

# **RED 5 LIMITED**

ABN 73 068 647 610



## **NOTICE OF ANNUAL GENERAL MEETING**

### **EXPLANATORY MEMORANDUM**

### **PROXY FORM**

**Date and time of meeting**

20 November 2015 at 9.30 a.m.

**Place of meeting**

Celtic Club  
48 Ord Street  
West Perth, Western Australia

## RED 5 LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

---

---

Notice is hereby given that the annual general meeting of shareholders of Red 5 Limited (Company) will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 20 November 2015 at 9.30 a.m.

#### AGENDA

#### ORDINARY BUSINESS

##### **Financial statements and reports**

To receive and consider the annual financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2015.

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

**1. Re-election of Colin Loosemore as a director**

“That Mr Colin Loosemore, having been appointed as a director of the Company on 12 December 2014 and being eligible for re-election in accordance with Clause 7.1(i) of the Constitution and Clause 14.4 of the ASX Listing Rules, is hereby re-elected as a director of the Company.”

**2. Re-election of Ian Macpherson as a director**

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

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

**3. Remuneration report**

“That for the purposes of Section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report as contained in the annual financial report of the Company for the year ended 30 June 2015.”

*In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 3 by or on behalf of either a member of Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of a member of Key Management Personnel, unless the vote is cast as proxy for a person entitled to vote on the resolution, and the voter is:*

- (a) appointed as proxy in writing that specifies the way the proxy is to vote on the resolution; or*
- (b) the Chairman appointed pursuant to a proxy that does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of Key Management Personnel.*

#### SPECIAL BUSINESS

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

#### **4. Approval for issue of shares to director**

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholders approve the allotment and issue of 2,400,000 ordinary fully paid shares to Mark Williams (or his nominee) in accordance with his executive compensation arrangements.”

*The Company will disregard any votes cast on Resolution 4 by Mark Williams and any of his associates.*

By order of the Board

**Frank Campagna**  
Company Secretary

Perth, Western Australia  
8 October 2015

#### ***Voting exclusion note***

Where a voting exclusion applies, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### ***Proxy appointments***

A member of the Company who is entitled to attend and vote at the meeting may appoint not more than two proxies to attend and vote for the member at the meeting. If a member appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a member of the Company.

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

#### ***Voting prohibition statement for key management personnel***

Members of Key Management Personnel (which includes the directors) will not be able to vote as proxy on Resolution 3 unless you instruct them how to vote or, in the case of the Chairman of the meeting, unless you expressly authorise him to do so.

If you intend to appoint a member of Key Management Personnel (other than the Chairman) as your proxy, you should ensure that you direct the member of Key Management Personnel how to vote on Resolution 3.

If you intend to appoint the Chairman of the meeting as your proxy for Resolution 3, you can direct the Chairman how to vote by marking one of the boxes on the proxy form for Resolution 3 (for example, if you wish to vote For, Against or Abstain from voting). If you do not direct the Chairman how to vote, then by submitting the proxy form, you will be expressly authorising the Chairman to exercise the proxy in respect of Resolution 3 even though it is connected to the remuneration of members of Key Management Personnel.

#### ***Voting entitlements***

In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those persons entitled to attend and vote at the meeting is to be taken as those persons who held Shares in the Company as at 4.00 p.m. WST on 18 November 2015.

**RED 5 LIMITED**  
**EXPLANATORY MEMORANDUM**

---

---

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

**ANNUAL FINANCIAL REPORT**

The financial report of the Company for the year ended 30 June 2015 (including the financial statements, directors' report and auditors' report) was included in the 2015 annual report of the Company, a copy of which is available on the Company's web-site at [www.red5limited.com](http://www.red5limited.com).

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

**RESOLUTION 1 – RE-ELECTION OF COLIN LOOSEMORE AS A DIRECTOR**

Mr Colin Loosemore was appointed as an independent non-executive director of the Company on 12 December 2014. In accordance with Clauses 7.1(c) and 7.1(i) of the Constitution and ASX Listing Rule 14.4, any director appointed to fill a casual vacancy or as an additional director holds office until the next annual general meeting of shareholders and is then eligible for re-election.

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

Mr Loosemore is a geologist with over 40 years' experience in multi-commodity exploration including over 30 years as a director of public exploration companies within Australia and overseas. He graduated from London University in 1970 and the Royal School of Mines in 1977. Mr Loosemore was most recently Managing Director of Archipelago Resources plc where he oversaw development of the Toka Tindung Gold Mine in Sulawesi Indonesia. Mr Loosemore is a member of the Remuneration Committee and the Health, Safety, Environment and Community Committee.

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

**RESOLUTION 2 – RE-ELECTION OF IAN MACPHERSON AS A DIRECTOR**

In accordance Clause 7.1(d) of the Constitution, at every annual general meeting, one third of the directors in office (other than any managing director) must retire by rotation and are eligible for re-election. In addition, pursuant to ASX Listing Rule 14.4 and Clause 7.1(e) of the Constitution, no director may hold office without re-election beyond the third annual general meeting following the meeting at which the director was last re-elected.

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

Mr Macpherson is a chartered accountant with over 30 years' experience in the provision of financial and corporate advisory services. He was a former partner at Arthur Anderson & Co managing a specialist practice providing corporate and financial advice to the mining and mineral exploration industry. Mr Macpherson established Ord Partners in 1990 (later to become Ord Nexia) and has specialised in the area of corporate advice with particular emphasis on capital structuring, equity and debt raising, corporate affairs and stock exchange compliance for publicly listed companies. Mr Macpherson is chairman of the Audit Committee and a member of the Remuneration Committee.

