

Notice of General Meeting and Explanatory Memorandum

Red 5 Limited

ABN 73 068 647 610

Date of Meeting: Wednesday, 20 September 2017

Time of Meeting: 10.00 am (Perth time)

Place of Meeting: Celtic Club, 48 Ord Street, West Perth, Western Australia

IMPORTANT INFORMATION

*This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisor without delay*

Notice of Meeting

Dear Shareholders

As outlined in the ASX announcement by Red 5 Limited (**Red 5** or the **Company**) on 3 August 2017, the Company has an exciting new growth strategy centred on the acquisition of an operating gold mine and a nearby gold deposit in the Eastern Goldfields region of Western Australia (**Eastern Goldfields Consolidation Strategy**).

The cornerstone of the Eastern Goldfields Consolidation Strategy is a binding agreement to acquire the operating Darlot Gold Mine, located ~900km NE of Perth in the Leonora-Leinster mineral province, from a wholly owned subsidiary of Gold Fields Limited for \$18.5M, which is payable in staggered payments of cash and shares. The second prong of the Eastern Goldfields Consolidation Strategy is a binding agreement to acquire the King of the Hills (**KoTH**) Gold Project, located ~80k south west of the Darlot Gold Mine, from a wholly owned subsidiary of Saracen Mineral Holdings Limited (ASX: SAR) for \$16M, which is also payable in staggered payments of cash and shares.

We are seeking shareholder approval for the various initial issuances of shares in the Company in accordance with the agreements to acquire the Darlot Gold Mine and the KoTH Gold Project as follows:

- Resolutions 1 and 2 are for approval to issue the upfront shares, which will be subject to a 12-month escrow, for the acquisition of the Darlot Gold Mine and the KoTH Gold Project, respectively (see the accompanying Explanatory Memorandum for further details); and
- Resolutions 3 and 4 are to satisfy the top up right each of Darlot and Saracen have been granted under the acquisition agreements to allow them to maintain their current shareholding in the Company at the time of entering into the agreements in the event that they are diluted in the Rights Issue (see the accompanying Explanatory Memorandum for further details).

In order to assist in funding the cash component of the Darlot Gold Mine acquisition, being \$7M, and for working capital purposes, the Company is undertaking a rights issue to all eligible shareholders on a 1-for-3 basis at an issue price of \$0.05 per share to raise up to \$12.74M (**Rights Issue**). The Rights Issue will be partially underwritten by a Gold Fields subsidiary by an amount of \$8.5M with a sub-underwriting commitment by Saracen to \$1.5M. The Company intends to place any shortfall under the Rights Issue pursuant to the underwriting arrangement. Documentation for the Rights Issue will be sent separately to Shareholders.

Resolutions 5 and 6 seek shareholder approval of a new long term incentive plan, the Rights Plan and the issue of Rights pursuant to that Plan.

The Company is focussed on maximising the financial and operating benefits from its Eastern Goldfields Consolidation Strategy. The Company encourages shareholders to support this strategy by voting in favour of the resolutions contained in the Notice of Meeting. If you are unable to attend the meeting, please complete and return a proxy form no later than 48 hours before the meeting date.

On behalf of the Directors, I look forward to your continued support as a shareholder of the Company.

Yours sincerely



Kevin Dundo
Chairman
Red 5 Limited

Notice of Meeting

Notice is hereby given that a General Meeting of shareholders of **Red 5 Limited** ABN 73 068 647 610 (**Red 5** or **Company**) will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 20 September 2017 commencing at 10.00 am (Perth time).

Terms used in this Notice of Meeting are defined in Section 6 of the accompanying Explanatory Memorandum.

The Explanatory Memorandum and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

Agenda

The agenda for the meeting is as follows:

1. Ratification of or approval to issue Saracen Consideration Shares (**Resolution 1**).
2. Approval to issue Darlot Consideration Shares (**Resolution 2**).
3. Approval to issue Top up Shares to Saracen (**Resolution 3**).
4. Approval to issue Top up Shares to Darlot (**Resolution 4**).
5. Approval of Rights Plan (**Resolution 5**).
6. Approval to issue Performance Rights to Mark Williams (**Resolution 6**).

Notice of Meeting

Ordinary business

1. Resolution 1: Ratification of or Approval to Issue Saracen Consideration Shares

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, Shareholders ratify the previous issue of 90,000,000 Shares, or in the alternative be authorised to issue 90,000,000 Shares, under the Company’s Listing Rule 7.1 capacity to Saracen pursuant to the terms of the KOTH Tenement Acquisition Agreement, on the basis and otherwise upon such terms as set out in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- (a) Saracen; and
- (b) any associate of Saracen.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

2. Resolution 2: Approval to Issue Darlot Consideration Shares

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with Listing Rule 7.1 and for all other purposes, the Company be authorised to issue 130,000,000 Shares to SIGMC (as nominee for Darlot Holding) pursuant to the terms of the Darlot Share Acquisition Agreement, on the basis and otherwise upon the terms and conditions described in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- (a) Darlot Holding; and
- (b) any associate of Darlot Holding (including SIGMC).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

3. Resolution 3: Approval to issue Saracen Top up Shares

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

*“That in accordance with Listing Rule 7.1 and for all other purposes, the Company be authorised to issue that number of Shares (**Saracen Top up Shares**) to Saracen at an issue price per Share equal to that offered under the Rights Issue, such that within a period of three months from completion of both the KOTH Tenement Acquisition and the Rights Issue, Saracen may maintain or increase to a shareholding in the Company of 10.54% pursuant to the terms of the KOTH Tenement Acquisition Agreement, on the basis and otherwise upon the terms and conditions described in the Explanatory Memorandum.”*

Notice of Meeting

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- (a) Saracen; and
- (b) any associate of Saracen.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

4. Resolution 4: Approval to issue Darlot Top up Shares

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

*“That in accordance with Listing Rule 7.1 and for all other purposes, the Company be authorised to issue that number of Shares (**Darlot Top up Shares**) to SIGMC (as nominee for Darlot Holding) at an issue price per Share equal to that offered under the Rights Issue, such that within a period of three months from completion of both the Darlot Share Acquisition and the Rights Issue, SIGMC (as nominee for Darlot Holding) may maintain or increase to a shareholding in the Company of 14.54% pursuant to the terms of the Darlot Share Acquisition Agreement, on the basis and otherwise upon the terms and conditions described in the Explanatory Memorandum.”*

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- (a) Darlot Holding; and
- (b) any associate of Darlot Holding (including SIGMC).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

5. Resolution 5: Approval of Rights Plan

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with Listing Rule 7.2 (Exception 9), as an exception to Listing Rule 7.1, and for all other purposes, the Company be authorised to issue securities made under the Red 5 Limited Rights Plan within the period of 3 years from the date of passing this resolution, on the basis and otherwise upon the terms and conditions described in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- (a) any executive Key Management Personnel; and
- (b) any associate of executive Key Management Personnel.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Notice of Meeting

6. Resolution 6: Approval to issue Performance Rights to Mark Williams

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with Listing Rule 10.14, Sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the issue of 5,616,400 Performance Rights to Mr Mark Williams (or his nominee), on the basis and otherwise upon the terms and conditions described in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by:

- (a) Mark Williams; and
- (b) any associate of Mark Williams.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

By order of the board

Frank Campagna
Company Secretary

Perth, Western Australia
16 August 2017

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 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 September 2017.

