



# Retail Entitlement Offer Document

Pursuant to s708AA(2) *Corporations Act 2001* (Cth)

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An accelerated non-renounceable pro-rata entitlement offer to existing shareholders of Red 5 Limited of 4 (four) new fully paid ordinary shares for every 21 Shares held at an Issue Price of \$0.16 to raise up to approximately \$60 million before costs of the Offer.

The Entitlement Offer is underwritten.

## Important notice

This document is not a prospectus. This document does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document. The New Shares offered by this document should be considered speculative.

This document should be read in its entirety. If after reading this document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional advisor.

***Not for release to US wire services or distribution in the United States***



Joint Lead Managers



HopgoodGanim

Legal Adviser

# Important information

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## Offer statistics

Number of New Shares to be issued under the Institutional Entitlement Offer: ..... 245,298,765

Number of New Shares to be issued under the Retail Entitlement Offer: ..... up to 130,112,351\*

Issue Price: ..... \$0.16 per New Share

\* *Subject to rounding.*

## Key dates for investors

Trading halt (before market open): ..... 17 March 2021

Announcement of Entitlement Offer and Appendix 3B and  
cleansing statement lodged: ..... 17 March 2021

Institutional Entitlement Offer opens: ..... 17 March 2021

Institutional Entitlement Offer closes: ..... 18 March 2021

Announcement of results of Institutional Entitlement Offer  
(before commencement of trading following the trading halt): ..... 19 March 2021

Trading halt lifted and resume trading on an ex-entitlement basis: ..... 19 March 2021

Record Date for Retail Entitlement Offer: ..... 19 March 2021

Settlement of Institutional Entitlement Offer: ..... 24 March 2021

Retail Entitlement Offer Document  
and Entitlement and Acceptance Form despatched: ..... 24 March 2021

Retail Entitlement Offer opens: ..... 24 March 2021

Appendix 2A with respect to Institutional Entitlement Offer lodged: ..... 25 March 2021

Quotation of New Shares issued under the  
Institutional Entitlement Offer: ..... 25 March 2021

Retail Entitlement Offer closing date: ..... 9 April 2021

Appendix 2A with respect to Retail Entitlement Offer lodged: ..... 15 April 2021

Commencement of trading of New Shares issued  
under the Retail Entitlement Offer on ASX: ..... 15 April 2021

Expected date for despatch of new holding statements for New Shares  
issued under the Retail Entitlement Offer: ..... 16 April 2021

Further details regarding the timetable for the Entitlement Offer are set out in section 1.6. All dates are subject to change and accordingly are indicative only. In particular, the Company (with the consent of the Joint Lead Managers) has the right to vary the dates of the Retail Entitlement Offer without prior notice. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible after the Retail Entitlement Offer opens.

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## Important notices

The Retail Entitlement Offer made pursuant to this Retail Entitlement Offer Document is for a rights issue of continuously quoted securities (as defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) of the Company. This Retail Entitlement Offer Document is not a disclosure document for the purposes of chapter 6D of the *Corporations Act*. The Company is offering the securities under this Retail Entitlement Offer Document without disclosure to investors under chapter 6D of the *Corporations Act* pursuant to section 708AA of the *Corporations Act*, as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. Accordingly, the level of disclosure contained in this Retail Entitlement Offer Document is significantly less than that required under a prospectus and Eligible Retail Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to the ASX, and should consult their professional advisors before deciding whether to accept the Retail Entitlement Offer.

This Retail Entitlement Offer Document is dated 19 March 2021 and was lodged with the ASX on that date. The ASX does not take any responsibility for the contents of this Retail Entitlement Offer Document.

Securities will only be issued on the basis of this Retail Entitlement Offer Document in accordance with the terms set out in this Retail Entitlement Offer Document.

As at the date of this Retail Entitlement Offer Document, the Company has complied with:

- the provisions of chapter 2M of the *Corporations Act*, as they apply to the Company; and
- section 674 of the *Corporations Act*.

The Retail Entitlement Offer is only made to those Shareholders who are Eligible Retail Shareholders on the Record Date (being Shareholders who have a registered address in Australia, New Zealand, Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong).

## No excluded information

As at the date of this Retail Entitlement Offer Document the Company is not aware of any excluded information of the kind which would require disclosure in this Retail Entitlement Offer Document pursuant to subsections 708AA(8) and (9) of the *Corporations Act*.

## Foreign shareholders

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand and a limited number of Shareholders with registered addresses in Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Retail Entitlement Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered

addresses outside of Australia and New Zealand and a limited number of Shareholders in Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries outside of Australia, New Zealand, Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong in which the Company's Shareholders may reside. It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance. The Retail Entitlement Offer may only be accepted by Eligible Retail Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

The distribution of this Retail Entitlement Offer Document in jurisdictions outside Australia, New Zealand, Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong may be restricted by law and persons who come into possession of this Retail Entitlement Offer Document should observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws. In particular, this document may not be released or distributed in the United States. This Retail Entitlement Offer Document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Retail Entitlement Offer Document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US State securities laws.

See section 1.20 for further information on Retail Entitlement Offer restrictions with respect to Shareholders who do not have registered addresses in Australia, New Zealand, Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong.

## **How to accept your Retail Entitlement to New Shares**

Retail Entitlements to New Shares can be accepted by Eligible Retail Shareholders in full or in part by completing and returning the Entitlement and Acceptance Form which is accompanying this Retail Entitlement Offer Document with a cheque, bank draft or money order or making payment of the Acceptance money by EFT or BPAY® in accordance with the instructions set out in this Retail Entitlement Offer Document and on the Entitlement and Acceptance Form.

This Retail Entitlement Offer Document is available in electronic form on the internet at <https://www.red5limited.com>. If you wish to obtain a free copy of this Retail Entitlement Offer Document, please contact the Company's Share Registry on the numbers below.

## **Enquiries**

If you are an Eligible Retail Shareholder and have any questions in relation to the Retail Entitlement Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the Shares upon which your Entitlement has been calculated, or how to complete the Entitlement and Acceptance Form, take up your Entitlement, please call the Share Registry, Automic Group on:

- (a) 1300 288 664 for callers within Australia; or
- (b) +61 2 9698 5414 for overseas callers.

## **Deciding to accept the Retail Entitlement Offer**

No person named in this Retail Entitlement Offer Document, nor any other person (including the Company or the Joint Lead Managers), guarantees the performance of the Company, the repayment of capital or the payment of a return on the New Shares.

Please read this document carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in section 4. This Retail Entitlement Offer Document is an important document and you should read it in full before deciding whether to invest pursuant to the Retail Entitlement Offer. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website: <https://www.red5limited.com>. Neither Company nor the Joint Lead Managers guarantee any return or any particular rate of return on the New Shares offered under the Retail Entitlement Offer or the

performance of the Company, nor do they guarantee the repayment of capital from the Company or any particular tax treatment.

## **Terms used**

A number of terms and abbreviations used in this Retail Entitlement Offer Document have defined meanings, which are explained in the definitions and glossary in section 7.

Money as expressed in this Retail Entitlement Offer Document is in Australian dollars unless otherwise indicated.

## **Forward looking statements**

Some of the information contained in this Retail Entitlement Offer Document constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans', 'could', 'may', 'potential', and 'believe', 'target', 'forecast' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information, such as the performance of the Company and the outcome of the Entitlement Offer. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. Forward-looking statements, opinions and estimates provided in this Retail Entitlement Offer Document are not guarantees of future performance and are by their nature inherently uncertain and are based on future events which may not be correct and/or assumptions and estimates which are subject to certain risks, uncertainties and change without notice. This Retail Entitlement Offer Document details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Retail Entitlement Offer Document. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, the Company, the Joint Lead Managers, their respective affiliates and related bodies corporate, and each of their respective directors, officers, employees, advisers, agents and intermediaries, disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

## **No representations**

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Entitlement Offer Document. Any information or representation in connection with the Retail Entitlement Offer not contained in this Retail Entitlement Offer Document may not be relied on as having been authorised by the Company or its officers. This Retail Entitlement Offer Document does not provide investment advice or advice on the taxation consequences of accepting the Retail Entitlement Offer. The Retail Entitlement Offer and the information in this Retail Entitlement Offer Document, do not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor.

## Chairman's letter

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19 March 2021

Dear Shareholder

On behalf of the Directors of the Company, I am pleased to invite you to take up your pro-rata entitlement to new ordinary fully paid shares (**New Shares**) in Red 5 Limited (**Entitlement Offer**).

The Company is making an accelerated non-renounceable entitlement offer of 4 (four) Shares for every 21 Shares held in Red 5 on the Record Date at an Issue Price of \$0.16 per Share, to raise up to approximately \$60 million before the costs of this Entitlement Offer. This Issue Price represents a 13.6% discount to the Theoretical Ex-Rights Price (**TERP**) of \$0.185 and a 15.8% discount to the Company's last closing price of \$0.19 per share as at 16 March 2021. The Entitlement Offer comprises both an accelerated institutional component for eligible institutional shareholders (**Institutional Entitlement Offer**), and a retail component for eligible retail shareholders (**Retail Entitlement Offer**). The Institutional Entitlement Offer was completed on 18 March 2021, to raise approximately \$39.2 million. This offer document (**Retail Entitlement Offer Document**) relates to the Retail Entitlement Offer, being for approximately \$20.8 million.

It is proposed that the funds raised from the Entitlement Offer will be applied to KOTH project development, drilling and development programs at the Darlot Gold Mine and for general working capital (refer Section 1.7 of this Retail Entitlement Offer Document).

The Company announced to the ASX on 17 March 2021 that it has entered into a binding commitments letter for the debt financing component of the King of the Hills Project. An Investor Presentation was also released to the ASX on 17 March 2021 with details of the financing for the development of the KOTH Project.

The Directors holding interests entitled to participate in the Entitlement Offer intend to take up all or part of their entitlement to New Shares (refer to Section 3.4(a) of this Retail Entitlement Offer Document).

Pursuant to the *Corporations Act*, Red 5 is not required to prepare a prospectus for the Entitlement Offer. A summary of the key information with respect to the Retail Entitlement Offer is set out in this Retail Entitlement Offer Document. Please read the Retail Entitlement Offer Document carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

A personalised Entitlement and Acceptance Form is attached to this Retail Entitlement Offer Document and sets out the number of New Shares you are entitled to subscribe for as an Eligible Retail Shareholder (**Entitlement**). Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form with payment of cheque or making payment of Acceptance money by BPAY or EFT in accordance with the instructions set out below and on the Entitlement and Acceptance Form. Subscription money for the New Shares must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable.

Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd are the Joint Lead Managers of the Entitlement Offer and have fully underwritten the Offer.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours sincerely



**Kevin Dundo**  
Chairman  
Red 5 Limited

## 1. Offer details

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### 1.1 The Offer

The Entitlement Offer is an accelerated non-renounceable rights issue of approximately 375.4 million New Share at an Issue Price of \$0.16 per New Share, on the basis of 4 New Shares for every 21 Shares held by Eligible Shareholders, to raise approximately \$60 million.

The Entitlement Offer has two components:

- (a) the Institutional Entitlement Offer - an initial offer to Eligible Institutional Shareholders; and
- (b) the Retail Entitlement Offer - an offer to Eligible Retail Shareholders.

This Retail Entitlement Offer Document is for the Retail Entitlement Offer component of the accelerated non-renounceable rights issue of approximately 130.11 million New Shares at an Issue Price of \$0.16 per New Share, on the basis of 4 (four) New Shares for every 21 Shares held by Eligible Retail Shareholders as at the Record Date, to raise approximately \$20.8 million.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements cannot be traded on the ASX, nor can they be sold, transferred or otherwise disposed of. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.

The Entitlement Offer is an offer to Eligible Shareholders only.

The Issue Price of \$0.16 per New Share represents a 13.6% discount to the TERP of \$0.185 and a 15.8% discount to the Company's last closing price of \$0.19 per share as at 16 March 2021.

Subject to approval being granted, official quotation of the New Shares under the Institutional Entitlement Offer is expected to occur on or about 25 March 2021. Official quotation of the New Shares under the Retail Entitlement Offer is expected to occur on or about 15 April 2021.

The Directors may at any time decide to withdraw this Retail Entitlement Offer Document and the offer of New Shares made under this Retail Entitlement Offer Document, in which case the Company will return all Application Money (without interest) within 28 days of giving notice of such withdrawal.

### 1.2 Institutional Entitlement Offer

The Company has already raised \$39.2 million under the Institutional Entitlement Offer.

New Shares issued under the Institutional Entitlement Offer will be issued at the same price and at the same ratio as those being offered under the Retail Entitlement Offer.

The results of the Institutional Entitlement Offer were announced on 19 March 2021 and the issue of New Shares under the Institutional Entitlement Offer is expected to occur on 25 March 2021.

### 1.3 Retail Entitlement Offer

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders only. The Retail Entitlement Offer will raise up to approximately \$20.8 million.

Eligible Retail Shareholders who are on the Company's Share Register on the Record Date are entitled to acquire 4 New Shares for every 21 Shares held.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The Retail Entitlement Offer is non-renounceable. Accordingly, Retail Entitlements will not trade on the ASX nor can they be transferred or otherwise disposed of.

Eligible Retail Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are summarised in Section 1.9 and set out in Section 4 of this Retail Entitlement Offer Document.

#### 1.4 Eligibility of Retail Shareholders

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only. Eligible Retail Shareholders are Retail Shareholders on the Record Date who:

- (a) have a registered address in Australia or New Zealand, or a registered address in Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong and meet certain eligibility requirements, or in another country that the Company has otherwise determined is eligible to participate;
- (b) the Company has determined (under Listing Rule 7.7.1(a)) in agreement with the Joint Lead Managers, should receive an offer under the Entitlement Offer;
- (c) are an Institutional Investor in the Permitted Jurisdictions, who the Joint Lead Managers and Company determine did not receive an offer under the Institutional Entitlement Offer and who are not Excluded Institutional Shareholders;
- (d) are not in the United States and are not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or other disclosure document to be lodged or registered.

The Retail Entitlement Offer is not being extended to the Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia, New Zealand, Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong.

#### 1.5 Minimum subscription

There is no minimum subscription to the Entitlement Offer.

#### 1.6 Important dates

Trading halt (before market open)	17 March 2021
Announcement of Entitlement Offer and Appendix 3B and section 708AA cleansing statement lodged	17 March 2021
Institutional Entitlement Offer opens	17 March 2021
Institutional Entitlement Offer closes	18 March 2021
Announcement of results of Institutional Entitlement Offer, and release of Retail Entitlement Offer Document to ASX (before commencement of trading following the trading halt)	19 March 2021
Trading halt lifted and Existing Shares resume trading on an ex-entitlement basis	19 March 2021
Record Date for the Retail Entitlement Offer	19 March 2021 at 7.00 pm (Sydney time)
Dispatch of Retail Entitlement Offer Document and Acceptance Form	24 March 2021
Opening Date of Retail Entitlement Offer	24 March 2021 at 10.00 am (Sydney time)
Settlement of Institutional Entitlement Offer	24 March 2021
Appendix 2A for New Shares issued under the Institutional Entitlement Offer lodged	24 March 2021
Quotation of New Shares issued under the Institutional Entitlement Offer	25 March 2021
Last day to extend Retail Entitlement Offer close date	6 April 2021



Closing Date of Retail Entitlement Offer	9 April 2021 at 5.00 pm (Sydney time)
Announcement of results of Retail Entitlement Offer	13 April 2021
Settlement of Retail Entitlement Offer	14 April 2021
Appendix 2A for New Shares issued under the Retail Entitlement Offer lodged	15 April 2021
Commencement of trading of New Shares on ASX under Retail Entitlement Offer	15 April 2021
Despatch of New Shares holding statements issued under the Retail Entitlement Offer	16 April 2021

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to consent of the Joint Lead Managers, the *Corporations Act* and the Listing Rules, without notice.

The Directors, subject to the requirements of the Listing Rules and the *Corporations Act*, reserve the right to:

- (a) withdraw the Retail Entitlement Offer without prior notice; or
- (b) vary any of the important dates set out in this Retail Entitlement Offer, including extending the Retail Entitlement Offer.

#### 1.7 Purpose of the Entitlement Offer

The Directors intend to apply the proceeds from the Entitlement Offer to KOTH project development, drilling and development programs at the Darlot Gold Mine and for general working capital requirements. The proceeds from the Entitlement Offer (assuming it is fully subscribed), available cash (as at 31 December 2020) and the Company's Debt Facility being for the debt financing component of the King of the Hills Project, are expected to total approximately \$333 million (before the costs of the Entitlement Offer), comprise:

Sources of Funds	A\$M
Available cash on hand (as at 31 December 2020)	98
Debt Facility	175
Gross Entitlement Offer proceeds	60
<b>Total (maximum raising)</b>	<b>333</b>

Those funds from the Entitlement Offer are proposed to be allocated in the following manner:

Proposed use of funds	A\$M
KOTH project development	38
- Project bank guarantees (\$8M)	
- Up-front TSF reserve account (\$13M)	
- Repay Macquarie working capital loan (\$5M)	
- Fund Macquarie 'out of the money' hedges (\$7M)	
- KOTH underground resource conversion drilling (\$5M)	
Darlot drilling and development	10
Working capital and general corporate purposes*	12
<b>Total (assuming maximum Entitlement Offer raising)</b>	<b>60</b>

\* Assumes that the Offer is fully subscribed and is inclusive of the costs of the Entitlement Offer (refer to section 6.4)

The above statement is a statement of current intentions as at the date of this Retail Entitlement Offer Document. However, in the event that circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders.

### **1.8 Investment highlights**

The Company announced to the ASX on 17 March 2021 that it has executed a binding commitment letter for the debt financing component of the King of the Hills Project. Execution of formal documents, financial close and drawdown for the debt facilities are subject to satisfaction of remaining conditions (refer Section 5.3 for summary of the debt financing commitment). An Investor Presentation was also released to the ASX on 17 March 2021 containing details of the financing for the development of the KOTH Project. A copy of the announcement regarding the financing for the KOTH project and the Investor Presentation, and other announcements released to ASX should be read by shareholders, and are available on [www.asx.com.au](http://www.asx.com.au).

### **1.9 Risk factors**

Eligible Shareholders should be aware that an investment in the Company is subject to investment and other known and unknown risks, including possible loss of income and the principal invested. Investors should carefully read the section on risk factors outlined in section 4. An investment of this kind involves a number of risks, a number of which are specific to the Company and the industry in which it operates.

However, these risks should not be taken to be exhaustive of the risks faced by the Company or its shareholders. Those risk factors referred to section 4, and others not specifically referred to in section 4, may materially affect the financial performance of the Company and the value of its Shares in the future.

The Company has implemented strategies, actions, systems and safeguards for known risks. However, some risks are beyond its control. Consequently, the prevailing price or value of New Shares issued under the Entitlement Offer may be more or less than the Issue Price.

The New Shares offered under this Retail Entitlement Offer carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

### **1.10 New Share terms**

Each New Share will rank equally with all existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **1.11 Holding Statements**

Holding statements are expected to be despatched to Retail Shareholders on 16 April 2021. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. The Company, the Joint Lead Managers and their respective affiliates and related bodies corporate, disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the issue provided by Company, the Share Registry or the Joint Lead Managers.

### **1.12 No rights trading**

Entitlements to New Shares pursuant to the Entitlement Offer are non-renounceable and accordingly will not be traded on the ASX.

### **1.13 Acceptance of Retail Entitlement to New Shares**

The number of New Shares to which each Eligible Retail Shareholder is entitled is calculated as at the Record Date and is shown on the personalised Entitlement and Acceptance Form

accompanying this Retail Entitlement Offer Document. This Retail Entitlement Offer Document is for the information of Eligible Retail Shareholders who are entitled to and may wish to apply for the New Shares. Fractional Entitlements will be rounded up to the nearest whole number.

Retail Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is enclosed with this Retail Entitlement Offer Document, together with payment, in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

#### 1.14 **Joint Lead Managers**

The Company has entered into a mandate agreement with Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd (**Joint Lead Managers**) pursuant to which the Joint Lead Managers have been appointed as joint lead manager to the Entitlement Offer (**Mandate Agreement**). The joint lead managers will provide a number of services to the Company in respect of the Retail Entitlement Offer.