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

### **RESOLUTION 3 – REMUNERATION REPORT**

The Remuneration Report is contained in the Directors' Report section of the Company's 2015 annual report. The Remuneration Report describes the underlying principles and structure of the remuneration policies of the Company and sets out the remuneration arrangements in place for directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of shareholders of the Company. Shareholders should note that the vote on Resolution 3 is advisory only and is not binding on the Company or the directors. However, the directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

#### ***Voting exclusion***

The Company will disregard any votes cast (in any capacity) on Resolution 3 by or on behalf of members of Key Management Personnel or a Closely Related Party of such a member. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote on Resolution 3, and the voter is:

- (a) appointed as a proxy in writing that specifies the way the proxy is to vote on the resolution; or
- (b) the Chairman of the meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 3.

### **RESOLUTION 4 – APPROVAL FOR ISSUE OF SHARES TO DIRECTOR**

The Company proposes to issue 2,400,000 Shares to the Managing Director of the Company, Mark Williams (or his nominee), as part of his executive compensation arrangements. Under the terms of his executive employment agreement, Mr Williams is entitled to a short term incentive performance bonus of up to 80% of annual salary plus superannuation, weighted between the achievement of agreed milestones and targets (comprising 80% of the entitlement) and peer group share price performance (comprising 20% of the entitlement). The relevant peer group is based on the S&P/ASX All Ordinaries Gold Index.

One half of any performance bonus is payable in cash and one half is to be satisfied by the issue of Shares, subject to prior approval of shareholders. Shares issued pursuant to the performance bonus are subject to voluntary escrow for a period of two years from the end of the performance assessment period. Where shareholder approval is not obtained, the share component of the bonus is payable in cash.

Following an executive performance review for the year, Mr Williams became entitled to a performance bonus of 70% of the entitlement, based on the achievement of group and specific role related operational targets for the year ended 30 June 2015 including completion of tailings storage facility construction projects under budget and within schedule, the lifting of the Cease and Desist Order on the Siana gold project, the recommencement of gold production and the achievement of gold production and cost targets for the financial year.

The share component of the awarded performance bonus amounted to \$138,000. The deemed issue price of the Shares is calculated on the volume weighted average price of the Company's Shares in the 5 days preceding the date of the award, which for the relevant period was 5.75 cents per Share. Accordingly, the share component of the entitlement due to Mr Williams amounted to 2,400,000 Shares.

#### ***Corporations Act requirements – Chapter 2E***

Mr Williams is a director of the Company and thereby a related party. Section 208 of the Corporations Act provides that a public company must not give a financial benefit to a related party of the company unless: (a) the company first obtains the approval of shareholders, in the way set out in the Corporations Act, or; (b) the giving of the benefit falls within an exception in the Corporations Act.

The proposed issue of Shares to Mr Williams constitutes the giving of a financial benefit to a related party. The directors (other than Mr Williams) have determined that the proposed issue of shares constitutes reasonable remuneration given the circumstances of the Company and the position held by Mr Williams. Accordingly, the proposed issue of Shares to Mr Williams falls within the “reasonable remuneration” exception set out in Section 211 of the Corporations Act so that member approval is not required for the purposes of Chapter 2E of the Corporations Act.

***ASX Listing Rules requirements – Listing Rule 10.11***

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. As such, shareholder approval is sought under Listing Rule 10.11 as Resolution 4 proposes the issue of Shares to Mr Williams who is a related party of the Company by virtue of his directorship.

Pursuant to the exception in ASX Listing Rule 7.1(14), approval under ASX Listing Rule 7.1 is not required in order to issue shares to Mr Williams as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Williams pursuant to Resolution 4 will not be included in the 15% calculation of the Company’s annual placement capacity pursuant to ASX Listing Rule 7.1.

***Information required by ASX Listing Rule 10.11***

In accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares to Mr Williams.

- (a) the Shares will be issued to Mark Williams (or his nominee).
- (b) the maximum number of Shares to be issued is 2,400,000.
- (c) the Company anticipates that the Shares will be issued on or around 27 November 2015 and in any event, no later than one month after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) the Shares will be issued for no cash consideration as they are being issued as part of an executive compensation arrangement.
- (e) the Shares will rank equally with all existing Shares on issue.
- (f) the deemed issue price of the Shares is 5.75 cents per Share.
- (g) no funds will be raised from the issue of the Shares.

***Voting exclusion***

The Company will disregard any votes cast on Resolution 4 by Mark Williams and any of his associates.

***Directors’ recommendation***

The directors (other than Mr Williams) recommend that shareholders vote in favour of Resolution 4.

## GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

“**Key Management Personnel**” or “**KMP**” means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise) of the Company.

“**Remuneration Report**” means the report contained in the annual financial report of the Company for the year ended 30 June 2015.

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

“**WST**” means Western Standard Time being the time of Perth, Western Australia.







My/Our contact details in case of enquiries are:

Name:

Number:

(  )

### 1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

### 3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

### 5. SIGNING INSTRUCTIONS

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

#### Security Transfer Registrars Pty Ltd

**Online** [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Postal Address** PO BOX 535  
Applecross WA 6953 AUSTRALIA

**Street Address** Alexandria House  
Suite 1, 770 Canning Highway  
Applecross WA 6153 AUSTRALIA

**Telephone** +61 8 9315 2333

**Facsimile** +61 8 9315 2233

**Email** [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