Explanatory Memorandum

1. Introduction

The following information is provided to Shareholders of Red 5 Limited ABN 73 068 647 610 (**Red 5 or Company**) in connection with the business to be considered at the General Meeting of Shareholders to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 20 September 2017 at 10.00 am (Perth time).

The Notice of Meeting, which is also enclosed, sets out details of proposals concerning the Resolutions to be put to Shareholders.

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in Section 6.

ORDINARY BUSINESS

2. Resolution 1 – Ratification of or Approval to Issue Saracen Consideration Shares

2.1. Background

As set out in the ASX announcement on 3 August 2017, the Company has entered into the KOTH Tenement Acquisition Agreement. Under the terms of the agreement, part of the consideration for acquiring the KOTH tenements is the issue at completion of 90,000,000 Shares to Saracen (**Saracen Consideration Shares**). These initial consideration shares will be subject to 12 months escrow.

A cash payment of \$7,000,000 (inclusive of \$500,000 deposit already paid) is also payable at completion and then deferred consideration of \$4,500,000 in cash or shares is payable after 12 months in accordance the terms of the KOTH Tenement Acquisition Agreement. The deferred consideration shares (if so elected) to Saracen would be at an issue price per share equal to the volume weighted average market price of the Company's shares calculated over the last thirty days on which sales in the shares of the Company are recorded before the one year anniversary of Completion of the KOTH tenement acquisition. The Company notes that the number of deferred consideration shares to be issued to Saracen will be capped such that Saracen cannot hold more than 15% of the issued capital in the Company and the difference will be paid in cash instead.

For the purposes of any election by Saracen to receive some or all of the deferred consideration in shares, the Company will seek shareholder approval as required under Listing Rule 7.1 at a subsequent shareholder meeting, prior to issuing those shares.

As at the date of this Notice of Meeting, the Company intends that completion under the KOTH Tenement Acquisition Agreement will occur, with effect from 30 September 2017, but on or about 2 October 2017. However, Red 5 may complete earlier than the date of the Meeting, as it currently has capacity to issue the Saracen Consideration Shares without requiring shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking approval to issue the Saracen Consideration Shares to Saracen in the alternative: first, on the basis that the Company has already issued the Saracen Consideration Shares and such issue requires ratification from the Shareholders, or second, on the basis that the Company has not yet issued the Saracen Consideration Shares to Saracen and such issue requires approval from the Shareholders.

2.2. Listing Rule 7.1 – Approval to issue Saracen Consideration Shares

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new shares equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders. Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

2.3. Listing Rule 7.4 – Ratification of issue of Saracen Consideration Shares

ASX Listing Rule 7.4 provides that an issue of securities made without prior approval under ASX Listing Rule 7.1 can be treated as having been made with that approval if shareholders subsequently approve it.

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In accordance with Listing Rule 7.4, Shareholder approval is sought under Resolution 1 to ratify the issue of the securities set out below.

If Resolution 1 is approved it will have the effect of refreshing the Company's ability to issue up to a further 15% of its capital under Listing Rule 7.1 during the next 12 months without the need to obtain further Shareholder approval.

2.4. Listing Rule Information

For the purposes of Listing Rules 7.3 and 7.5 (as applicable):

(a) Shares issued under the Company's Listing Rule 7.1 capacity

- (1) 90,000,000 fully paid ordinary Shares, subject to 12 months escrow;
- (2) Issued at a deemed issue price of \$0.05 per Saracen Share;
- (3) As part consideration for the acquisition of the KOTH tenements pursuant to the KOTH Tenement Acquisition Agreement (therefore no cash proceeds to be received from the issue).

(b) Terms of the Saracen Consideration Shares

The Saracen Consideration Shares will rank pari passu with all other fully paid ordinary shares on issue in the Company.

(c) Names of the person to whom the Saracen Consideration Shares were issued

The Saracen Consideration Shares were or will be issued to Saracen (or its nominee) on completion of the KOTH Tenement Acquisition Agreement.

(d) Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting for Resolution 1.

(e) Issue date

The Saracen Consideration Shares will be issued upon Completion of the KOTH tenement acquisition which will either be prior to the date of the Meeting or otherwise within three months of the Meeting.

2.5. Directors recommendation

Each of the Directors believes that the ratification or approval of the Saracen Consideration Shares is in the best interests of Shareholders as a whole. The Directors recommend that you vote in favour of Resolution 1 and each of the Directors intends to vote any Shares they own in favour of Resolution 1.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 1.

3. Resolution 2 – Approval to Issue Darlot Consideration Shares

2.1. Background

As set out in the ASX announcement on 3 August 2017, the Company has entered into the Darlot Share Acquisition Agreement. Under the terms of the agreement, part of the consideration for the Company acquiring all of the issued share capital of Darlot Mining Pty Ltd is the issue at completion of 130,000,000 Shares to SIGMC (as nominee for Darlot Holding) (**Darlot Consideration Shares**). These initial consideration shares will be subject to 12 months escrow. SIGMC is a related body corporate of Darlot Holding and a member of the Gold Fields Limited group of companies.

A cash payment of \$7,000,000 (inclusive of \$500,000 deposit already paid) is also payable at completion and then deferred consideration of \$5,000,000 in cash or shares is payable after 24 months (unless early election to take shares at a higher price at 12 months is chosen by Darlot Holding) in accordance with the terms of the Darlot Share Acquisition Agreement. The deferred consideration shares (if so elected) to Darlot Holding would:

Explanatory Memorandum

- (a) after 12 months be at an issue price per share equal to the volume weighted average market price of the Company's shares calculated over the last thirty days on which sales in the shares of the Company are recorded before the one year anniversary of Completion of the Darlot acquisition, and would be escrowed until the second anniversary unless otherwise determined by the Company; and
- (b) after 24 months be at an issue price per share equal to a 15% discount to the volume weighted average market price of the Company's shares calculated over the last thirty days on which sales in the shares of the Company are recorded before the two year anniversary of Completion of the Darlot acquisition.