The Company has agreed to pay the joint lead managers a capital raising management fee equal to 0.6% of the gross proceeds raised under the Entitlement Offer, an underwriting fee equal to 2.4% of the gross proceeds raised under the Entitlement Offer, and an incentive fee of 0.5% of the funds raised under the Entitlement Offer (**Management Fee**). The Management Fee is subject to the Joint Lead Managers performing their obligations under the Underwriting Agreement (refer Sections 1.16 and 5.1).

The Company has agreed to reimburse the Joint Lead Managers in respect of expenses incurred incidental to the Offer, and further indemnify the Joint Lead Managers and related persons (including affiliates and related bodies corporate of Joint Lead Managers) against losses, liabilities and claims in respect of the Offer.

The Mandate Agreement makes provisions (inter alia) for certain covenants to be observed by the Company. Either party may terminate the Mandate Agreement at any time.

The Joint Lead Managers have also entered into an Underwriting Agreement with the Company (refer Sections 1.16 and 5.1).

#### 1.15 **Shortfall**

In the event that there is a Shortfall in subscriptions under the Retail Entitlement Offer, the Directors reserve the right, as contemplated within the Listing Rules, to allocate any Shortfall of New Shares in their discretion in consultation with the Joint Lead Managers, subject to the provisions of the Mandate Agreement, the Underwriting Agreement, the *Corporations Act* and the Listing Rules.

The allocation will occur in a manner which will ensure that no Shareholder or other investor will as a consequence of taking up their Entitlement and being issued any Shortfall hold a relevant interest of more than 19.99% of all of the Shares in the Company after this Entitlement Offer.

Any Shortfall will be issued within three months after the Closing Date at an Issue Price being not less than the Offer Price. As the Entitlement Offer is underwritten it is expected that all New Shares, including any Shortfall, will be issued contemporaneously on 15 April 2021.

#### 1.16 **Underwriting**

The Shortfall under the Retail Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd (the **Joint Lead Managers**).

The Underwriting Agreement contains standard commercial terms and conditions for a firm underwriting agreement for a capital raising of this size and type. It also contains customary covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve the Joint Lead Managers of their underwriting obligations. The termination events are outlined in further detail in Section 5.1.

Under the terms of the Underwriting Agreement, the Company will pay in aggregate, the Joint Lead Managers a fee of 2.4% of the Institutional Entitlement Offer proceeds, and a management fee of 0.6% in relation to the institutional component of the Entitlement Offer, and 2.4% of the Retail Entitlement Offer proceeds, and a management fee of 0.6% in relation to the retail

component of the Entitlement Offer. Further, the Joint Lead Managers are able to receive an incentive fee of 0.5% of the gross proceeds of the Offer, payable to the Joint Lead Managers at the sole discretion of the Company having regard to the overall deal execution performance of the Joint Lead Managers.

The Company has agreed to reimburse the Joint Lead Managers for all reasonable out-of-pocket expenses incurred in connection with the Entitlement Offer, including executive time on an hourly basis (**Expenses**). If at any stage the Company terminates the agreement (unless due to default of the Joint Lead Managers) or withdraws the Entitlement Offer, the Company will be liable to reimburse the Joint Lead Managers in full for the Expenses which have accrued up until a termination or withdrawal.

Under the Underwriting Agreement, the Joint Lead Managers are responsible for paying any commission and other fees, where applicable, to any appointed sub-underwriters.

#### 1.17 **Potential effects of Underwriting on Control**

The Entitlement Offer is fully underwritten by the Joint Lead Managers pursuant to the terms of the Underwriting Agreement. The Joint Lead Managers do not currently hold any Shares or have any Relevant Interest in the Company. If the Joint Lead Managers are required to subscribe for the entire Underwritten Amount, this would amount to approximately 16% of the voting power of the Company, and it is not possible that the Joint Lead Managers could breach the takeover threshold of 20%.

The effects on control are expected to be minimal. For further information regarding underwriting, sub-underwriting and potential effects on control, refer to Sections 3 and 5.2.

#### 1.18 **ASX listing**

Subject to approval being granted, quotation of the New Shares issued under the Retail Entitlement Offer is expected to commence on 15 April 2021. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

Should the New Shares not be granted official quotation on the ASX within three months after the date of this Retail Entitlement Offer Document, none of the New Shares offered under this Retail Entitlement Offer Document will be issued and all acceptance money will be refunded without interest to Applicants within the time prescribed by the *Corporations Act*.

#### 1.19 **CHESS**

The Company will apply for the New Shares to participate in CHESS, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, Shareholders who are issuer sponsored will be provided with an issuer sponsored statement and those who are CHESS Holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Retail Entitlement Offer Document. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

#### 1.20 **Overseas Shareholders**

The distribution of this Retail Entitlement Offer Document and the accompanying forms in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Retail Entitlement Offer Document and the accompanying form should observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

In particular the Retail Entitlement Offer is not being made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Retail Entitlement Offer Document without any requirement for a prospectus to be lodged or registered. This Retail Entitlement Offer Document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. See below and the "International Offer Restrictions" section of the Investor Presentation for more information.

### **Hong Kong**

**WARNING:** The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### **Malaysia**

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to the offer of New Shares. The New Shares under the entitlement offer may not be offered, sold or issued in Malaysia except to existing shareholders of the Company. Any New Shares not taken up under the entitlement offer may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, pursuant to Part I of Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act.

### **New Zealand**

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

### **Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document relating to the New Shares may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. If you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **Switzerland**

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act (FinSA) or the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company or the New Shares have been or will be filed with or approved by any Swiss regulatory authority or authorized review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document may be distributed in Switzerland only to existing shareholders of the Company and is not for general circulation in Switzerland.

### **United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

#### **1.21 Notice to nominees and custodians**

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a notice from the Company. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlements or not); or
- Ineligible Shareholders who were ineligible to participate in the Institutional Entitlement Offer.

Due to legal restrictions, nominees and custodians may not send copies of this Retail Entitlement Offer Document or accept the Retail Entitlement Offer on behalf of any person in the United States or other jurisdiction outside Australia, New Zealand, Malaysia, and Singapore, except with the Company's consent, to (i) certain beneficial Shareholders resident in certain other countries where the Company may determine it is lawful and practical and (ii) Institutional Investors in the Permitted Jurisdictions.

## 1.22 Electronic Offer Document

An electronic version of this Retail Entitlement Offer Document is available on the internet at [www.red5limited.com.au](http://www.red5limited.com.au).

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Retail Entitlement Offer Document. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Retail Entitlement Offer Document or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Retail Entitlement Offer Document has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Retail Entitlement Offer period the electronic version of the Retail Entitlement Offer Document will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Retail Entitlement Offer Document should immediately request a paper copy of the Retail Entitlement Offer Document directly from the Share Registry.

## 2. How to apply

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### 2.1 How to accept your entitlement

Eligible Retail Shareholders may accept their Retail Entitlement either in whole or in part. Additional New Shares can be applied for under the Shortfall Facility.

The number of New Shares to which Eligible Retail Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Retail Entitlement Offer Document.

Ineligible Retail Shareholders may not take up any of their Retail Entitlement.

If Eligible Retail Shareholders take no action in respect of their Retail Entitlement they will have no right to subscribe for the New Shares pursuant to this Retail Entitlement Offer.

Retail Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Retail Entitlement Offer Document in accordance with the instructions set out on the Entitlement and Acceptance Form and forwarding the completed Form together with payment for the full amount so as to reach the Share Registry by no later than 5.00 pm (Sydney time) on the Closing Date. Payment may be made by cheque, EFT or BPAY® as per instructions on the Entitlement and Acceptance Form (without the need to return the Form). The Issue Price of \$0.16 per New Share is payable in full on acceptance of part or all of your Retail Entitlement.

Cheques should be in Australian currency and made payable to "Red 5 Limited - Retail Entitlement Account" and crossed "not negotiable".

Completed Forms and accompanying cheques should be lodged at or forwarded to the following address:

<b>Automic Registry Services</b>
<b>Red 5 Limited Offer</b>
GPO Box 5193 Sydney NSW 2001

Entitlement and Acceptance Forms will not be accepted at the Company's registered office.

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Retail Entitlement Offer Document. The amount payable on acceptance will not vary during the period of the Retail Entitlement Offer and no further amount is payable on allotment. Application Money will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company or the Share Registry on behalf of the Applicants. Any interest earned on the Application Money will be retained by the Company irrespective of whether allotment takes place.

If you do not wish to accept all or any part of your Retail Entitlement, do not take any further action and that part of your Retail Entitlement will lapse.

## 2.2 Binding effect of Entitlement and Acceptance Form

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Entitlement Offer Document and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Money or making a payment by BPAY or EFT, you will also be deemed to have acknowledged, represented and warranted on your own behalf or on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Retail Shareholder;
- (b) if you are a natural person, you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your personalised Entitlement and Acceptance Form;
- (c) you have read and understand this Retail Entitlement Offer Document and your personalised Entitlement and Acceptance Form in their entirety;
- (d) you have read the key risks summarised in Section 1.9 and set out in Section 4 of this Retail Entitlement Offer Document, and you acknowledge that an investment in the Company is subject to risk;
- (e) all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- (f) you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (g) the law of any place does not prohibit you from being given this Retail Entitlement Offer Document and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- (h) you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (i) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- (j) you have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States;
- (k) you acknowledge that the New Shares may only be offered, sold and resold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S;
- (l) if you decide to sell or otherwise transfer any New Shares, you will only do so in regular way transactions on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;
- (m) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form (i) is resident in Australia, Malaysia, New Zealand or Singapore, or is an Institutional Investor in the Permitted Jurisdictions, and (iii) is not in the United States; and



- (n) acknowledge that the information contained in this Retail Entitlement Offer Document and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus or product disclosure statement, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX.

### 3. Control issues arising from the Entitlement Offer on the Company

#### 3.1 Present position

At the date of this Retail Entitlement Offer Document the Company is of the view that there is no one entity who controls the Company.

