



15 October 2021

Dear Shareholder

**Notice of Annual General Meeting and Proxy Form**

The Board of Red 5 Limited (**Company**) is pleased to invite you to attend the Annual General Meeting of shareholders of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia 6005 on Wednesday, 24 November 2021 at 10.00 am (AWST).

In accordance with recent modifications to the Corporations Act, we advise that the Company will not be sending printed copies of the Notice of Annual General Meeting and accompanying Explanatory Memorandum (**Notice of Meeting**) to shareholders.

Instead, shareholders can access a copy of the Notice of Meeting, which sets out the agenda and resolutions being put to the meeting, as well as important voting information and an explanatory memorandum, at <https://www.red5limited.com/site/investor-centre/annual-general-meetings> or from the ASX web-site at [www.asx.com.au](http://www.asx.com.au). You can also access a copy of the Company's 2021 annual report at the above Red 5 web-site address or at the ASX web-site.

Enclosed for your convenience is a copy of your personalised Proxy Form for the meeting.

If shareholders do not intend to attend the meeting in person, they will be able to participate by voting prior to the meeting by lodging the Proxy Form by no later than 10.00 am (AWST) on 22 November 2021, as per the instructions on the Proxy Form.

Whilst the Company intends to proceed with a physical meeting as proposed, depending on the status of the evolving COVID-19 situation and any Government restrictions on public gatherings in place at the time of the meeting, the directors may instead be required to make a decision prior to the meeting that shareholders will not be able to attend the meeting in person. If it becomes necessary or appropriate to make alternative arrangements to those set out in the Notice of Meeting, the Company will notify shareholders accordingly via the Company's web-site and the ASX Market Announcements Platform.

Accordingly, the directors strongly encourage all shareholders to lodge their directed proxy votes prior to the meeting and appoint the Chair as their proxy. All voting at the meeting will be conducted by poll.

Your sincerely  
On behalf of the Board of Red 5 Limited

  
**Frank Campagna**  
Company Secretary  
Red 5 Limited

# RED 5 LIMITED

ABN 73 068 647 610



## NOTICE OF ANNUAL GENERAL MEETING

### EXPLANATORY MEMORANDUM

### PROXY FORM

**Date and time of meeting**

24 November 2021 at 10.00 a.m.

**Place of meeting**

Celtic Club  
48 Ord Street  
West Perth, Western Australia

## RED 5 LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

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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, 24 November 2021 at 10.00 a.m.

#### AGENDA

##### ORDINARY BUSINESS

##### Financial statements and reports

To receive and consider the annual financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2021.

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

**1. Election of Andrea Sutton as a director**

“That Ms Andrea Sutton, having been appointed as a director of the Company on 18 November 2020 and being eligible for election in accordance with Clause 7.1(i) of the Constitution, is hereby elected as a director of the Company.”

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

“That Mr Ian Macpherson, being a director of the Company, who retires by rotation in accordance with Clause 7.1(d) of the Constitution and ASX Listing Rule 14.4 and being eligible for re-election, is hereby re-elected as a director of the Company.”

**3. Re-election of Steven Tombs as a director**

“That Mr Steven Tombs, being a director of the Company, who retires by rotation in accordance with Clause 7.1(d) of the Constitution and ASX Listing Rule 14.4 and being eligible for re-election, is hereby re-elected as a director of the Company.”

**4. Remuneration of non-executive directors**

“That for the purposes of Clause 7.3(a) of the Constitution, ASX Listing Rule 10.17 and for all other purposes, the maximum aggregate remuneration payable to non-executive directors be increased from \$650,000 per annum to \$850,000 per annum, to be payable in accordance with the terms and conditions set out in the explanatory memorandum.”

**Voting exclusion statement:** *The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a director of the entity, and any associates of those persons. However, this does not apply to a vote cast in favour of Resolution 4 by:*

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

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

## 5. Remuneration report

“That for the purposes of section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report as contained in the annual financial report of the Company for the year ended 30 June 2021.”