The Company notes that the number of deferred consideration shares to be issued to Darlot Holding will be capped such that Darlot Holding (and its associated entities including SIGMC) cannot hold more than 20% of the issued capital in the Company and the difference will be paid in cash instead.

For the purposes of any election by Darlot Holding to receive some or all of the deferred consideration in shares, the Company will seek shareholder approval as required under Listing Rule 7.1 at a subsequent shareholder meeting, prior to issuing those shares. It is a condition to completion under the Darlot Share Acquisition Agreement that Resolution 2 be approved, to provide the Company with the ability for the purposes of Listing Rule 7.1 to issue the Darlot Consideration Shares.

2.2. **ASX Listing Rule 7.1**

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Darlot Consideration Shares to SIGMC.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12-month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% limit.

By passing Resolution 2, the Company will be permitted to issue 130,000,000 Darlot Consideration Shares in part consideration for the acquisition of Darlot.

The effect of the Shareholders approving the issue of the Darlot Consideration Shares will be that the issue will not be counted in the calculation of the Company's available 15% capacity under Listing Rule 7.1. The Company will therefore retain a greater proportion of the 15% capacity.

2.3. **Terms of Darlot Consideration Shares**

For the purposes of Listing Rules 7.3, the Company provides the following information:

- (a) **Shares issued under the Company's Listing Rule 7.1 capacity**
 - (1) 130,000,000 fully paid ordinary Shares, subject to 12 months escrow;
 - (2) Issued at a deemed issue price of \$0.05 per Share;
 - (3) As part consideration for the acquisition of Darlot pursuant to the Darlot Share Acquisition Agreement (therefore no cash proceeds to be received from the issue).
- (b) **Terms of the Darlot Consideration Shares**

The Darlot Consideration Shares will be fully paid ordinary shares in the Company and rank pari passu with all other fully paid ordinary shares on issue in the Company.
- (c) **Names of the person to whom the Darlot Consideration Shares will be issued**

The Darlot Consideration Shares will be issued to SIGMC (as nominee for Darlot Holding).
- (d) **Voting Exclusion Statement**

A voting exclusion statement is included in the Notice of Meeting for Resolution 2.
- (e) **Issue date**

The Darlot Consideration Shares will be issued upon Completion of the Darlot Share Acquisition Agreement which will be within three months of the Meeting.

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2.4. Directors recommendation

Each of the Directors believes that the approval of the issue of the Darlot Consideration Shares is in the best interests of Shareholders as a whole. The Directors recommend that you vote in favour of Resolution 2 and each of the Directors intends to vote any Shares they own in favour of Resolution 2.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 2.

4. Resolution 3 – Approval to issue Saracen Top up Shares

4.1 Background

Pursuant to the KOTH Tenement Acquisition Agreement, Saracen has the right, but not the obligation for a 12 month period post completion to acquire additional Shares in the Company up to such additional number of Shares as would be sufficient to enable Saracen to maintain its percentage of shareholding at 10.54% (**Anti-Dilution Right**).

The Company has provided the Anti-Dilution Right to Saracen on the basis of the strategic relationship that will exist between the Company and Saracen (following the KOTH tenement acquisition) having regard to Saracen's agreement to provide geological assistance to the Company post completion as well as agreeing to provide a geological representative as a part time consultant to the Company, and the benefit that the Company will receive by having Saracen as an investor and major shareholder in the Company.

The grant of the right remains subject to any necessary shareholder approval and, if necessary, ASX waiver. However, Resolution 3 seeks Shareholder approval to address any dilution arising from the pending Rights Issue and issue of the Saracen Consideration Shares. Resolution 3 seeks approval for the issue of that number of Shares (**Saracen Top up Shares**) to Saracen within a period of three months from completion of the KOTH Tenement Acquisition and the Rights Issue, to enable Saracen to maintain or increase to a shareholding in the Company of up to 10.54%.

The placement of Saracen Top up Shares to Saracen that may arise after the close of the Rights Issue is not subject to any waiver from ASX as it is an agreed placement, with a clear mechanism for determining price (\$0.05 per share) and formula for number of shares. The broader Anti-Dilution Right is subject to the ASX Listing Rules, including the grant of a waiver in relation to Listing Rule 6.18. ASX have determined that Listing Rule 6.18 applies to any agreement that will enable an investor to achieve or maintain a fixed percentage of the capital of an entity (such as the Anti-Dilution Right pursuant to the KOTH Tenement Acquisition Agreement).

Accordingly, the Company will apply for a waiver from the ASX in respect of Listing Rule 6.18 (which prohibits an option over a percentage of an entity's capital) as it applies to the Anti-Dilution Right, to the extent necessary to enable Saracen to maintain its ownership percentage in the Company (**ASX Waiver**). Once a determination is known the Company will make an announcement to the ASX.

Pursuant to the KOTH Tenement Acquisition Agreement, the Anti-Dilution Right does not apply to any issue of securities by the Company:

- (a) under an approved employee share incentive scheme and any securities issued pursuant to the exercise of any such incentive options, including the Company's rights plan;
- (b) in accordance with the Company's non-executive directors share plan;
- (c) on the exercise of any options over securities of the Company that were on issue as at 3 August 2017; or
- (d) under any dividend reinvestment plan.

The Anti-Dilution Right expires on the day after the one year anniversary of Completion (as that term is defined in the KOTH Tenement Acquisition Agreement) of the KOTH tenement acquisition or such earlier date imposed by any ASX Waiver. The Saracen Top up Shares to be issued the subject of Resolution 3 will not be subject to any escrow. However, any Shares issued as a result of the subsequent triggering and exercise of the Anti-Dilution Right will be subject to escrow until the first anniversary of completion of the KOTH Tenement Acquisition Agreement and Saracen will have to enter into an escrow agreement in respect of such Shares at the time of issuance.

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As noted above, the issue of those Shares remains subject to subsequent shareholder approval if such approval is required for the purposes of Listing Rule 7.1.

4.2 Proforma Capital Structure

In addition to the Saracen Top Up Right referred to above, pursuant to the Darlot Share Acquisition Agreement, SIGMC has the right, for up to 3 months after completion of the acquisition and Rights Issue, to acquire additional Shares in the Company up to such additional number of Shares as would be sufficient to enable SIGMC to maintain its percentage of shareholding in the Company at 14.54% (see Resolution 4).