The Shareholders who hold more than 5% of the Shares prior to the date of this Retail Entitlement Offer Document are as follows:

Name	As at the date of this Retail Entitlement Offer Document	
	Shares	%
Franklin Resources Inc	233,466,976	11.85%
Ruffer LLP	112,942,901	5.73%
Electrum Strategic Opportunities Fund II LP	111,111,112	5.64%
<b>Total Shares on issue</b>	<b>1,970,908,357</b>	

#### 3.2 Capital structure

Assuming full subscription under the Entitlement Offer, the share capital structure of the Company immediately following the Entitlement Offer assuming the Entitlement Offer is fully subscribed will be as follows:

	Shares	
	Number	%
Ordinary Shares on issue at launch of the Entitlement Offer	<b>1,970,908,357</b>	74%
Maximum number of New Shares under the Entitlement Offer <sup>1</sup>	375,411,115	16%
<b>Total:</b>	<b>2,346,319,472</b>	100%

Notes:

1. Subject to rounding. 245.30 million to issue under Institutional Component of Offer and 130.11 million under Retail Component of Offer, subject to rounding. Existing Rights assumed not to be exercised as potential vesting is 30 June 2021.

As at the date of this Retail Entitlement Offer Document, the Company has a total of 33,165,365 Performance Rights and 327,356 Service Rights on issue as follows:

No of Existing Rights	Type of Right	Exercise price	Vesting date/performance hurdle	Expiry/maturity date
15,241,298	PRs	Nil	30 June 2021	30 June 2021
10,442,031	PRs	Nil	30 June 2022	30 June 2022

No of Existing Rights	Type of Right	Exercise price	Vesting date/performance hurdle	Expiry/maturity date
7,482,036	PRs	Nil	30 June 2023	30 June 2023
327,356 <sup>†</sup>	SRs	Nil	30 June 2021	30 June 2021

<sup>†</sup> Service Rights will vest into ordinary fully paid shares if the holder remains employed by Red 5 or a group company as at 30 June 2021. Performance Rights vesting conditions assessed at the maturity date.

### 3.3 Potential effect of the Offer

The Entitlement Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Entitlement Offer on the control of the Company.

However, Eligible Retail Shareholders who do not take up all of their Entitlements will have their interest in the Company diluted. In addition, the proportional shareholdings of Shareholders who are not Eligible Shareholders may be diluted as those Shareholders are not entitled to participate in the Entitlement Offer.

While the final percentage interests held by Shareholders of the Company is entirely dependent on the extent to which they are Eligible Shareholders and to the extent to which the other Shareholders take up their Entitlements, the Company expects that the potential effect of the issue of Shares under the Entitlement Offer on the control of the Company will be minimal.

In the event of a Shortfall, the Directors reserve the right to place the Shortfall at their sole discretion subject to the provisions of the Mandate Agreement, the Underwriting Agreement, the *Corporations Act* and the Listing Rules.

### 3.4 Underwriting and potential effects on control

The Joint Lead Managers currently do not have a Relevant Interest in the Company's Shares. If at completion of the Entitlement Offer, the Joint Lead Managers were required to subscribe for the entire Underwritten Amount it is possible that the Joint Lead Managers may be issued with up to a maximum of 375,411,115 New Shares (subject to rounding), which would represent approximately 16% of the voting power in the Company.

The underwriting is however expected to have a minimal effect on any potential control effect of the Offer, on the basis of the following:

- (a) the results of the Institutional Entitlement Offer were announced (on 19 March 2021) and settlement is scheduled for 24 March 2021 with allotment scheduled to be completed on 25 March 2021; and
- (b) the Joint Lead Managers have obtained sub-underwriting commitments for the amount to be raised under the Retail Entitlement Offer, on usual commercial terms from various parties.

### 3.5 Director interests

As at the date of this Retail Entitlement Offer Document, some of the Directors have either a direct or indirect interest in Shares. Each of the Directors who has a Relevant Interest in Shares has indicated that he will take up some or all of his Entitlement under the Entitlement Offer.

Set out below is a table summarising the Entitlement of each Director based on their current holding of Shares in the Company (assuming that no Performance Rights or Service Rights are exercised prior to the Record Date).

Director	Shares	New Share Entitlement
Mark Williams <sup>1</sup>	11,125,287	2,119,103
Kevin Dundo <sup>2</sup>	1,600,409	304,840

Director	Shares	New Share Entitlement
John Colin Loosemore <sup>3</sup>	8,490,878	1,617,311
Ian Macpherson <sup>4</sup>	1,144,124	217,929
Andrea Sutton	-	-
Steven Tombs	2,284,445	435,133

**Notes:**

1. Includes indirect interests held by MOE Williams Pty Ltd (As Trustee for the MOE Family Trust), an entity of which Mr Williams holds a beneficiary interest.
2. Includes indirect interest held by Dunes Corporation Pty Ltd (KAT Investment Trust), an entity of which Mr Dundo is a director and beneficiary.
3. Includes indirect interests held by John Colin Loosemore & Susan Marjory Loosemore (Loosemore Super Fund Account) and Lando Pty Ltd ATF John Colin Loosemore & Susan Marjory Loosemore (Lando Leveraged Equities Account), entities of which Mr Loosemore is a director and beneficiary.
4. Includes indirect interests held by FATS Pty Ltd (As Trustee for the Macib Super Fund) and FATS Pty Ltd (As Trustee for the Macib Family Trust), entities of which Mr Macpherson is a director and beneficiary.

## 4. Risk factors

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### 4.1 Introduction

The activities of the Company, as in any business, are subject to risks which may impact on its future performance. The Company has appropriate actions, systems and safeguards for known risks; however, some are outside its control.

Prior to making any decision to accept the Retail Entitlement Offer, Eligible Retail Shareholders should carefully consider the risk factors which the Company has previously disclosed (many of which are listed below), as well as those risks of which the Eligible Retail Shareholder is aware, or should be aware of through their own knowledge and enquiries.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions. However, as noted above and previously, some of the risks are outside the control of the Company and are not capable of mitigation. There are also general risks associated with any investment in shares.

The risks listed below (and previously disclosed by the Company) should not be taken as exhaustive of the risks faced by the Company. Factors other than those listed may in the future materially affect the financial performance of the Company and the value of the New Shares. Eligible Retail Shareholders should read this Retail Entitlement Offer Document in its entirety and consult their stockbroker, accountant or other professional advisor without delay before deciding whether to accept the Retail Entitlement Offer.

### 4.2 General risks

The New Shares that are to be issued pursuant to the Retail Entitlement Offer are speculative because of the nature of the business of the Company, being the exploration and production of commodities. The value of shares can go up as well as down and a dividend may or may not be paid in the future, depending on the Company's operating successes. As the holding of the Company's securities can involve certain risks, Eligible Shareholders in doubt as to the course they should follow should consult their stockbroker, accountant or other professional advisor without delay.

A summary of the major general risks are described below:

#### **Nature of investment**

Any potential investor should be aware that subscribing for New Shares involves risks. The New Shares to be issued pursuant to this Retail Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares. An Applicant may not be able to recoup their initial investment. More specifically, the risks are that:

- (a) the price at which the Applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) the Applicant is unable to sell the New Shares; and
- (c) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some, of their initial investment.

### **Stock market**

The New Shares may trade on the ASX at higher or lower prices than the Issue Price during or following the Entitlement Offer. Investors who decide to sell their New Shares may not receive the entire amount of their original investment.

The Shares are currently listed on the ASX. However, there can be no guarantee that there is or will be an active market in the Shares or that the price of the New Shares will increase.

The price at which the New Shares trade on the ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control. These factors include movements on international share markets, commodity prices, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

### **Economic factors**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, exchange rates, commodity prices, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Company's business and financial performance.

### **Management actions**

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

The Company's success depends to a significant extent upon its key management personnel, as well as other management personnel and employees, skilled operators and tradespeople. The loss of the services of such personnel could have a material adverse effect upon the Company. To address this risk the Company has secured a number of key personnel by service and consultancy contracts.

### **Contractors**

The Company is dependent on contractors and supplier to supply vital services to its operations. The Company is therefore exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the Company.

### **Unforeseen expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

### **Additional capital requirements**

The Company's ability to effectively implement its business strategy over time is dependant in part on its ability to utilise available funding, and potentially to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures. In the event the Company fails to obtain sufficient financing when required, the Company may be forced to delay or eliminate its potential future development activities, sell existing assets or reduce its operations.

### **Regulatory risk, Government policy**

Changes in relevant policy, taxation, interest rates, other legal, legislative and administrative regimes and Government policies in Australia, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities. The activities of the Company will be subject to various federal, state and local laws governing prospecting, development, production, environmental remediation of mining activities, taxes, labour standards and occupational health and safety, climate change and other matters.

### **Health and Safety Risk**

As with any mining project, there are health and safety risks associated with the Company's operations in Australia. The Company manages these risks, through the application of structured health and safety management systems. As the operator of plant and equipment, the Company has specific legislative obligations to ensure that its personnel and contractors operate in a safe working environment.

### **Insurance Risk**

The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to continue to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

### **Competition Risk**

The Company is one of a large number of producing mining companies that operates in the precious metals industry in Australia. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which may positively or negatively affect the operating and financial performance of the Company's projects and business. There can be no assurance that the Company can compete effectively with other precious metals producing companies in the search for reserves and resources of precious metals.

## **4.3 Risks specific to an investment in the Company**

In addition to the general risks noted in section 4.2, Eligible Retail Shareholders should be aware of risks specific to an investment in the Company, which may include, but are not limited to the following:

### **Underwriting Risk**

The obligation of the Joint Lead Managers to fully underwrite the Entitlement Offer is subject to certain events of termination, being occurrence of the termination events set out in Section 5.1.

### **Financial close of Debt Facility**

The Company has executed the commitment letters for the debt financing on the terms of which are summarised in the announcement to ASX dated 17 March 2021 and referred to in Section 5.3. Although there remains a risk that the execution of finance documents, financial close and drawdown may not occur, given the terms the subject of the commitment letter of offer have credit approval and the extensive due diligence process by the Syndicate Banks, and the Syndicate Banks' technical expert, the directors are confident the Company will be able to satisfy each condition and that the project finance facilities will be documented and financial close will be achieved during June Quarter 2021.

### **COVID-19 Pandemic**

The occurrence of the COVID-19 pandemic has resulted in significant market uncertainty in global equity, currency, finance, trade and commodity markets. The effects of this pandemic are far-reaching and uncertain outcomes may impact the timing and viability of further investment in the Company and the Company's operations generally. Global financial markets have been severely impacted by this pandemic and such impacts may affect the ability of the Company to raise equity and debt.