**Voting prohibition statement:** *In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 5 by or on behalf of either a member of Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of a member of Key Management Personnel, unless the vote is cast as proxy for a person entitled to vote on Resolution 5, and the voter is:*

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

## SPECIAL BUSINESS

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

## 6. Approval to issue Long Term Incentive Plan Performance Rights to Mark Williams

“That in accordance with ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the issue of 2,266,484 Performance Rights to Mark Williams (or his nominee) under the Long Term Incentive Plan (**LTIP Performance Rights**), in accordance with the Red 5 Rights Plan as amended by the Board from time to time and upon the terms and conditions outlined in the explanatory memorandum accompanying the notice of meeting.”

**Voting exclusion statement:** *The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, and any associates of those persons. However, this does not apply to a vote cast in favour of Resolution 6 by:*

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) *the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - *the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

**Voting prohibition statement:** *A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:*

- (a) *the proxy is either a member of Key Management Personnel or a Closely Related Party of such a member; and*
- (b) *the appointment does not specify the way the proxy is to vote on this Resolution.*

*However, the above prohibition does not apply if the proxy is chair and the appointment expressly authorises the chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

## 7. Approval to issue Project Incentive Opportunity Performance Rights to Mark Williams

“That in accordance with ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the issue of 1,510,989 Performance Rights to Mark Williams (or his nominee) under the Project Incentive Opportunity (**PIO Performance Rights**), in accordance with the Red 5 Rights Plan as amended by the Board from time to time and upon the terms and conditions outlined in the explanatory memorandum accompanying the notice of meeting.”

**Voting exclusion statement:** *The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, and any associates of those persons. However, this does not apply to a vote cast in favour of Resolution 7 by:*

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - the beneficiary provides written confirmation to the holder that they are not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

**Voting prohibition statement:** *A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:*

- (a) the proxy is either a member of Key Management Personnel or a Closely Related Party of such a member; and*
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.*

*However, the above prohibition does not apply if the proxy is chair and the appointment expressly authorises the chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

By order of the Board

**Frank Campagna**  
Company Secretary

Perth, Western Australia  
15 October 2021

***Voting exclusion note***

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

***Proxy appointments***

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

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

***Voting prohibition statement for Key Management Personnel***

Members of Key Management Personnel (which includes the directors) will not be able to vote as proxy on Resolutions 4 to 7 unless you instruct them how to vote or, in the case of the Chairman of the meeting, unless you expressly authorise him to do so.

If you intend to appoint a member of Key Management Personnel (other than the Chairman) as your proxy, you should ensure that you direct the member of Key Management Personnel how to vote on Resolutions 4 to 7.

If you intend to appoint the Chairman of the meeting as your proxy for Resolutions 4 to 7, you can direct the Chairman how to vote by marking one of the voting boxes on the proxy form for Resolutions 4 to 7. If you do not direct the Chairman how to vote, then by submitting the proxy form, you will be expressly authorising the Chairman to exercise the proxy in respect of Resolutions 4 to 7 even though it is connected with the remuneration of members of Key Management Personnel.

***COVID-19 health restrictions***

In the event that restrictions on public gatherings in Western Australia due to the COVID-19 global pandemic are reintroduced and prevent a physical meeting from being held, the annual general meeting may be held as a virtual meeting. Details of any virtual meeting will be notified to shareholders, including information and guidance on how to participate and vote at the meeting.

***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 7.00 p.m. WST on 22 November 2021.

## RED 5 LIMITED

### EXPLANATORY MEMORANDUM

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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 2021 (including the financial statements, directors' report and auditors' report) was included in the 2021 annual report of the Company, a copy of which is available on the Company's web-site at [www.red5limited.com](http://www.red5limited.com).

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

#### **RESOLUTION 1 –ELECTION OF ANDREA SUTTON AS A DIRECTOR**

Ms Andrea Sutton was appointed by the Board as an independent non-executive director of the Company on 18 November 2020, after the last annual general meeting. In accordance with Clause 7.1(c) 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. Pursuant to Clause 7.1(i) of the Constitution, the Company may by resolution at an annual general meeting fill a position vacated by a director under Clause 7.1(c) by electing that person to office.

Ms Sutton therefore retires at the forthcoming annual general meeting in accordance with the Constitution and being eligible, seeks election at the meeting.