The precise number of:

- (a) Saracen Top Up Shares to be issued pursuant to Resolution 3; and
- (b) Darlot Top Up Shares to be issued pursuant to Resolution 4,

will depend on the extent to which those parties are able to participate in the underwriting and sub-underwriting (respectively) of the Rights Issue. As noted above, the Rights Issue will be partially underwritten by SIGMC to \$8,500,000 (being a maximum of 170,000,000 Shares), inclusive of Saracen's commitment to sub-underwrite the Rights Issue for \$1,500,000 (being a maximum of 30,000,000 Shares).

However, for illustration purposes, the table below sets out a pro forma capital structure based on the scenarios where:

- (a) 100% of shareholders take up their entitlements under the Rights Issue (meaning no Shares would be available for issue to SIGMC or Saracen as part of their underwriting, resulting in the maximum number of Darlot Top Up Shares and Saracen Top Up Shares required to be issued);
- (b) 75% of shareholders take up their entitlements under the Rights Issue (meaning approximately 63,000,000 Shares would be available to SIGMC as part of their underwriting); and
- (c) 50% of shareholders take up their entitlements under the Rights Issue (meaning approximately 127,000,000 Shares would be available to SIGMC as part of their underwriting).

Table 1: 100% Rights Issue Take-up (Maximum Top Up Shares)

Shareholder	Shareholding post Rights Issue	Top Up Shares	Total No. of Shares (fully diluted)	% Shareholding (fully diluted)
Saracen	90,000,000	53,404,240	143,404,240	10.54%
SIGMC	130,000,000	67,827,102	197,827,102	14.54%
Others	1,019,340,197	0	1,019,340,197	74.92%
Total	1,239,340,197	121,231,342	1,360,571,539	100%

Table 2: 75% Rights Issue Take-up

Shareholder	Shareholding post Rights Issue	Top Up Shares	Total No. of Shares (fully diluted)	% Shareholding (fully diluted)
Saracen	90,000,000	45,412,985	135,412,985	10.54%
SIGMC	193,708,762	0	193,708,762	15.085%
Others	955,631,435	0	955,631,435	74.375%
Total	1,239,340,197	45,412,985	1,284,753,182	100%

Explanatory Memorandum

Table 3: 50% Rights Issue Take-up

Shareholder	Shareholding post Rights Issue	Top Up Shares	Total No. of Shares (fully diluted)	% Shareholding (fully diluted)
Saracen	90,000,000	45,412,985	135,412,985	10.540%
SIGMC	257,417,525	0	257,417,525	20.043%*
Others	891,922,673	0	891,922,673	69.417%
Total	1,239,340,197	45,412,985	1,284,753,182	100%

* Note: This table shows notional impact on voting power. However, SIGMC (as underwriter to the Rights Issue) has agreed with the Company that it will implement a dispersal strategy in relation to any shortfall, so that in no circumstances will SIGMC acquire an interest in the Company of more than 19.9% via the shortfall.

4.3 ASX Listing Rule 7.1

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Saracen Top up Shares to Saracen or its nominee.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1.

By passing Resolution 3, the Company will be permitted to issue the Saracen Top up Shares without using the Company's placement capacity pursuant to Listing Rule 7.1.

4.4 Terms of the Saracen Top up Shares

For the purposes of Listing Rule 7.3, the Company provides the following information:

(a) Shares issued under the Company's Listing Rule 7.1 capacity

- (1) The number of Saracen Top up Shares to be issued will be determined by the following formula:

$$\text{Number of Saracen Top up Shares to be issued to Saracen} = (\text{Total Shares of the Company} \times 10.54\%) - \text{Saracen's existing shareholding}$$

- (2) Based on the above formula and the illustrations at Table 1 at section 4.2 above, the maximum number of Saracen Top Up Shares would be 53,404,240.
- (3) The issue price of the Saracen Top up Shares will be the same price at which the Company issued new Shares which resulted in the dilution of Saracen's shareholding below 10.54%, which for the purposes of Resolution 3 is \$0.05, being the same price at which Shares under the Rights Issue and the Shortfall Shares are to be issued;
- (4) The funds raised from the issue of the Saracen Top up Shares are intended to be used for working capital.

(b) Terms of the Saracen Top up Shares

The Saracen Top up Shares will be fully paid ordinary shares in the Company and rank pari passu with all other fully paid ordinary shares on issue in the Company.

(c) Names of the person to whom the Top up Shares will be issued

The Saracen Top up Shares will be issued to Saracen (or its nominee).

(d) Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting for Resolution 3.

(e) Issue date

The Saracen Top up Shares will be issued within three months of the Meeting.

Explanatory Memorandum

4.5 **Directors recommendation**

Each of the Directors believes that the approval in relation to the issue of Saracen Top up Shares is in the best interests of Shareholders as a whole. The Directors recommend that you vote in favour of Resolution 3 and each of the Directors intends to vote any Shares they own in favour of Resolution 3.

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

5. **Resolution 4 – Approval to issue Darlot Top up Shares**

5.1 **Background**

Pursuant to the Darlot Share Acquisition Agreement, Darlot Holding has the right, for up to 3 months after completion of the acquisition, to acquire (or have SIGMC acquire as its nominee) additional Shares in the Company up to such additional number of Shares as would be sufficient to enable SIGMC to maintain its percentage of shareholding in the Company at 14.54% (**Top Up Right**).

The Company has provided the Top Up Right to Darlot Holding on the basis of the strategic relationship that will exist between the Company, SIGMC and Darlot Holding (following the Darlot share acquisition, such strategic relationship including a 3 to 6 month transition period in which related bodies corporate of SIGMC will provide services to Darlot to facilitate an orderly transition of ownership and operation of the Darlot Gold Mine), and the benefit that the Company will receive by having SIGMC as an investor and major shareholder in the Company.

Resolution 4 seeks Shareholder approval to issue that number of Shares (**Darlot Top up Shares**) to Darlot Holding or SIGMC such that for a period of three months from Completion (as that term is defined in the Darlot Share Acquisition Agreement) of the acquisition by the Company of Darlot Mining, Darlot Holding is able to maintain its shareholding in the Company at 14.54%. It should be noted that save for the Rights Issue and Share issues contemplated as part of the transactions with Darlot Holding and Saracen described in this Explanatory Memorandum, the Company does not currently envisage any issue of additional Shares in the 3 months after Completion (other than in the ordinary course as described in (a) to (d) below).