To date, COVID-19 has not had any material impact on the Company's operations, however, any infections at the Company's headquarters or to any of the Company's personnel could result

in operations being suspended or otherwise disrupted for an unknown period of time which may have an adverse impact and adverse implications on future cash flows, profitability and financial condition.

The general level of economic uncertainty caused by the COVID-19 pandemic may also adversely impact the company's operations, financial position and prospects.

The Company has developed and implemented a Management Response Plan focused on ensuring the health and safety of its people and limited the risk of its operations, and will continue to review this response based on the latest guidance from health professionals and the government as the situation develops.

### **Commodity price fluctuations**

The Company derives its revenue primarily from the sale of gold. Consequently, the Company's potential future earnings, profitability and growth are likely to be closely related to the demand for and price of gold. Gold is a traded commodity in Australia and its long-term price may rise or fall. Additionally, the Company's prospects and perceived value will be influenced from time to time by the prevailing short-term prices of the commodities targeted in its exploration and production programs.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, commodities.

These factors may cause volatility which in turn, may affect the Company's ability to finance its future exploration and/or bring the Company's product to market.

The Company may enter into hedging arrangements from time to time to partially protect against changes in the gold price. As noted in Section 5.3 the Company has a mandatory hedging commitment in connection with the Debt Facility, which is linked to the gold price. Although there remains a risk that gold price fluctuation may adversely impact on the price at which this hedging is secured, the directors are confident the Company will be able to secure the mandatory hedging within the estimated guidance (refer Section 5.3(e)).

### **Contractual arrangements**

The Company is a party to a number of material contracts and may be advanced in the finalisation of other contracts. Failure by any other party to a contract with the Company to comply with their obligations could have a material adverse effect on the Company. Additionally, the failure by the Company to finalise and execute contracts presently under negotiation or to finalise conditions arising under existing conditional material contracts could have a material adverse effect on the Company.

### **Project delay**

To the extent that operational, construction and development activities are delayed for any of the production or development projects in which the Company is the operator or is to be granted management rights, this may affect the total development costs and the timing and level of proceeds derived from the operation which may have a material adverse effect on the Company.

### **Construction and Commissioning Risk**

The construction of KOTH, by its nature, contains elements of risk with no guarantee of success. There is an inherent risk that KOTH construction and development may not stay on schedule, or that construction costs may exceed the budget, or that significant problems in commissioning or metallurgical processes of the plant and/or site may arise.

### **Sovereign and associated risks associated with operating in the Philippines**

Red 5's Siana project and Mapawa project are located in the Philippines and Red 5 is therefore subject to the risks associated with holding assets in that country, including various levels of political, economic and other risks and uncertainties. The Siana project suspended operations in April 2017 pending an improvement in operating conditions in the Philippines. Terrorist attacks against mining companies have occurred in the Philippines and on the island of Mindanao,

where the Company's projects are located. There is no guarantee that there will not be any terrorist activities against the Company in the future. The Company maintains good relations with the local community and a large proportion of the workforce is sourced from the neighbouring villages, which assists in reducing the risk of any terrorist activities. Furthermore, Red 5's Philippine projects are governed by Philippine legislation. Changes in legislative and administrative regimes, taxation laws, interest rates, and other legal and government policies in the Philippines may have an adverse effect on the projects, and ultimately the financial performance of the Company and the market price of the Company's shares. These costs and associated uncertainties may be enhanced in the event the Siana project resumes operations. Further, as noted in the Company's Investor Presentation on 17 March 2021, the Company is assessing options for these assets, including the potential sale of the Siana and Mapawa project.

### **Environmental risks**

The operations and activities of the Company are subject to State and Commonwealth laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impacts can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, where there are environmental rehabilitation conditions attaching to the mining tenements of the Company, failure to meet such conditions could lead to forfeiture of these tenements.

### **Tenure and native title risks**

Interests in exploration and mining tenements in Australia are governed by State legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently the Company could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

It is possible that, in relation to tenements in which the Company has an interest or may acquire such an interest, there may be areas over which legitimate native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

It is possible that there will exist on the Company's mining tenements, areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of the *Aboriginal Heritage Act 1972 (WA)*, or areas subject to the *Native Title Act 1993 (Cth)* in Australia. As a result land within the tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage sites or native title.

### **Exploration and development**

Mineral exploration and development are high risk and involve significant risks. The Company's performance depends on the successful exploration and/or acquisition of resources or reserves and commercial production therefrom.

There can be no assurance that any exploration or development activity in regard to the Company's properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource.

Mineral exploration, development and mining/extraction may be hampered by circumstances beyond the control of the Company.

### **Exploration risks**

Exploration is a high-risk activity that requires large amounts of expenditure over extended periods of time. The Company's exploration activities will be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

## **Resource and Reserve Estimates**

Resource and reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates may change. Accordingly, the actual resources may materially differ from these estimates and assumptions and no assurances can be given that the resource estimates and the underlying assumptions will be realised. This could result in alterations to development and mining/extraction plans, which may, in turn, affect the Company's operations and ultimately the Company's financial performance and value.

## **Production and cost estimates and forecasts**

The Company undertakes its business planning using a range of estimates and forecasts using information available to it at that point in time. These plans include estimates of future production and of the cash costs and capital costs of that production. The ability of the Company to achieve production targets, or meet operating or capital expenditure budgets or estimates cannot be assured. Actual costs of production may be impacted by factors such as variations in ore grade, mine operating conditions, including geotechnical conditions, metallurgical recoveries, labour costs and availability, as well as accidents, poor performance and general economic factors. A failure to realise estimated forecasts and plans could have a material adverse impact on the Company's financial and operating performance.

## **Operational and technical risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulties encountered in mining and extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

## **Exchange rate fluctuations**

International prices of most commodities are denominated in United States dollars, whereas the income and expenditure of the Company, whilst operating on Australian projects, will be in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, subject to any currency hedging that might be undertaken.

## **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and share price can be affected by these factors, all of which are beyond the control of the Company.

## **Equity market conditions**

Securities listed on the stock market, and in particular securities of mining and exploration companies, including the Company, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation (including any changes adopted to address climate change issues), changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.



## Other

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, weather and climate, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the New Shares.

## 5. Material contracts

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### 5.1 Underwriting Agreement

By an agreement between Canaccord Australia (Genuity) Limited and Petra Capital Pty Ltd (the **Joint Lead Managers**) and the Company (**Underwriting Agreement**) dated 17 March 2021, the Joint Lead Managers have agreed to fully underwrite the Entitlement Offer to the amount of approximately \$60 million (**Underwritten Amount**).

The key terms of the Underwriting Agreement including the fees the Company has agreed to pay the Joint Lead Managers are outlined in Section 1.16.

Unless otherwise defined in this Retail Entitlement Offer Document, all definitions and clauses referred to in the below summary are as applied in the Underwriting Agreement. The Company has given warranties and covenants to the Joint Lead Managers which are of the type and form that is usual in an underwriting agreement of this nature.

#### *Termination*

The obligation of the Joint Lead Managers to fully underwrite the Offer to the Underwritten Amount is subject to certain events of termination.

The Joint Lead Managers may terminate its obligations under the Underwriting Agreement if any of the following events occurs:

- (a) (**conditions precedent**) the conditions precedent under the Underwriting Agreement are not satisfied or waived (if capable of waiver) within the stated time period;
- (b) (**listing**) the Company ceases to be listed on the ASX, or the Shares cease trading, or are suspended from official quotation or cease to be quoted on ASX, other than those consented to by the Joint Lead Managers, or the ASX states or indicates to a person of the Company or the Joint Lead Managers that it will not grant quotation (or withdraws approval to grant) of any New Shares;
- (c) (**ASX approval**) the ASX does not give unconditional approval for quotation of the New Shares, or is not granted in time, is modified, or is withdrawn;
- (d) (**insolvency**) the Company or a Group Member is insolvent or there is an act or omission which is likely to result in the Company or a Group Member becoming insolvent;
- (e) (**withdrawal**) the Company notifies the Joint Lead Managers or ASX in writing that it does not wish to proceed with all or any part of the Offer;
- (f) (**Offer force majeure**) there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency, which makes it illegal for the Joint Lead Managers to satisfy a material obligation of the Underwriting Agreement, or to market, promote or settle the Offer;
- (g) (**repayment of application moneys**) any circumstance arises that results in the Company either repaying the money received from Eligible Shareholders or offering Eligible Shareholders an opportunity to withdraw their applications for New Shares and be repaid their application moneys;
- (h) (**change in certain officers**) there is a change in chairman, managing director or chief financial officer of the Company, or a prospective change is announced, other than one

which has already been disclosed to ASX or in any Offer Materials or disclosed to the Joint Lead Managers before the date of the Underwriting Agreement;

- (i) (**Regulatory action**) if there is certain regulatory action in relation to directors and senior executives, including being charged with an indictable offence or fraudulent conduct, a director is disqualified under the Corporations Act from managing a corporation, or any regulatory body commences any public action against the Company, or any directors or chief executive officer, or chief financial officer of the Company, or publicly announces that it intends to take any such action;
- (j) (**conduct**) the Company or any of its directors or officers engages in any fraudulent, misleading or deceptive conduct or activity in connection with the Offer;
- (k) (**unable to issue**) the Company is unable to issue or prevented from issuing New Shares by virtue of the ASX listing rules, applicable laws, a governmental agency or an order of a court of competent jurisdiction;
- (l) (**capital structure**) there is an alteration to the Company's capital structure without the prior consent of the Joint Lead Managers or as otherwise provided in the Underwriting Agreement;
- (m) (**market fall**) the S&P/ASX 300 Index and the ASX Small Resources Index closes at any time prior to the Retail Settlement Date at a level that is 10% or more below its level as at the close of trading on the Business Day before the date of the Underwriting Agreement;
- (n) (**gold price fall**) the price of gold by reference to the LME Gold Official Price closes at any time prior to the Retail Entitlement Offer settlement date at a level that is 10% or more below its level as at the close of trading on the Business Day before the date of the Underwriting Agreement;
- (o) (**exchange rate fall**) the USD/AUD exchange rate by reference to the daily exchange rate published on the Reserve Bank of Australia official website is at any time prior to the Retail Settlement Date at a level that is 10% or more below its level as at the close of trading on the Business Day before the date of the Underwriting Agreement;
- (p) (**notifications**) an application is made by ASIC or another person for an order under Part 9.5 of the *Corporations Act*, or to any Governmental Agency, in relation to the Offer materials or the Entitlement Offer, ASIC or any Governmental Agency commences, or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Entitlement Offer or any of the Offer Materials or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Company in relation to the Entitlement Offer or any of the Offer Materials, except (other than where the relevant act is taken by ASIC) where the relevant application, notice, prosecution or proceeding first arises:
  - (1) after commencement of the Institutional Entitlement Offer, it is disposed of or withdrawn to the Joint Lead Managers' reasonable satisfaction within one Business Day of it first arising and in any event before 2.00pm on the Retail Settlement Date; and
  - (2) after that time, it is disposed of or withdrawn to the Joint Lead Managers' reasonable satisfaction within one Business Day of it first arising and in any event before 2.00pm on the Institutional Settlement Date,except where the relevant application, notice, prosecution or proceeding first arises on the Retail Settlement Date or the day before the Retail Settlement Date or on the Institutional Settlement Date or the day before the Institutional Settlement Date, in which case the Joint Lead Managers shall have an immediate termination right;
- (q) (**application**) there is an application to a Governmental Agency (including the Takeovers Panel) for an order, declaration (including of unacceptable circumstances) or other remedy in connection with the Offer (or any part of it), except in circumstances where the existence of the application has not become public and it has been withdrawn by the date that is the earlier of the Business Day immediately preceding the Institutional Settlement Date or the Retail Settlement Date (as applicable); or the date

