

RED 5 LIMITED

ABN 73 068 647 610



NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

28 November 2007 at 11.30 a.m.

Place of meeting

Celtic Club
48 Ord Street
West Perth, Western Australia

RED 5 LIMITED

ABN 73 068 647 610

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 Wednesday, 28 November 2007 at 11.30 a.m.

AGENDA

ORDINARY BUSINESS

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 2007.

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

1. Re-election of Gary Scanlan as a director

"That Mr Gary Scanlan, having been appointed as a director of the Company on 23 November 2006 and being eligible for re-election in accordance with Clause 7.3(f) of the Constitution, be re-elected as a director of the Company."

2. Re-election of Colin Jackson as a director

"That Mr Colin Jackson, being a director of the Company, retires by rotation in accordance with Clause 7.3(a) 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 a non-binding resolution.

3. Remuneration report

"That for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report."

SPECIAL BUSINESS

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

4. Change of expiry date of options

"That, for the purposes of ASX Listing Rule 6.23.3 and for all other purposes, approval is given to amend the terms of the 12,500,000 unquoted options issued to Societe Generale Australia Branch, exercisable at 17 cents each on or before 30 June 2008, so as to extend the period for exercise of the options to 30 June 2009."

The Company will disregard any votes cast on this resolution by Societe Generale Australia Branch and any of its associates.

5. Ratification of share issue

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the placement made by the Company of 18,000,000 ordinary fully paid shares at an issue price of 6.6 cents each to clients of Southern Cross Equities Limited, further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by any shareholder who participated in the share placement and any of their associates.

6. Authority for issue of options pursuant to Employee Option Plan

“That for the purposes of ASX Listing Rule 7.2 and for all other purposes, shareholders approve as an exception to the 15% limit in ASX Listing Rule 7.1, any issue of options made within the next three years pursuant to the Red 5 Employee Option Plan (as amended from time to time), further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by the directors of the Company and any of their associates.

By order of the Board

Frank Campagna
Company Secretary

Perth, Western Australia
19 October 2007

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.

PROXIES

A member of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote for the member at the meeting. A proxy need not be a member of the Company.

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

In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those entitled to attend and vote at the meeting is to be taken as those persons who held shares in the Company as at 5.00 p.m. on 26 November 2007.

RED 5 LIMITED

ABN 73 068 647 610

EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared for the information of shareholders of Red 5 Limited in connection with the business to be considered at the forthcoming 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 2007 (including the financial statements, directors' report and auditors' report) was included in the 2007 annual report of the Company, which was distributed to shareholders along with this notice of meeting.

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 GARY SCANLAN AS A DIRECTOR

Mr Gary Scanlan was appointed as an independent non-executive director of the Company since the last annual general meeting. In accordance with Clause 7.3(f) 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 Scanlan 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 Scanlan has over 20 years experience in the mining industry preceded by 10 years experience with PricewaterhouseCoopers. His previous roles include Executive General Manager – Finance for Newcrest Mining Limited. Mr Scanlan is currently Managing Director of Castlemaine Goldfields Limited, a gold exploration company based in Victoria.

RESOLUTION 2 – RE-ELECTION OF COLIN JACKSON AS A DIRECTOR

The Constitution requires that one third of the directors in office (other than a Managing Director) must retire by rotation at each annual general meeting of the Company.

Mr Colin Jackson 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 Jackson graduated as a mineral process design engineer and spent 10 years with Selection Trust Limited and RGC Group, followed by a 12 year finance career with McIntosh Securities Limited and 10 years corporate/communications responsibility with Newcrest Mining and Normandy Mining.

RESOLUTION 3 – REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report section of the Company's 2007 annual report. The Remuneration Report describes the underlying policies and structure of the remuneration arrangements 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 the Company. However, shareholders should note that the vote on Resolution 3 is not binding on the Company or the directors.

RESOLUTION 4 – CHANGE OF EXPIRY DATE OF OPTIONS

Resolution 4 seeks the approval of shareholders for an amendment to the expiry date of 12,500,000 unlisted options held by Societe Generale Australia Branch (Societe Generale), exercisable at 17 cents each on or before 30 June 2008, so as to extend the period for exercise of the options to 30 June 2009.