The Top Up Right is subject to any necessary shareholder approval and the ASX Listing Rules, including the grant of a waiver in relation to Listing Rule 6.18, if required. ASX have determined that Listing Rule 6.18 applies to any agreement that will enable an investor to achieve or maintain a fixed percentage of the capital of an entity (such as the Top Up Right pursuant to the Darlot Share Acquisition Agreement). The placement of the Darlot Top up Shares to Darlot that may arise after the close of the Rights Issue is not subject to any waiver from ASX as it is an agreed placement, with a clear mechanism for determining price (\$0.05 per share) and formula for number of shares.

Pursuant to the Darlot Share Acquisition Agreement, the Top Up Right does not apply to any issue of securities by the Company:

- (a) under an approved employee share incentive scheme and any securities issued pursuant to the exercise of any such incentive options, including the Company's rights plan;
- (b) in accordance with the Company's non-executive directors share plan;
- (c) on the exercise of any options over securities of the Company that were on issue as at 3 August 2017; or
- (d) under any dividend reinvestment plan.

The Top-Up Right expires on the day that is three months after Completion (as that term is defined in the Darlot Share Acquisition Agreement) of the Darlot share acquisition. The Top up Shares will be subject to escrow (unless otherwise determined by the Company) and Darlot Holding or SIGMC, as applicable, will have to enter into an escrow agreement in respect of the Top up Shares at the time of issuance.

5.2 **Proforma Capital Structure**

Refer to section 4.2 above.

Explanatory Memorandum

5.3 ASX Listing Rule 7.1

In accordance with Listing Rule 7.1, Shareholder approval is sought for the issue of the Darlot Top up Shares to Darlot Holding, SIGMC or its nominee.

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Equity securities issued with shareholder approval under Listing Rules 7.1 or 7.4 do not count towards the 15% limit under Listing Rule 7.1.

By passing Resolution 4, the Company will be permitted to issue the Top up Shares without using the Company's placement capacity pursuant to Listing Rule 7.1.

5.4 Terms of the Top up Shares

For the purposes of Listing Rule 7.3, the Company provides the following information:

(a) Shares issued under the Company's Listing Rule 7.1 capacity

- (1) The number of Darlot Top up Shares to be issued will be determined by the following formula:

$$\text{Number of Top up Shares to be issued to SIGMC} = (\text{Total Shares of the Company} \times 14.54\%) - \text{SIGMC's existing shareholding}$$

- (2) Based on the above formula and the illustrations at Table 1 at section 4.2 above, the maximum number of Darlot Top Up Shares would be 67,827,102.
- (3) The issue price of the Darlot Top up Shares will be \$0.05, being the same price at which Shares under the Rights Issue and the Shortfall Shares are to be issued;
- (4) The funds raised from the issue of the Darlot Top up Shares are intended to be used for working capital.

(b) Terms of the Top up Shares

The Darlot Top Up Shares issued will be fully paid ordinary shares in the Company and rank pari passu with all other fully paid ordinary shares on issue in the Company.

(c) Names of the person to whom the Top up Shares will be issued

The Darlot Top up Shares will be issued to SIGMC (as Darlot Holding's nominee).

(d) Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting for Resolution 4.

(e) Issue date

The Darlot Top up Shares will be issued within three months of the Meeting.

5.5 Directors recommendation

Each of the Directors believes that the approval in relation to the issue of the Darlot Top up Shares is in the best interests of Shareholders as a whole. The Directors recommend that you vote in favour of Resolution 4 and each of the Directors intends to vote any Shares they own in favour of Resolution 4.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 4.

6. Resolution 5 – Approval of Rights Plan

6.1 Background

During the 2016 financial year the Board tasked the Remuneration Committee with reviewing the remuneration of the Managing Director and the design and implementation of short and long term incentives for all executives (**Incentive Review**). To that end the Remuneration Committee approved and engaged Godfrey Remuneration Group Pty Ltd (**GRG**) to provide independent advice to the Remuneration Committee on these aspects of Key Management Personnel remuneration. Following the receipt of GRG's advice, the Committee considered Red 5's circumstances and worked with the consultant to design and implement new incentive plans.

Explanatory Memorandum

Based on these recommendations, the Red 5 Limited Rights Plan (**Rights Plan**) was approved by the directors on 16 August 2017, to replace the previous rights plan approved at the 2014 annual general meeting (**2014 Rights Plan**) going forward. Under the 2014 Rights Plan, 12,000,000 Rights were issued to Mark Williams, of which 6,000,000 remain on issue.

The Rights Plan is designed to assist in the recruitment and retention of key personnel of the Company or any of its subsidiaries (**Eligible Participants**). The Rights Plan is being put forward to Shareholders for approval but no performance rights have been issued under the Rights Plan as at the date of this Notice, though Resolution 6 is seeking to obtain approval for the first issue.

ASX Listing Rule 7.1 prohibits a listed company from issuing equity securities representing more than 15% of its issued capital in any 12 month period without obtaining shareholder approval (subject to certain exceptions). ASX Listing Rule 7.2 (Exception 9) provides that securities issued under an employee incentive scheme are excluded from this restriction, provided that, within 3 years before the date of issue, issues of securities under the scheme have been approved by shareholders in general meeting.

If Resolution 5 is passed, the Company will be able to issue equity securities under the Rights Plan without affecting the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 month period.

It should be noted that non-executive Directors of the Company are not eligible to participate in the Rights Plan.

The objective of the Rights Plan is to attract, motivate and retain Eligible Participants by providing performance related incentives and rewards. The Rights Plan will also:

- (a) ensure that senior executives have commonly shared goals related to producing relatively high returns for Shareholders;
- (b) assist senior executives to become Shareholders;
- (c) provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful; and
- (d) help retain employees, thereby minimising turnover and stabilising the workforce.

The Directors consider this to be a cost effective and efficient means of providing targeted incentives and rewarding Eligible Participants and expects it to result in future benefits to both the Company and Eligible Participants.

The Company has previously established an Employee Share Option Plan (most recently approved by shareholders at the annual general meeting held on 22 November 2013) and the 2014 Rights Plan which may operate in conjunction with the Rights Plan, however, the Company does not presently intend to issue new equity under those plans.

A summary of the terms and conditions of the Rights Plan are set out below. A copy of the full terms and conditions of the Rights Plan is available on request.