that is 3 Business Days after the application, hearing, inquiry, investigation, prosecution or notice is commenced or received;

- (r) (**certificate**) the Company does not furnish a Certificate as to the general standing of the Company under the Underwriting Agreement when required, or if furnished is untrue, incorrect or misleading or deceptive in any material respect (including by omission);
- (s) (**timetable**) any event as timetabled in the Underwriting Agreement is delayed other than as permitted pursuant to the Underwriting Agreement;
- (t) (**Offer Materials**) any statement in the Offer Materials is or becomes false, misleading or deceptive or likely to mislead or deceive, does not contain all information required to comply with all applicable laws, or is withdrawn;
- (u) (**compliance with law**) in the reasonable opinion of the Joint Lead Managers, a material statement contained in the Offer Materials or any material aspect of the Entitlement Offer does not comply with the Corporations Act (including if a material statement in any of the Offer Materials or in the Public Information is or becomes misleading or deceptive or is likely to mislead or deceive, or a material matter required to be included is omitted from the Offer Materials or the Public Information (including, without limitation, having regard to the provisions of Part 7.9 of the Corporations Act, the ASX listing rules or any other applicable law or regulation));
- (v) (**cleansing notice**) the Company issues or, in the reasonable opinion of the Joint Lead Managers, is required to issue, a corrective statement under the Corporations Act (as modified by ASIC Instrument 2016/84) and fails to do so in accordance with the Underwriting Agreement;
- (w) (**new circumstance**) an obligation arises on the Company to give ASX a notice in accordance with section 708AA(12) of the Corporations Act (as included in the Corporations Act by ASIC Instrument 2016/84), except a circumstance which would not have a material adverse effect;
- (x) (**Debt Facility**) the Debt Facility is:
  - (1) materially breached by the Company, terminated (or becoming terminable by the other parties thereto), rescinded or materially altered or amended without the prior written consent of the Joint Lead Managers; or
  - (2) the Joint Lead Managers, acting reasonably and in good faith, form the view that the facility agreement for the Debt Facility will be withdrawn, delayed or unable to be entered into and settled on terms consistent with the commitment letters for the Debt Facility;
- (y) (**Mandate Agreement**) the Mandate Agreement is terminated; and
- (z) (**regulatory approvals**) if a regulatory body withdraws, revokes or adversely amends any regulatory approvals required for the Company to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Materials.

The Joint Lead Managers may at any time prior to 8.00am on the Retail Settlement Date, terminate its obligations under the Underwriting Agreement, if the Joint Lead Managers have reasonable grounds to believe or actually does believe that any of the following events has or is likely to have a material adverse effect on the financial position or broader performance of the Company or a Group Member, the success or outcome of the Offer, the ability of the Joint Lead Managers to market, promote, or effect settlement of the Offer, the market price of the Shares on the ASX, or a decision of an investor to invest in the Shares, has given or could reasonably be expected to give rise to a contravention by, or liability of the Joint Lead Managers under any applicable law or regulation:

- (a) (**breach**) the Company fails to perform or observe any of its obligations under the Underwriting Agreement;
- (b) (**information**) any of the documents required to be provided under the Due Diligence Planning Memorandum having been withdrawn, or varied without the prior written consent of the Joint Lead Managers, or the Due Diligence Report produced by the

Company to the Joint Lead Managers being false, misleading, or deceptive, or being likely to mislead or deceive (including by omission);

- (c) (**representations and warranties**) a representation or warranty made or given by the Company under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive;
- (d) (**legal proceedings**) legal proceedings against the Company, a Group Member or against any director of the Company or any related body corporate in that capacity is commenced or any regulatory body commences any enquiry or public action against a Group Member;
- (e) (**new circumstance**) a new circumstance arises which is a matter adverse to investors in New Shares and which would have been required by the Corporations Act to be included in the Offer Materials had the new circumstance arisen before the Offer Materials were given to ASX;
- (f) (**adverse change**) there is an adverse change, or an event occurs that is likely to give rise to an adverse change, in the business, assets, liabilities, financial position or performance, operations, management, outlook or prospects of the Company or the Group (in so far as the position in relation to any entity in the Group affects the overall position of the Company);
- (g) (**COVID-19**) the Joint Lead Managers believe (acting reasonably) that an adverse change in the operations, assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company) has occurred as a direct or indirect result of the coronavirus disease 2019 or the transmission of the severe acute respiratory syndrome coronavirus 2. This includes, without limitation, an adverse change as a direct or indirect result of an outbreak of COVID-19 or the transmission of SARS-CoV-2 at any of the Company's (or its related bodies corporate's) mine sites, or the temporary, complete or partial closure of or disruption to any of those mine sites due to an outbreak of COVID-19, a transmission of SARS-CoV-2, a direction of a Governmental Agency, or otherwise;
- (h) (**Offer Materials**) the Company issues or varies any Offer Materials without the prior approval of the Joint Lead Managers (such approval not to be unreasonably withheld);
- (i) (**error in due diligence**) it transpires that any of the Due Diligence Report or any part of the Verification Materials was materially false, misleading or deceptive or that there was a material omission from them, notwithstanding the fact that the Joint Lead Managers (or a representative of the Joint Lead Managers) may have signed off on the Due Diligence Report;
- (j) (**litigation**) litigation, arbitration, administrative or industrial proceedings of a material nature are after the date of the Underwriting Agreement commenced against the Company or Group Member, other than any claims foreshadowed in the Offer Materials (or any vexatious or frivolous claims);
- (k) (**investigation**) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Group Member';
- (l) (**material contracts**) any contract, deed or other agreement, which is material to the making of an informed investment decision in relation to the New Shares is terminated, rescinded, altered or amended without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld), or found to be void or voidable;
- (m) (**unauthorised alterations**) without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld), the Company alters its share capital or the Constitution;
- (n) (**contravention of constitution or applicable law**) a contravention by a Group Member of any provision of its constitution, the Corporations Act, the ASX listing rules or any other applicable legislation or any policy or requirement of ASIC or ASX, or any law or policy is introduced or adopted which would result in such a contravention;
- (o) (**change in law**) any of the following occurs:

- (1) a general moratorium on commercial banking activities in Australia, New Zealand, the United States, Canada, the United Kingdom, China, Hong Kong, Singapore, Japan or a member state of the European Union is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - (2) trading in all securities quoted or listed on the ASX, the New York Stock Exchange, the Toronto Stock Exchange, the Hong Kong Stock Exchange, the SGX, the Tokyo Stock Exchange, Euronext, the London Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange is suspended or limited in a material respect; or
  - (3) the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, New Zealand, the United States, Canada, the United Kingdom, China, Hong Kong, Singapore, Japan or a member state of the European Union or any change or development involving a prospective adverse change in any of those conditions or markets.
- (p) (**hostilities**) major hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, the United Kingdom, China, Hong Kong, Singapore, Japan or a member state of the European Union or a national emergency (other than as a direct or indirect result of COVID19 or the transmission of SARS-CoV-2) is declared by any of those countries, or a major terrorist act is perpetrated anywhere in the world;
- (q) (**prescribed occurrence**) an event specified in paragraphs (a) to (h) of subsection 652C(1) of the Corporations Act in respect of the Company occurs during the offer period, other than those contemplated in the Underwriting Agreement, or the Company issuing securities pursuant to the exercise or conversion of securities on issue as at the date of the Underwriting Agreement, or any employee incentive scheme in operation at the Underwriting Agreement, or any distribution reinvestment plan, or as permitted in writing by the Joint Lead Managers; or
- (r) (**future matters**) any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in the Offer Materials or the Public Information is or becomes incapable of being met, or, in the reasonable opinion of the Joint Lead Managers, unlikely to be met in the projected timeframe.

## 5.2 Sub-underwriting Agreements

The Joint Lead Managers have entered into various sub-underwriting agreements in relation to the Underwritten Amount. Under these sub-underwriting agreements, the Joint Lead Managers have agreed to pay a percentage fee of the funds sub-underwritten to the sub-underwriters. There are no related parties who have sub-underwritten the Entitlement Offer.

## 5.3 Debt Facility for KOTH Project

The Company has received and executed a committed letter of offer from BNP Paribas, Australia branch, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited (together the **Syndicate Banks**) for project financing facilities for the development of KOTH. Settlement of the Institutional Entitlement Offer component will satisfy a requirement of the project financing facilities for the Company to raise not less than A\$33 million in equity. The Company and the Syndicate Banks are now working towards satisfying conditions precedent for financial close. Those conditions precedent include execution of finance documents, satisfaction of typical conditions precedent outlined in the agreed term sheet and completion of due diligence satisfactory to the Syndicate Banks. Although there remains a risk that the execution of finance documents, financial close and drawdown may not occur, given the terms the subject of the commitment letter of offer have credit approval and the extensive due diligence process by the Syndicate Banks, and the Syndicate Banks' technical expert, the directors are confident the Company will be able to satisfy each condition and that the project

finance facilities will be documented and financial close will be achieved during June Quarter 2021.