Ms Sutton is a qualified chemical engineer and has over 25 years' experience with Rio Tinto and Energy Resources Australia (ERA). Between 2013 and 2017, Ms Sutton was Chief Executive and Managing Director of ERA and then a Non-Executive Director from 2018 to 2020. Ms Sutton has extensive executive and operational leadership roles across Rio Tinto including Head of Health, Environment, Safety and Security, General Manager Operations at the Bengalla Mine and General Manager of Infrastructure - Iron Ore. Ms Sutton is chair of the Risk and Environment Committee and a member of the Health, Safety and Community Committee.

The Board (other than Ms Sutton) recommends that shareholders vote in favour of the election of Ms Sutton as a director of the Company. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 1.

#### **RESOLUTIONS 2 AND 3 – RE-ELECTION OF IAN MACPHERSON AND STEVEN TOMBS AS DIRECTORS**

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

The directors to retire at an annual general meeting are those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

Mr Ian Macpherson and Mr Steven Tombs, being the directors longest in office since their last election, both retire at the annual general meeting in accordance with the Constitution and being eligible, have offered themselves for re-election at the meeting.

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

Mr Tombs was formerly General Manager Operations for the Company before his retirement on 31 July 2018. Mr Tombs was appointed as a non-executive director on 1 August 2018. Mr Tombs is a mining engineer with over 40 years' experience in the mining industry in Australia and overseas. Mr Tombs graduated from Nottingham University in 1976 and was previously Red 5's General Manager at the Darlot gold mine and the Underground Project Manager at the Siana gold mine in the Philippines. Mr Tombs previously held senior management positions at AngloGold Ashanti, Placer Dome and Newcrest in the Eastern Goldfields of Western Australia. Mr Tombs is chair of the Remuneration Committee and a member of the Risk and Environment Committee.

The Board (other than Mr Macpherson and Mr Tombs) recommends that shareholders vote in favour of the re-election of Mr Macpherson and Mr Tombs as directors of the Company. The Chairman of the meeting intends to vote all available proxies in favour of Resolutions 2 and 3.

#### **RESOLUTION 4 – REMUNERATION OF NON-EXECUTIVE DIRECTORS**

ASX Listing Rule 10.17 and Clause 7.3(a) of the Constitution provide that the maximum aggregate amount of remuneration payable to non-executive directors is to be determined by shareholders in general meeting.

Resolution 4 seeks the approval of shareholders to increase the maximum amount of remuneration payable to non-executive directors in each financial year from \$650,000 to \$850,000 in aggregate, being an increase of \$200,000. The current level of fees paid to non-executive directors amounts to a total of \$638,000 per annum, inclusive of statutory superannuation contributions. In accordance with the Constitution of the Company, the Board may determine the proportions in which the remuneration is to be divided between the non-executive directors, up to the maximum amount approved by shareholders.

The proposed new aggregate fixed sum per annum has been determined after assessment of industry benchmarks, consideration as to the number of non-executive directors on the Board and a review of comparable companies listed on the ASX.

The proposed aggregate sum is not intended to be distributed in full. The unused portion will enable the Company to appoint additional high calibre directors in the future, if that is considered desirable in the circumstances and to allow for possible fee increases in the future in line with market conditions or significant changes to the Company's business. Although it is unlikely that the Board would fully utilise the proposed new maximum amount of \$850,000, the increased amount will enable the Board to appoint and remunerate appropriately qualified candidates to the Board as and when required.

If Resolution 4 is passed, the Company will be able to pay non-executive directors an aggregate amount of up to \$850,000 per annum, being an increase of \$200,000 from the current level of \$650,000. If Resolution 4 is not passed, the Company will not be able to increase the maximum aggregate amount of remuneration payable to non-executive directors, and the level of fees paid by the Company to non-executive directors will remain at \$650,000 per annum, which will restrict the ability of the Board to appoint and remunerate appropriately qualified candidates to the Board in the future as and when required.

No securities (including shares) have been issued to non-executive directors in the past three years pursuant to approvals under Listing Rule 10.11 or 10.14.