6.2 Summary of Rights Plan

The material terms of the Rights Plan are summarised as follows:

- (a) **Offer of rights:** The Board is responsible for administering and managing the Rights Plan. When an Eligible Participant satisfies specified criteria imposed by the Board (including performance criteria and specified periods of tenure) the Board may make a written offer (**Offer**) of Performance Rights to an Eligible Participant. The Offer will specify the number of Performance Rights offered (as determined by the Board) and the conditions that must be met by the Eligible Participant during the measurement period (**Measurement Period**) before the Performance Rights will vest.
- (b) **Vesting conditions:** The Performance Rights will vest upon:
 - (1) the vesting conditions imposed by the Board having been satisfied. These will typically be linked to service of the Eligible Participant (ie. continued employment), performance of the Company or the Eligible Participant, or any combination;

Explanatory Memorandum

- (2) the Board determining that some or all of the Performance Rights vest earlier than the Measurement Period;
 - (3) if the Performance Rights do not vest within the Measurement Period, then retesting (being the re-application of the vesting conditions) may occur a year after the initial Measurement Period, provided the Offer contemplates retesting;
 - (4) in the event of a change of control or major return of capital to shareholders, Performance Rights will vest in the proportion that the Company's share price has grown relative to the share price at the start of the Measurement Period or otherwise in the proportion determined at the discretion of the Board.
- (c) **Vesting percentage:** The Board has the discretion to increase or decrease, including to nil, the vesting percentage of the Performance Rights, taking into account factors such as the Company's performance from the shareholders perspective.
- (d) **No consideration:** An Eligible Participant will not be required to make any payment in return for a grant of Performance Rights nor for the issue of shares upon the vesting of Performance Rights (unless otherwise determined by the Board).
- (e) **Lapse of Performance Rights:** Performance Rights will lapse on the earlier of:
- (1) the performance conditions attaching to the Performance Right not being satisfied within the nominated prescribed period;
 - (2) a purported transfer of the Performance Rights (other than a permitted transfer);
 - (3) a determination by the Board, acting reasonably, that the Eligible Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company;
 - (4) the Eligible Participant ceasing to be an Eligible Participant, other than by reason of retirement, permanent disability, redundancy or death (**Special Circumstances**); or
 - (5) a determination by the Board;
 - (6) any other circumstances specified by the Board in the Offer.
- (f) **Exercise of Performance Rights:** When Performance Rights vest they shall automatically be exercised. Upon exercise of a Performance Right, the Board will determine in its absolute discretion whether to deliver the value of the Performance Rights in shares, cash payment or a combination.
- (g) **Issue of shares:** Any Performance Rights determined to be satisfied in shares, the Board will determine in its discretion to either issue as new shares (subject to any necessary shareholder or regulatory approvals) or arrange for shares to be acquired on-market for the Eligible Participant.
- (h) **Transfer of Performance Rights:** Performance Rights are not transferable except by operation of law on the death or legal incapacity of the Eligible Participant to the legal personal representative of the holder.
- (i) **Reorganisation of capital:** If the Company reorganises its capital, Performance Rights on issue will be reorganised in accordance with the ASX Listing Rules, such that the holder of a Performance Right does not receive a benefit that holders of ordinary shares do not receive.
- (j) **Early vesting:** In the event of a takeover bid, a compromise or arrangement, the reconstruction of the Company, its amalgamation with any other company or cessation of employment by Special Circumstances, the Board may in its absolute discretion determine that the performance conditions attaching to the Performance Rights have been satisfied on a pro-rata basis over the Measurement Period from the grant date and therefore a proportion (as determined by the Board) of the Performance Rights may vest. Upon the cessation of employment of the Eligible Participant pursuant to Special Circumstances, the Board may determine that the Performance Rights do not lapse upon termination of employment and will vest upon satisfaction of the relevant conditions at the end of the Measurement Period, as if the Eligible Participant had remained employed. Further, subject to (e) above and Division 2 of Part 2D.2 of the Corporations Act, the Board retains the discretion to trigger or accelerate payment or vesting of the Performance Rights upon termination of employment of the Eligible Participant.

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- (k) **No other rights:** A Performance Right gives the holder no rights other than as expressly provided in the Rights Plan and those provided at law where such rights cannot be excluded. Holders of Performance Rights will not be entitled as a result of holding Performance Rights to continued employment of the Company.

6.3 Directors recommendation

Non-executive Directors are excluded from participating in the Rights Plan. Each of the non-executive Directors believes that the approval of the Red 5 Limited Rights Plan is in the best interests of Shareholders as a whole. The non-executive Directors recommend that you vote in favour of Resolution 5 and each of the non-executive Directors intends to, the extent not excluded, to vote any Shares they own in favour of Resolution 5.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 5.

7. Resolution 6 – Approval to issue Performance Rights to Mark Williams

7.1 Background

Mr Mark Williams was appointed as Managing Director of the Company on 15 April 2014. Mr Williams is a mining engineer with over 20 years' experience in mining operations. He was previously General Manager of the Tampakan copper-gold project based in the Philippines. Mr Williams has previously worked in a diverse range of open cut, underground, quarrying and civil engineering environments in both developed and emerging countries.

In accordance with the terms of his employment agreement, as varied, Mr Williams is entitled to participate in the Company's Rights Plan. The Board proposes to issue 5,616,400 Performance Rights to Mr Williams (or his nominee) subject to the approval of shareholders. In addition, the Company notes that Mr Williams may be entitled to earn rights pursuant to the Company's short term incentive plan for the 2017 financial year (deferred STI). Once a determination is made as to Mr Williams entitlement or otherwise to any additional rights, the Company will if required seek shareholder approval (which if required, would occur at the 2017 annual general meeting). Such rights would be issued in accordance with the Company's short term incentive plan as disclosed previously including in the annual general meeting notice for 2016.

7.2 Key Terms of Performance Rights

Each Performance Right will entitle the holder to one ordinary fully paid share (provided the Directors have not otherwise determined to satisfy the Performance Right in cash) upon satisfaction of certain vesting conditions.