The key terms of the project financing facilities committed by the Syndicate Banks under the commitment letter include:

- (a) A\$160 million senior secured project loan facility;
- (b) A\$15 million cost overrun and working capital facility;
- (c) Loan term in respect of the senior secured project loan facility of 5.75 years, maturing on 30 September 2026;
- (d) Loan term in respect of the cost overrun and working capital facility maturing 18 months after anticipated project completion;
- (e) Expected mandatory hedging estimated at current AUD gold price to be between 190,000 – 200,000 ounces (~24% of production during the loan term);
- (f) An interest rate in respect of the senior secured project loan facility of BBSY-bid plus a margin below 4.00% per annum;
- (g) An interest rate in respect of the cost overrun and working capital facility of BBSY-bid plus 5.00% per annum; and
- (h) Guaranteed and secured on a first-ranking basis over all Australian assets of Red 5, Greenstone Resources (WA) Pty Ltd, Opus Resources Pty Ltd and Darlot Mining Company Pty Ltd.

The Company is evaluating its options as regards to securing the required mandatory hedging (refer (e) above) in advance of execution of the finance documents for the Debt Facility and will provide an update announcement to the market in relation to the hedging once executed.

## 6. Additional information

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### 6.1 Section 708AA Corporations Act

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Retail Entitlement Offer is being undertaken pursuant to section 708AA of the *Corporations Act*. This section enables disclosing entities to undertake a rights issue in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Retail Entitlement Offer. Apart from formal matters a notice under section 708AA(2)(f) need only:

- (a) contain information that is excluded information as at the date of the Retail Entitlement Offer Document pursuant to section 708AA(8) and (9); and
- (b) state:
  - (1) the potential effect the issue of the New Shares will have on the control of the Company; and
  - (2) the consequences of that effect.

A notice under section 708AA(2)(f) was lodged with the ASX on 17 March 2021.

In addition, as a result of ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84, section 708AA(12) requires that if, after the notice required under section 708AA(2)(f) (**Cleansing Notice**) has been lodged and before the New Shares are issued (**Relevant Period**) the Company becomes aware of:

- (a) any information that would be Excluded Information for the purpose of the Cleansing Notice; or
- (b) a material change to the potential effect the issue of the relevant securities will have on the control of the Company or the consequences of that effect,

**(Additional Information)**, the Company must disclose that Additional Information to the ASX as soon as practicable and before the end of the Relevant Period.

Accordingly, the Company will disclose by announcement to the ASX any Additional Information that it becomes aware of during the Relevant Period.

## 6.2 Ineligible Shareholders

All Shareholders who do not satisfy the criteria to be an Eligible Retail Shareholder or an Eligible Institutional Shareholder, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless the Company otherwise determines. The restrictions upon eligibility to participate in the Entitlement Offer arise because the Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number and value of New Shares to which those Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer. The Company, in its absolute discretion, may extend the Retail Entitlement Offer to any Shareholder if it is satisfied that the Retail Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Ineligible Retail Shareholder. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination. The price at which the Ineligible Entitlements will be sold is the Issue Price. Accordingly, Ineligible Shareholders will not receive any value as a result of the issue of any of those New Shares they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

## 6.3 Rights and liabilities attaching to New Shares

The New Shares will have from issue the same rights attaching to all existing Shares on issue. The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours.

This Retail Entitlement Offer Document does not contain a summary of the principal rights and liabilities of holders of the New Shares.

## 6.4 Expenses of the Offer

All expenses connected with the Entitlement Offer are being borne by the Company. Total expenses of the Entitlement Offer are estimated to be in the order of approximately \$2.3 million.

## 6.5 Consents and disclaimers

Written consents to the issue of this Retail Entitlement Offer Document have been given and at the time of this Retail Entitlement Offer Document have not been withdrawn by the following parties:

Automic Registry Services has given and has not withdrawn its consent to be named in this Retail Entitlement Offer Document as the Share Registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Retail Entitlement Offer Document other than recording its name as share registrar to the Company and it takes no responsibility for any part of the Retail Entitlement Offer Document other than the references to its name.

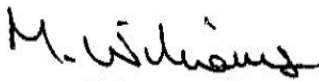
HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Retail Entitlement Offer Document as solicitors to the Entitlement Offer in the form and context in which it is named. It takes no responsibility for any part of the Retail Entitlement Offer Document other than references to its name.

Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd have given and have not withdrawn their consent to be named in this Retail Entitlement Offer Document as Joint Lead Managers and Joint Lead Managers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Retail Entitlement Offer Document other than references to its name and pursuant to the Mandate Agreement and the Underwriting

Agreement. To the maximum extent permitted by law, the Joint Lead Managers expressly disclaim and take no responsibility for any statements in or omissions from this Retail Entitlement Offer Document other than references to their respective names.

6.6 **Directors' statement**

This Retail Entitlement Offer Document is issued by Red 5 Limited. Each Director has consented to the lodgement of the Retail Entitlement Offer Document with ASX. Signed on the date of this Retail Entitlement Offer Document on behalf of Red 5 Limited by:



**Mark Williams**  
Managing Director  
Red 5 Limited



## 7. Definitions and glossary

Terms and abbreviations used in this Retail Entitlement Offer Document have the following meaning:

<b>Acceptance</b>	An acceptance of Entitlements
<b>Applicant</b>	A person who submits an Entitlement and Acceptance Form
<b>Application Money</b>	The Issue Price multiplied by the number of New Shares applied for
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited ACN 008 624 691
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement Pty Ltd
<b>Board</b>	The board of Directors of the Company
<b>Business Day</b>	means a day which is a 'business day' as that expression is defined in the ASX Listing Rules and on which banks are open for general banking business in Sydney.
<b>CHESS</b>	means the Clearing House Electronic Sub-register System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form
<b>Closing Date</b>	The date by which valid acceptances must be received by the Share Registry being 5.00 pm (Sydney time) on 9 April 2021 or such other date determined by the Board
<b>Company or RED</b>	Red 5 Limited ACN 068 647 610
<b>Constitution</b>	The Constitution of the Company
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Debt Facility</b>	The \$160 million Senior Secured Project Loan Facility, the \$15 million Cost Overrun/Working Capital Facility and the Risk Management Facility and where the context requires, means each of the Commitment Letters executed by BNP Paribas, The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch and Macquarie Bank Limited to provide the Debt Facility, as described in section 5.3 of this Retail Entitlement Offer Document
<b>Directors</b>	The Directors of the Company
<b>Eligible Institutional Shareholder</b>	A Shareholder who: (a) is an Institutional Investor in the Permitted Jurisdictions on the commencement of the Institutional Entitlement Offer; and (b) has received an offer under the Institutional Entitlement Offer (either directly or through a nominee)
<b>Eligible Shareholder</b>	A shareholder who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder
<b>Eligible Retail Shareholder</b>	Has the meaning given in 1.4 of this Retail Entitlement Offer Document
<b>Entitlement and Acceptance Form or Form</b>	An entitlement and acceptance form in the form attached to this Retail Entitlement Offer Document
<b>Entitlement Offer</b>	The offer and issue of New Shares to:

	<p>(a) Eligible Institutional Shareholders in accordance with the Institutional Entitlement Offer conducted before the date of this Retail Entitlement Offer Document; and</p> <p>(b) Eligible Retail Shareholders in accordance with this Retail Entitlement Offer Document</p>
<b>Entitlement Offer Cleansing Notice</b>	A notice in respect of the Entitlement Offer which complies with subsections 708AA(2)(f) and 708AA(7) of the Corporations Act as modified by ASIC Instrument 2016/84
<b>Entitlement Offer Shares</b>	New Shares issued under the Entitlement Offer
<b>Entitlements</b>	The entitlement to accept New Shares under this Retail Entitlement Offer Document and under the Institutional Entitlement Offer
<b>Existing Rights</b>	means Performance Rights and Service Rights
<b>Ineligible Retail Shareholder</b>	A Shareholder (or beneficial holder of Shares) on the commencement of the Retail Entitlement Offer with a registered address outside Australia, New Zealand, Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong, or any other jurisdiction that the Company agrees that ASX Listing Rule 7.7.1(a) applies to
<b>Ineligible Shareholder</b>	A Shareholder who is not an Eligible Shareholder
<b>Institutional Entitlement Offer</b>	The offer and issue of New Shares to Eligible Institutional Shareholders by the Company on 17 March 2021 and which was completed on 18 March 2021
<b>Institutional Entitlements</b>	The Entitlement of Eligible Institutional Shareholders under the Institutional Entitlement Offer
<b>Institutional Investor</b>	<p>An institutional or professional investor in the Permitted Jurisdictions to whom the Retail Entitlement Offer may be made, and in particular:</p> <p>(a) in <b>Australia</b>, without the need for disclosure under Part 6D.2 of the Corporations Act;</p> <p>(b)</p> <ul style="list-style-type: none"> <li>• in <b>Canada (British Columbia, Ontario and Quebec provinces only)</b>, if it (and any person for whom it is acting) is an "accredited investor" (as defined in National Instrument 45-106 – Prospectus Exemptions) and a "permitted client" (as defined in National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations);</li> <li>• in the <b>European Union (excluding Austria)</b>, if it (and any person for whom it is acting) is a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union);</li> <li>• in <b>Hong Kong</b>, if it (and any person for whom it is acting) is a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;</li> <li>• in <b>Israel</b>, if it (and any person for whom it is acting) is a "sophisticated investor" (as described in Section 15A(b)(1) of the Israeli Securities Law, 1968 but excluding any natural person);</li> </ul>