In September 2006, Red 5 agreed the terms of a finance facility of \$2 million to be provided by Societe Generale. Under the terms of the facility, Red 5 agreed to grant 12,500,000 options to Societe Generale as part consideration for the provision of the finance facility to the Company.

The issue of these options was approved by shareholders at the annual general meeting held on 23 November 2006. The explanatory memorandum to the notice of meeting set out that the options were exercisable at 17 cents each on or before 30 June 2008.

Subsequently, an error was detected in the formal loan documentation, which was inconsistent with the original terms sheet for the facility agreed to between Red 5 and Societe Generale. The original terms sheet documenting the principal terms and conditions of the loan facility provided that the options were exercisable on or before 30 June 2009 and that the maturity date of the facility was 31 December 2009.

When the terms sheet was formalised into loan documentation (Agreement), an inadvertent drafting error resulted in the expiry date of the options being stated as 30 June 2008 and the maturity dated of the facility as 31 December 2008. The errors in the Agreement were not identified until subsequent to the issue of the options to Societe Generale. The Company and Societe Generale now wish to correct the errors in the Agreement and revert to the original intent of both parties, as set out in the original terms sheet. In this regard, Societe Generale has formally agreed to amend the maturity date of the facility to 31 December 2009 and the Company has undertaken to seek shareholder approval to amend the expiry date of the options.

ASX Listing Rule 6.23.3 provides that a change which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise cannot be made. ASX has granted a waiver from Listing Rule 6.23.3 to the Company, to the extent necessary to permit the Company to seek shareholder approval to amend the exercise period of the options from 30 June 2008 to 30 June 2009.

RESOLUTION 5 – RATIFICATION OF SHARE ISSUE

In August 2007, Red 5 made a placement of 18,000,000 ordinary fully paid shares to clients of Southern Cross Equities Limited, at a subscription price of 6.6 cents each, to raise \$1,188,000 in working capital for the Company and to progress an in-fill deep drilling programme at the Siana project.

ASX Listing Rule 7.1 prohibits a listed company from issuing shares representing more than 15% of its issued capital in any 12 month period without obtaining shareholder approval (subject to certain exceptions).

Under ASX Listing Rule 7.4, a company can seek ratification of issues that have been made within the 12 month period. The effect of such ratification is that the issue of shares is then deemed to have been made as if shareholder approval had been obtained, thus not counting towards the 15% limit.

Resolution 5 seeks the ratification by shareholders of the issue of the 18,000,000 shares to clients of Southern Cross Equities Limited. If the resolution is approved then those shares will be deemed to have been issued pursuant to shareholder approval thus they will not be counted in the 15% capacity.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued was 18,000,000 fully paid shares.
- (b) the issue price of the securities was 6.6 cents per share.

- (c) the shares were allotted and credited as fully paid and rank equally with the existing shares on issue.
- (d) the shares were allotted and issued to clients of Southern Cross Equities Limited.
- (e) the funds raised are to be used for an in-fill deep drilling programme at the Siana project and for general working capital.

The Board believes that ratification of this share issue is beneficial to the Company. The Board recommends shareholders vote in favour of Resolution 5 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 month period.

RESOLUTION 6 – AUTHORITY FOR ISSUE OF OPTIONS PURSUANT TO EMPLOYEE OPTION PLAN

The Company proposes to establish a new Red 5 Employee Option Plan (Plan), to assist in the recruitment and retention of key personnel for the planned development of the Siana gold project.

ASX Listing Rule 7.1 prohibits a company from issuing new securities representing more than 15% of its issued share capital during the following 12 month period without shareholder approval. ASX Listing Rule 7.2 provides that options 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.

Resolution 6 seeks the approval of shareholders for the potential issue of options under the Plan for 3 years after the 2007 annual general meeting, without those options being subject to the 15% restriction contained in ASX Listing Rule 7.1. The Plan will be known as the Red 5 Employee Option Plan.

There is no longer any requirement under the ASX Listing Rules for shareholders to approve the establishment or operation of an employee incentive scheme. Accordingly, if Resolution 6 is not passed, the Board will proceed with introducing the Plan, however any options issued under the Plan will count towards the 15% restriction.