The Performance Rights will vest on the following basis, noting that the grant represents the maximum/stretch opportunity, and that the expectations for Target performance are that only 50% of the Performance Rights will vest in relation to those metrics that are scaled (binary/milestone conditions only have Target outcomes, and no Threshold or Stretch levels):

- (a) 50% of the Target level of Performance Rights (53% of the maximum/stretch grant or 2,956,000 Performance Rights) will be tested for vesting based on assessment of the achievement of the Company's Total Shareholder Return (TSR) relative to the TSR of S&P/ASX All Ordinaries Gold Index percentile ranking over the Measurement Period as set out in the following table:

Company's TSR performance relative to TSR performance of TSR of S&P/ASX All Ordinaries Gold Index during the relevant Measurement Period	Portion of Performance Rights that vest
Threshold: Company's TSR is less than or equal to the TSR of S&P/ASX All Ordinaries Gold Index	Nil
Company's TSR is greater than the TSR of S&P/ASX All Ordinaries Gold Index but less than the TSR of S&P/ASX All Ordinaries Gold Index plus 10% TSR CAGR of TSR of S&P/ASX All Ordinaries Gold Index	Pro-rata
Target: Company's TSR is the TSR of S&P/ASX All Ordinaries Gold Index plus 10% TSR CAGR of the S&P/ASX All Ordinaries Gold Index	50%

Explanatory Memorandum

Company's TSR performance relative to TSR performance of TSR of S&P/ASX All Ordinaries Gold Index during the relevant Measurement Period	Portion of Performance Rights that vest
Company's TSR is greater than the TSR of S&P/ASX All Ordinaries Gold Index plus 10% TSR CAGR of S&P/ASX All Ordinaries Gold Index but less than the TSR of S&P/ASX All Ordinaries Gold Index plus 20% TSR CAGR of S&P/ASX All Ordinaries Gold Index	Pro-rata
Stretch: Company's TSR is greater than the TSR of S&P/ASX All Ordinaries Gold Index plus 20% TSR CAGR of the S&P/ASX All Ordinaries Gold Index	100%

- (b) 20% of the Target level of award of Performance Rights (21% of the maximum/stretch grant or 1,182,400 Performance Rights) will be tested for vesting based on growth in the Company's Ore Reserves, in accordance with the following vesting scale:

Total Growth in the Company's Ore Reserves over the Measurement Period (3 years)	Portion of Performance Rights that vest
<15%	Nil
Threshold: 15%	25%
Target: 20%	50%
Stretch: 35%	100%
Outcomes between specified performance and award levels	Pro-rata

Notes:

1. The binary conditions do not have a stretch outcome and will either vest or not vest without being subject to scaling.

- (c) 20% of the Target level of award of Performance Rights (21% of the maximum/stretch grant or 1,182,400 Performance Rights) will be tested for vesting at the end of the Measurement Period against the following vesting scale relating to budgeted operating costs in respect of all three of the financial years within the Measurement Period (averaged):

Company's Operating Costs as % Budgeted Operating Costs (averaged over 3 years)	Portion of Performance Rights that vest
>95%	Nil
Threshold: 95%	25%
Target: 90%	50%
Stretch: 80%	100%
Outcomes between specified performance and award levels	Pro-rata

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- (d) 10% of the Target level of award of Performance Rights (5% of the maximum/stretch grant or 295,600 Performance Rights) will be tested for vesting against safety compliance conditions as set out in the following table:

Performance measure	Hurdles
Safety Compliance	<ul style="list-style-type: none"> • No fatalities • Implement and manage a Company-wide safety management system • Year on year improvement in safety performance

Notes:

1. The binary conditions do not have a stretch outcome and will either vest or not vest without being subject to scaling.
2. All of the outcomes in this category must be achieved in order for any Performance Rights to vest and no partial vesting will occur for partial achievement of the sub-conditions.

- (e) in addition, vesting of the Performance Rights is also conditional on the following gates being exceeded:
- (1) a positive TSR for the Measurement Period; and
 - (2) 80% of budgeted gold production by 30 June 2018.

An unvested Performance Right will automatically lapse upon the earlier of:

- (a) the elapsing of any opportunities for the Performance Rights to vest, noting that Performance Rights lapse automatically if they fail to vest and no retesting opportunities apply;
- (a) a determination by the Board, acting reasonably, that Mr Williams has committed an act of fraud, defalcation or gross misconduct in relation to the Company;
- (b) Mr Williams ceasing to be an employee for any reason other than retirement, permanent disability or death; or
- (c) the occurrence of any other event as set out in the Rights Plan.

The Performance Rights are otherwise to be granted on the terms of the Rights Plan as summarised in the Explanatory Memorandum in relation to Resolution 5.

The Performance Rights will not be transferable until after they are exercised, except to a legal personal representative of Mr Williams in the event of his death or permanent disability.

The Company will issue Shares to Mr Williams (or his nominee) as soon as practicable after the vesting of Performance Rights. The Shares allotted will be of the same class and will rank equally with all other issued Shares in the Company at the date of issue, but may remain subject to disposal restrictions in accordance with the Company's trading policy and the terms of the Offer. The Company will apply for listing of the new Shares on ASX within the period required by the ASX Listing Rules.

If the Company reorganises its capital, Performance Rights on issue will also be reorganised in accordance with the ASX Listing Rules, such that Mr Williams does not receive a benefit that holders of ordinary shares do not receive.

There are no participating rights or entitlements inherent in the Performance Rights and Mr Williams will not be entitled as a result of holding Performance Rights to vote at meetings of shareholders, receive dividends or participate in surplus profits or assets of the Company upon a winding up.

7.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 states that a listed company must not permit a director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution. Mr Williams is a director of the Company. Accordingly, Shareholder approval is being sought under ASX Listing Rule 10.14 for the issue of Performance Rights to Mr Williams.

Explanatory Memorandum

The following information is provided to shareholders for the purposes of Listing Rule 10.15A:

- (a) the Performance Rights will be issued to Mr Mark Williams (or his nominee), a Director of the Company;
- (b) the maximum number of Performance Rights to be issued is 5,025,200 and the maximum number of Shares to be issued upon vesting of the Performance Rights is 5,025,200;
- (c) the Performance Rights will be granted for nil consideration and the Shares to be issued upon vesting of the Performance Rights will be issued for nil consideration. Accordingly, no loan has been or will be given to Mr Williams in relation to the grant of Performance Rights under the Rights Plan and no funds will be raised from the issue or vesting of the Performance Rights;
- (d) no one has been issued any Performance Rights under the Rights Plan since it was adopted by the Directors on 16 August 2017, and subject to the passing of Resolution 5, approved by shareholders on the date of the Meeting;
- (e) Mr Williams is the only executive Director of the Company and as at the date of this Notice is the only Director eligible to participate in the Rights Plan; however, in accordance with the definition of Eligible Participant in the Rights Plan, it is possible that in the future the Board may determine that any of the other executive Directors may become eligible to participate in the Rights Plan;
- (f) details of any Performance Rights issued under the Rights Plan will be published in each annual report of the Company relating to a period in which Performance Rights have been issued and that approval for the issue of Performance Rights was obtained, if required, under ASX Listing Rule 10.14. Any additional personnel who become entitled to participate in the Rights Plan will not participate until shareholder approval is obtained, if required, under ASX Listing Rule 10.14;
- (g) the Performance Rights are anticipated to be issued within one month of the Meeting but will be issued no later than 3 years after the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules); and
- (h) a voting exclusion statement is included in the Notice of Meeting.

