



17 September 2013

Dear Shareholder

As announced on 5 September 2013, Red 5 Limited has resolved to raise \$50 million via a private placement and \$10 million (with discretion to accept a further \$5 million in over subscriptions) under a Share Purchase Plan (SPP) offer to existing shareholders.

Red 5 has received firm commitments for the full \$50 million the subject of the placement.

Enclosed with this letter are two documents:

- **Notice of meeting** for a general meeting of shareholders of the Company to be held on 21 October 2013, together with an explanatory memorandum and proxy form; and
- **Prospectus** for the offer of 100,000,000 shares under the SPP at an issue price of 10 cents per share to raise \$10 million (with the ability of directors to accept oversubscriptions for up to an additional 50,000,000 shares at an issue price of 10 cents each per Share to raise up to an additional \$5 million), together with a Share Purchase Plan Application Form for Eligible Shareholders. If applications for the SPP are received in excess of the maximum amount, they will be scaled back on a pro-rata basis.

#### **Notice of meeting**

At the meeting, shareholders will be asked to consider the following resolutions in relation to the placement and SPP:

- Resolution 1: Ratification of the issue of Tranche 1 of the placement shares;  
Resolution 2: Approval for the issue of Tranche 2 of the placement shares;  
Resolution 3: Approval for the issue of the SPP shares; and  
Resolution 4: Approval for Director participation in the SPP offer.

Detailed background to the resolutions is provided in the enclosed two documents. In summary:

- Directors recommend that you vote in favour of Resolutions 1 and 2. Should Resolution 2 not be approved, the Company would not be able to meet its current financial obligations and would not be able to re-commence operations.
- Directors also recommend that you vote in favour of Resolution 3. This resolution will not however be put to shareholders if Resolution 2 fails, as the funds raised would be insufficient to meet current financial obligations and re-commence mining operations.

#### **Share purchase plan prospectus**

Eligible Shareholders are entitled to apply for a maximum of \$15,000 of new Shares, at an issue price of 10 cents per new Share, under the SPP. Eligible shareholders may apply for a parcel of 50,000 shares for \$5,000, 100,000 shares for \$10,000 or for the full amount of 150,000 shares for \$15,000.

All applications under the SPP must be completed in accordance with the detailed instructions set out on the Application Form accompanying the Prospectus. If you are paying by BPay, you should pay your application monies in accordance with the BPay instructions set out on the Application Form. If you are paying by cheque, your Application Form should be accompanied by a cheque or bank cheque drawn and payable on an Australian Bank made payable to "Red 5 Limited Trust Account" and crossed "Not Negotiable". No brokerage or stamp duty is payable. For further details see the Prospectus.

Completed Application Forms and accompanying application monies should be lodged at or forwarded to the Company's share registry, Security Transfer Registrars Pty Ltd, to be received before the closing date of 25 October 2013. Eligible shareholders are encouraged to lodge their Application Forms as soon as possible, as the SPP Offer may close early without notice.

## Timetable

The below timetable is indicative only. Red 5 reserves the right to vary any of the key dates, including the closing date of the SPP and the issue date of the shares, without further notice.

|  |                        |
|--|------------------------|
| Record Date for participation in the SPP Offer                                 | 4 September 2013       |
| Red 5 announces intention to conduct the Capital Raising                       | 5 September 2013       |
| Red 5 announces commitments received for full \$50,000,000 under the Placement | 9 September 2013       |
| Settlement of Tranche 1  | 13 September 2013      |
| Allotment of Tranche 1 Shares  | 13 September 2013      |
| Lodgement of Notice of Meeting with ASX  | 17 September 2013      |
| Lodgement of Prospectus with ASIC and ASX                                      | 17 September 2013      |
| Despatch Notice of Meeting and Prospectus to Shareholders                      | 20 September 2013      |
| SPP Offer opening date   | 20 September 2013      |
| <b>General Meeting of Shareholders to approve Tranche 2 and SPP</b>            | <b>21 October 2013</b> |
| Settlement of Tranche 2  | 22 October 2013        |
| Issue and allotment date of Tranche 2 Shares                                   | 23 October 2013        |
| <b>ASX quotation of all Placement Shares</b>                                   | <b>24 October 2013</b> |
| SPP Offer closing date   | 25 October 2013        |
| Issue and allotment date of Shares under the SPP                               | 28 October 2013        |
| <b>ASX quotation of all SPP Shares</b>   | <b>28 October 2013</b> |

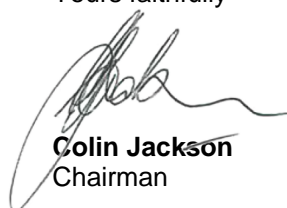
## Enquiries

If you have any enquiries in relation to the capital raising, the notice of meeting or the Prospectus, please contact the Company as follows:

Red 5 Limited  
Level 2  
35 Ventnor Avenue  
West Perth WA 6005

Telephone: (+61-8) 9322 4455

Yours faithfully



**Colin Jackson**  
Chairman