A previous employee option scheme was approved by shareholders in November 2004, however, no options were ever issued under that scheme. As at the date of this notice, no options have been issued under the proposed new Plan.

It should be noted that directors of the Company will not participate in the new Plan, without first obtaining specific shareholder approval.

Summary of key features

The key features of the Plan are as follows:

- options may be issued under the Plan to employees, directors or consultants (together called "Employees") of the Company (or any associated companies) as nominated by directors;
- the options will be issued for no consideration and are not transferable;
- the options will be issued at an exercise price of not less than 80% of the market price of the Company's shares on ASX;
- the expiry date of the options will be determined by the directors at the time of issue of the options;
- the directors may elect to issue the options with vesting conditions whereby the options will vest to the Employee progressively over a period of time;
- options that have not vested may be exercised in the event of a takeover offer or a change of control of the Company;

- the maximum number of options on issue under the Plan cannot be more than 5% of the number of shares on issue in the Company from time to time, subject to certain exceptions;
- the Company will not apply for official quotation of the options; and
- all shares issued upon exercise of the options will rank pari passu with existing shares on issue.

A full copy the terms and conditions of the Plan is available upon request.

Purpose of the Plan

The primary purposes of the Plan are to assist in attracting and retaining key personnel required for the planned development of the Siana project.

Options issued under the Plan are expected to increase the motivation of Employees of the Company, promote the retention of Employees, align Employee interests with those of the Company and its shareholders and to reward Employees who contribute to the growth of the Company.

The future success of the Company is in part dependent on the skills and commitment of the Company's Employees. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The directors consider that the introduction of the Plan will provide Employees with an opportunity and an incentive to participate in the future growth of the Company.

GLOSSARY OF TERMS

“ASIC” means Australian Securities and Investments Commission;

“ASX” means ASX Limited;

“ASX Listing Rules” means the official listing rules of ASX;

“Board” means the board of directors of the Company;

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

“Constitution” means the constitution of the Company as amended from time to time;

“Corporations Act” means the Corporations Act 2001 (Commonwealth);

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

“Plan” means the Red 5 Employee Option Plan.

RED 5 LIMITED

ABN 73 068 647 610

PROXY FORM

Company Secretary
Red 5 Limited
Level 2
35 Ventnor Avenue
West Perth Western Australia 6005

FACSIMILE: (08) 9481 5950

I/We _____

being a member of Red 5 Limited,

holding _____ shares in the capital of the Company,

hereby appoint _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the annual general meeting of the Company to be held on 28 November 2007 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof. If no voting directions are given, the Chairman will vote in favour of each resolution.

Instructions on voting

		FOR	AGAINST	ABSTAIN
Resolution 1	Re-election of Gary Scanlan as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Colin Jackson as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Change of expiry date of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Authority to issue options under Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

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

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast by him/her other than as proxy holder will be disregarded because of that interest.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

Dated this _____ day of _____ 2007

Individuals and joint holders to sign:

Companies to sign (affix common seal if applicable):

Usual signature

Director, or sole director and sole secretary
(please delete as applicable)

Usual signature

Director or Company Secretary

VOTING BY PROXY

1. A member of the Company entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a member) to attend and vote on his/her behalf.
2. If the member is entitled to cast two or more votes at the meeting, they may appoint two proxies. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
3. The proxy form must be received at the Company's registered office at Level 2, 35 Ventnor Avenue, West Perth, Western Australia, 6005, or by facsimile on (08) 9481 5950 and in both cases, not less than 48 hours before the time of the holding of the meeting.
4. In the case of joint holders of a share in the Company the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, must be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the register.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney, duly authorised in writing or, if the appointor is a corporation, under seal. A copy of the power of attorney must be lodged for any proxy appointed under a power of attorney.
6. A proxy for a corporation must be appointed under the common seal of the corporation or signed in accordance with the requirements of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary, that director.

For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

7. If no voting instructions are marked on the proxy form then the proxy may vote as he/she thinks fit or may abstain from voting.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on a poll and the shares the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned and the nominated proxy does not attend the meeting, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the meeting which do not contain a direction how to vote will be used to support each of the resolutions proposed in the notice of meeting.