ASX Listing Rule 7.1

If Shareholders approve Resolution 6 pursuant to ASX Listing Rule 10.14, then approval is not required for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolution 6 is approved and the 5,025,200 Performance Rights are issued, these will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Corporations Act – Chapter 2E

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company (which includes a director) unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) shareholder approval is obtained to the giving of the financial benefit.

The proposed issue of Shares by the Company to Mr Williams via an employee share trust in settlement of any vested Performance Rights constitutes the giving of a financial benefit to a Related Party of the Company.

However, the directors (other than Mr Williams) have determined that the proposed issue of Performance Rights constitutes reasonable remuneration given the circumstances of the Company and the position held by Mr Williams. Accordingly, the proposed issue of Performance Rights to Mr Williams falls within the "reasonable remuneration" exception set out in Section 211 of the Corporations Act so that shareholder approval is not required for the purposes of Chapter 2E of the Corporations Act.

Corporations Act – Sections 200B and 200E

The Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Explanatory Memorandum

Under Sections 200B and 200E of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the terms of Mr Williams’ long term incentive entitlements, including the discretion to determine the accelerated vesting or automatic vesting of Performance Rights in certain circumstances (as summarised in the Explanatory Memorandum in relation to Resolution 5).

Under the terms of the Rights Plan, the Board may exercise its discretion to accelerate vesting if deemed appropriate, including in connection with a termination. However, there is no trigger to vest Rights upon cessation of employment and it should be noted that any vesting triggered by a change in control event is not a termination benefit. Accordingly, the default termination benefit limit is intended to apply.

7.4 Directors recommendation

Each of the Directors (excluding Mark Williams) believes that the approval in relation to the issue of the Performance Rights to Mark Williams is in the best interests of Shareholders as a whole. The Directors (excluding Mark Williams) recommend that you vote in favour of Resolution 6 and each of the Directors (excluding Mark Williams) intends to, the extent not excluded, vote any Shares they own in favour of Resolution 6.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 6.

8 Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

ASX means the ASX Limited.

CAGR means compound annual growth rate.

Company means Red 5 Limited ABN 73 068 647 610 (ASX: RED).

Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Darlot means Darlot Mining Company Pty Ltd ACN 165 234 300.

Darlot Holding means Darlot Holding Company Pty Ltd ACN 165 234 300, the vendor of the shares in Darlot.

Darlot Share Acquisition Agreement means the agreement between the Company, Darlot Holding, Gold Fields Australia Pty Ltd and SIGMC for the Company to acquire all of the ordinary shares of Darlot in consideration for the payment of \$7 million and issue of the Darlot Consideration Shares at completion, and the deferred payment of \$5 million in cash or shares.

Darlot Consideration Shares means the 130,000,000 Shares to be issued to Darlot pursuant to the Darlot Share Acquisition Agreement.

Directors or **Board** means the board of directors of the Company as at the date of the Notice of Meeting.

Explanatory Memorandum means the Explanatory Memorandum accompanying this Notice.

Key Management Personnel means all executives and directors (including non-executive directors) having responsibility and authority for planning, directing and controlling the activities of the Company, whether directly or indirectly.

KOTH Tenement Acquisition Agreement means the acquisition agreement to purchase the KOTH tenements between the Company and Saracen.

Listing Rules means the official listing rules of the ASX as amended from time to time;

Meeting means the General Meeting to be held as convened by the accompanying Notice of Meeting;

Explanatory Memorandum

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

Offer or Rights Issue means the capital raising by way of pro rata entitlements offer to raise approximately \$12,741,000 pursuant to the issue of the Offer Shares.

Offer Shares or Rights Issue shares means the fully paid ordinary shares in the Company issued pursuant to the Offer.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

Resolutions means the resolutions set out in the Notice of Meeting.

Rights Plan means the Red 5 Limited Rights Plan approved by Directors in 2017, and the subject of Resolution 5.

Saracen means Saracen Mineral Holdings Pty Ltd ACN 009 215 347.

Saracen Consideration Shares means the 90,000,000 Shares to be issued to Saracen pursuant to the KOTH Tenement Acquisition Agreement.

Securities means the Options, Rights and Shares previously issued.

Shares means fully paid ordinary shares in the Company from time to time.

Shareholder means a shareholder of the Company.

SIGMC means St Ives Gold Mining Company Pty Limited ACN 098 386 273, a related body corporate of Darlot Holding and Darlot Holding's nominee to be issued with and subscribe for (as the case may be) Shares in connection with the Darlot Share Acquisition Agreement as further described in this Explanatory Memorandum.

TSR means the increase in the price of Shares on the ASX over the Measurement Period, being the percentage change between the 30 trading day volume weighted average price of Shares immediately prior to expiry of the Measurement Period, plus any reinvested dividends, and the 30 trading day volume weighted average price of Shares prior to the date of commencement of the Measurement Period.

+

RED 5 LIMITED

ACN: 068 647 610

REGISTERED OFFICE:

LEVEL 2
35 VENTNOR AVENUE
WEST PERTH WA 6005

+

«EFT_REFERENCE_NUMBER»



«Post_zone»
«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52

Collins Street West VIC 8007

Suite 913, Exchange Tower

530 Little Collins Street

Melbourne VIC 3000

T: 1300 992 916 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

Code:

RED

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

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ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am (Perth Time) on Wednesday 20 September 2017 at The Celtic Club, 48 Ord Street, West Perth, Western Australia and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

1. Ratification or Approval to Issue of Saracen Consideration Shares
2. Approval to issue Darlot Consideration Shares
3. Approval to issue Saracen Top up Shares
4. Approval to issue Darlot Top up Shares
5. Approval of Rights Plan
6. Approval to issue Performance Rights to Mark Williams

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am (Perth time) on Monday 18 September 2017.

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My/Our contact details in case of enquiries are:

Name:

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Number:

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)

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 Australia 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 Australia Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 52 Collins Street West VIC 8007
Street Address	Suite 913, Exchange Tower 530 Little Collins Street Melbourne VIC 3000
Telephone	1300 992 916
Facsimile	+61 8 9315 2233
Email	registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia 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 Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

