareholder approval. Resolution 1 seeks the approval of shareholders to issue shares representing more than the 15% limit.

The Company proposes to issue a total of 350 million Shares at an issue price of \$0.10 each in accordance with the placement conducted by Southern Cross Equities Limited, which is conditional on Shareholder approval. The issue of the Placement Shares will equate to approximately 53.1% of the Company's expanded share capital (assuming no further issues of Shares by the Company).

The placement will raise funds of \$35 million before costs, which are estimated to be \$1,750,000 (representing a 5% fee payable to Southern Cross Equities Limited) plus the issue of 6,000,000 unlisted options (Refer Resolution 2).

The Placement Shares will be allotted and issued as soon as possible after Shareholder approval but, in any case, not later than 3 months after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

The Company's four largest institutional and corporate Shareholders have participated in the placement, as follows:

ANZ Nominees Limited
AngloGold Ashanti Australia Limited
Merrill Lynch (Australia) Nominees Pty Ltd
HSBC Custody Nominees (Australia) Limited

The balance of the Placement Shares will be allotted to domestic institutions, international institutions and sophisticated investor clients of Southern Cross Equities Limited.

The Placement Shares will be issued on the same terms and conditions as the existing Shares in the Company. The Company will apply to ASX for official quotation of the Placement Shares.

The Board believes that the proposed placement is beneficial for the Company and recommends that Shareholders vote in favour of Resolution 1. It will make a significant contribution to the development of the Siana project and will facilitate the Company's transition from explorer to producer.

RESOLUTION 2 – GRANT OF OPTIONS TO SOUTHERN CROSS EQUITIES LIMITED

As previously stated, ASX Listing Rule 7.1 provides generally that a company may not issue shares equal to more than 15% of the company's issued share capital in any 12 months without obtaining shareholder approval.

Under the terms of a mandate dated 29 October 2007 with Southern Cross Equities Limited, the Company agreed to grant 6 million unlisted Options as part of the fees payable for the capital raising of \$35 million. The options are to be exercisable at \$0.15 each by 31 December 2012.

The issue of the Southern Cross Options will equate to approximately 0.9% of the Company's fully-diluted share capital, assuming all the Southern Cross Options are exercised, no other Options are exercised, the Placement Shares are issued and no further issues of Shares or options are made by the Company.

The Southern Cross Options will be allotted and issued as soon as possible after Shareholder approval but, in any case, not later than 3 months after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

The purpose of the grant of the Southern Cross Options is to satisfy part of the consideration payable under the mandate agreement with Southern Cross Equities Limited pursuant to which Southern Cross Equities Limited undertook to conduct the placement as set out in Resolution 1. No funds will be raised from the grant of the Southern Cross Options, however, \$900,000 will be raised upon the exercise of these options.

The Southern Cross Options will be granted on the terms and conditions set out in Annexure A. The Company will not apply to ASX for official quotation of the Southern Cross Options.

The Board recommends that Shareholders vote in favour of Resolution 2.

GLOSSARY OF TERMS

“ASX” means ASX 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);

“Explanatory Memorandum” means this explanatory memorandum accompanying the notice of meeting;

“Placement Shares” means 35 million Shares the subject of Resolution 1;

“Share” means a fully paid ordinary share in the capital of the Company;

“Shareholders” means a holder of Shares; and

“Southern Cross Options” means the Options the subject of Resolution 2.

APPENDIX A

TERMS OF SOUTHERN CROSS OPTIONS

The options entitle the holder to subscribe for ordinary fully paid shares (Shares) in the capital of Red 5 Limited (Company) on the following terms and conditions:

- (a) Each option entitles the holder to subscribe for one (1) Share.
- (b) The options are exercisable wholly or in part by no later than 5.00 pm WST on 31 December 2012 (Expiry Date) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the options are exercised to the registered office of the Company. Options not exercised by the Expiry Date shall automatically lapse.
- (c) The option exercise price is \$0.15 per option.
- (d) All Shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued Shares.
- (e) The Company will apply for quotation of all Shares issued upon exercise of the options on ASX Limited (ASX). The options will not be quoted on ASX.
- (f) The options are not transferable.
- (g) An option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the option can be exercised.
- (h) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 Business Days after the issue is announced.
- (i) If at any time the issued capital of the Company is reconstructed, all rights of an option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.

RED 5 LIMITED

ABN 73 068 647 610

PROXY FORM

Company Secretary
Red 5 Limited
Level 2
35 Ventnor Avenue
West Perth Western Australia 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 general meeting of the Company to be held on 12 December 2007 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 Approval of share placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of grant of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote in respect of the resolutions, 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.

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 _____ 2007

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 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 2, 35 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.