	<ul style="list-style-type: none"> <li>• in <b>Malaysia</b>, if it (and any person for whom it is acting) is a person prescribed under Schedules 5 and 6 of the Malaysian Capital Markets and Services Act;</li> <li>• in <b>New Zealand</b>, if it (and any person for whom it is acting) is a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification);</li> <li>• in <b>Singapore</b>, if it (and any person for whom it is acting) is an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA"));</li> <li>• in <b>Switzerland</b>, if it (and any person for whom it is acting) is a "professional client" within the meaning of article 4(3) of the Swiss Financial Services Act ("FinSA") or have validly elected to be treated as a professional client pursuant to article 5(1) of the FinSA;</li> <li>• in the <b>United Kingdom</b>, if it (and any person for whom it is acting) is (i) a "qualified investor" within the meaning of Article 2(e) of the UK Prospectus Regulation; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended;</li> <li>• in <b>Liechtenstein</b>, if it is a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union).</li> </ul>
<b>Institutional Settlement Date</b>	24 March 2021
<b>Investor Presentation Materials</b>	The ASX announcement and investor presentation materials which were released to the ASX on 17 March 2021
<b>Issue Price</b>	\$0.16 for each New Share applied for
<b>Joint Lead Managers</b>	Canaccord Genuity (Australia) Limited ACN 075 071 466 and Petra Capital Pty Ltd ACN 110 952 782
<b>KOTH or King of the Hills Gold Project</b>	The King of the Hills Gold project located near Leonora in Western Australia and owned by Greenstone Resources Pty Ltd, a wholly owned subsidiary of Red 5
<b>Listing Rules</b>	The official listing rules of the ASX
<b>Mandate Agreement</b>	The mandate agreement between the Company and Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd dated 12 March 2021, appointing Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd as the Joint Lead Managers of the Offer

<b>New Shares</b>	Shares proposed to be issued under the Entitlement Offer
<b>Offer Materials</b>	<ul style="list-style-type: none"> <li>(a) The Entitlement Offer Cleansing Notice;</li> <li>(b) All announcements released to the ASX by the Company in connection with the Offer, including the Investor Presentation Materials;</li> <li>(c) This Retail Entitlement Offer Document;</li> <li>(d) The Confirmation Letters;</li> <li>(e) All correspondence delivered to Shareholders or Excluded Shareholders in respect of the Entitlement Offer and approved by or on behalf of or issued with the concurrence of the Company or its legal advisers, including the Eligible Institutional Shareholder declaration form; and</li> <li>(f) Public Information</li> </ul>
<b>Opening Date</b>	The date of commencement of the Retail Entitlement Offer, expected to be 24 March 2021
<b>Performance Rights or PRs</b>	means rights issued by the Company that are subject to performance related vesting conditions
<b>Permitted Jurisdictions</b>	Australia, Canada (British Columbia, Ontario and Quebec provinces only), European Union (excluding Austria), Liechtenstein, Hong Kong, Israel, Malaysia, New Zealand, Singapore, Switzerland, and the United Kingdom.
<b>Record Date</b>	19 March 2021 at 7.00 pm Sydney time
<b>Register</b>	The company register of the Company
<b>Relevant Interest</b>	Has the meaning given to that term in the <i>Corporations Act</i>
<b>Retail Entitlement</b>	Entitlements under the Retail Entitlement Offer
<b>Retail Entitlement Offer or Offer</b>	The offer and issue of New Shares to Eligible Retail Shareholders in accordance with this Retail Entitlement Offer Document
<b>Retail Entitlement Offer Document</b>	This retail entitlement offer document dated 19 March 2021 as modified or varied by the Company
<b>Retail Settlement Date</b>	14 April 2021 (pursuant to Underwriting Agreement, noting the Closing Date for the Offer is 9 April 2021)
<b>Securities</b>	Has the same meaning as in section 92 of the <i>Corporations Act</i>
<b>Service Rights or SRs</b>	means rights issued by the Company that are subject to subject to service-related vesting conditions
<b>Share Registry or Automic</b>	Automic Pty Ltd ACN 152 260 814
<b>Shares</b>	The ordinary shares on issue in the Company from time to time
<b>Shareholder or Shareholders</b>	The holders of Shares from time to time
<b>Shortfall</b>	Those New Shares for which the Entitlement pursuant to the Retail Entitlement Offer lapses
<b>TERP</b>	Theoretical Ex-Rights Price
<b>Underwritten Amount</b>	\$60 million being the Entitlement Offer
<b>Underwriting Agreement</b>	The underwriting agreement between the Company and Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd dated 17 March 2021, appointing Canaccord Genuity (Australia) Limited and Petra Capital Pty Ltd as Joint Lead Managers for the Underwritten Amount
<b>US Securities Act</b>	The US Securities Act of 1933, as amended

## Corporate directory

Directors and Company Secretary	Solicitors to the Entitlement Offer
<p>Kevin Dundo (Chairman)  Mark William (Managing Director)  John Colin Loosemore (Non-Executive Director)  Ian Macpherson (Non-Executive Director)  Andrea Sutton (Non-Executive Director)  Steven Tombs (Non-Executive Director)</p> <p>Frank Campagna (Company Secretary)</p>	<p>HopgoodGanim Lawyers  Level 27 Allendale Square  77 St Georges Terrace  Perth WA 6000</p>
Administration and Registered Office	Share Registry
<p>Level 2  35 Ventnor Avenue  West Perth WA 6005</p> <p>Telephone: (08) 9322 4455  Email: <a href="mailto:info@red5limited.com">info@red5limited.com</a>  Web-site: <a href="http://www.red5limited.com/">www.red5limited.com/</a></p>	<p>Automic Pty Ltd  Level 2  267 St Georges Terrace  Perth WA 6000</p> <p>Telephone: 1300 288 664  E-mail: <a href="mailto:hello@automicgroup.com.au">hello@automicgroup.com.au</a>  Web-site: <a href="http://www.automicgroup.com.au">www.automicgroup.com.au</a></p>
Joint Lead Managers	
<p>Canaccord Genuity (Australia) Limited  Level 62, MLC Centre  19 Martin Place  Sydney NSW 2000</p>	<p>Petra Capital Pty Ltd  Level 17  14 Martin Place  Sydney NSW 2000</p>



RED 5 LIMITED | ACN 068 647 610

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

All Registry Communication to:



GPO Box 5193, Sydney NSW 2001
1300 288 664 (within Australia)
+61 2 9698 5414 (international)
corporate.actions@automicgroup.com.au
www.automicgroup.com.au

Holder Number:
[HolderNumber]

Shares held as at the Record Date at
5.00pm (AEDT) on 19 March 2021
[CumBalance]

ENTITLEMENT AND ACCEPTANCE FORM

OFFER CLOSURES 5.00PM (AEDT) ON 9 APRIL 2021 (WHICH MAY CHANGE WITHOUT NOTICE)

As an Eligible Shareholder you are entitled to be issued the New Shares in Red 5 Limited (New Shares) below for the amount payable. Your entitlement is to 4 New Shares for every 21 Shares held at the Record Date at an issue price of \$0.16 per New Share.

You do not need to return this form if you have made payment via BPAY® or EFT.

1 ACCEPTANCE OF ENTITLEMENT OR PART THEREOF

Table with 3 columns: Payment Amount A\$ (\$0.16 per New Share), Number of New Shares Applied. Includes options for Full and Partial Entitlement with input fields.

2 MAKE YOUR PAYMENT BY BPAY®, ELECTRONIC FUNDS TRANSFER (EFT) OR CHEQUE

Total Payment A\$ [input fields]

Option A - BPAY and Option B - Electronic Funds Transfer (EFT) section containing biller codes, account details, and unique reference numbers.

The Company encourages payment under the Entitlement Offer by BPAY® or EFT to avoid the handling of paper Application Forms and to overcome potential mail delays.

Option C - CHEQUE section with input fields for Cheque Number, BSB, and Account Number.

Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Red 5 Limited" and crossed "Not Negotiable".

4 PROVIDE YOUR CONTACT DETAILS & ELECT TO BE AN E-SHAREHOLDER

Return to our Share Registry by email to hello@automicgroup.com.au

Contact details form with fields for Telephone Number, Contact Name, and Email Address.

## INSTRUCTIONS FOR COMPLETION OF THIS FORM

The Offer is being made to all Shareholders who have a registered address in Australia or New Zealand, or a registered address in Singapore, Switzerland, the United Kingdom, Malaysia, and Hong Kong and meet certain eligibility requirements, or in another country that the Company has otherwise determined is eligible to participate, who are registered as the holder of Shares at 7.00pm (AEDT) on the Record Date (**Eligible Shareholders**).

### ACCEPTANCE OF OFFER

By making a BPAY, EFT or cheque payment:

- you represent and warrant that you have read and understood the Offer Document and that you acknowledge the matters, and make the warranties and representations contained therein and in this Entitlement and Acceptance Form;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of the Company.

#### **1** Acceptance of Full or Partial Entitlement for New Shares

Select the value of New Shares you wish to accept under the Entitlement Offer.

If you wish to accept for New Shares less than your full entitlement, select the number of New Shares you wish to accept, which must be less than your full Entitlement, which is set out overleaf. No fractional Share will be allotted, therefore if the dollar amount paid divided by the issue price (\$0.16) is a fraction of a New Share, the New Shares allotted will be rounded down.

#### **2** Payment

**Payment by BPAY:** You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. **To BPAY® this payment via internet or telephone banking use your reference number quoted on the front of this form.** Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight).

**You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such New Shares for which you have paid.**

**Payment by EFT:** You can make a payment via Electronic Funds Transfer "EFT". Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time and any associated fees with processing a funds transfer.

**Please ensure you use your unique reference number located on the reverse page.** This will ensure your payment is processed correctly to your application electronically.

**You do not need to return this form if you have made payment via EFT. Your unique reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such New Shares for which you have paid.**

Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight) and it is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time. **The Company and the Share Registry accept no responsibility for incorrect, delayed or misdelivered Application Forms or payments.**

**The Company encourages payment under the Entitlement Offer by BPAY® or EFT to avoid the handling of paper Application Forms and to overcome potential mail delays.**

**Payment by Cheque:** Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Red 5 Limited" and crossed "Not Negotiable". Please ensure sufficient funds are held in your account. If you provide a cheque for an incorrect amount the Company may treat you as applying for as many New Shares as your cheque will pay for. Your completed Application Form and cheque must be received by the Share Registry: Automic Group, GPO Box 5193 Sydney NSW 2001 prior to the close of the Offer.

#### **4** Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm AEDT. We may use this email\* or number to contact you regarding your acceptance of the New Shares, if necessary.

\*By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible)

**If you require further information about the Entitlement Offer, please contact Automic on 1300 288 664 or +61 2 9698 5414 between 9:00am and 5:00pm (AEDT).**