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

## **RESOLUTION 5 – REMUNERATION REPORT**

The Remuneration Report is contained in the Directors' Report section of the Company's 2021 annual report. The Remuneration Report describes the underlying principles and structure of the remuneration policies of the Company and sets out the remuneration arrangements in place for directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of shareholders of the Company. Shareholders should note that the vote on Resolution 5 is advisory only and is not binding on the Company or the directors. However, the directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the directors must go up for re-election.

The directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 5.

## **RESOLUTION 6 – APPROVAL TO ISSUE LONG TERM INCENTIVE PLAN PERFORMANCE RIGHTS TO MARK WILLIAMS**

### **Background**

In accordance with the terms of the employment agreement for Mark Williams as Managing Director of the Company, Mr Williams is entitled to participate in the Red 5 Limited Rights Plan (**Rights Plan**). The Board proposes to issue 2,266,484 Performance Rights to Mr Williams (or his nominee) under the Long Term Incentive Plan (**LTIP Performance Rights**) in accordance with the Rights Plan and subject to the approval of shareholders. The issue of the LTIP Performance Rights represents the Long Term Incentive (**LTIP**) component of Mr Williams' remuneration for the 2022 financial year in accordance with the Rights Plan.

If Resolution 6 is passed, the Company will be able to proceed with the issue of LTIP Performance Rights to Mark Williams as the long term incentive component of his remuneration package, which is designed to promote sustainable value creation and to build further alignment with shareholders' interests. If Resolution 6 is not passed, the Company will not be able to proceed with the issue of LTIP Performance Rights to Mark Williams as a long term incentive and the Company may need to consider other forms of performance-based remuneration, including by the payment of cash.

### **Key terms of LTIP Performance Rights**

Each LTIP 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 measurement period applicable to each tranche in each offer of LTIP Performance Rights is three years from 1 July 2021 to 30 June 2024 unless otherwise determined by the Board (**Measurement Period**).

The LTIP 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 LTIP 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) 70% of the Target level of LTIP Performance Rights (1,586,539 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:

<b>Company's TSR performance relative to TSR performance of S&amp;P/ASX All Ordinaries Gold Index during the relevant Measurement Period</b>	<b>Portion of Performance Rights that vest</b>
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%
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%

For example, in the event that the Company's TSR is equal to the TSR of S&P/ASX All Ordinaries Gold Index plus 5% TSR CAGR of the S&P/ASX All Ordinaries Gold Index, the number of LTIP Performance Rights that will vest is 396,635 (being 25% of this tranche of the LTIP Performance Rights; the mid-point between the "Threshold" and "Target" levels of vesting).

- (b) 30% of the Target level of award of LTIP Performance Rights (679,945 Performance Rights) will be tested for vesting based on growth in the Company's Ore Reserves (Proved and Probable) during the Measurement Period (excluding 50% of acquired Ore Reserves), in accordance with the following vesting scale:

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

For example, in the event that the total growth in the Company's Ore Reserves over the Measurement Period is 20%, a total of 339,972 LTIP Performance Rights will vest (being 50% of this tranche of the LTIP Performance Rights; the "Target" level of vesting).

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

- (c) As a requirement additional to those outlined at (a) and (b) above, vesting of all LTIP Performance Rights is also conditional on the following gates being exceeded:
- a positive TSR for the Measurement Period; and
  - 90% of budgeted gold production over the Measurement Period.

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

- (a) the elapsing of any opportunities for the LTIP Performance Rights to vest, noting that LTIP Performance Rights lapse automatically if they fail to vest and no retesting opportunities apply;
- (b) 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;
- (c) Mr Williams ceasing to be an employee for any reason other than retirement, permanent disability or death; or
- (d) the occurrence of any other event as set out in the Rights Plan.

The LTIP Performance Rights are otherwise to be granted on the terms of the Rights Plan as approved by shareholders at the 2020 annual general meeting. A summary of the material terms of the Rights Plan is attached to this notice of meeting at Schedule 1.

The LTIP 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 any LTIP 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 quotation of the new Shares on ASX within the period required by the ASX Listing Rules. Alternatively, the Board may elect to acquire shares on-market to deliver to Mr Williams (or his nominee) upon the vesting of any LTIP Performance Rights.

If the Company reorganises its capital, LTIP 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 (including to participate in new issues) inherent in the LTIP Performance Rights (before their exercise into Shares if applicable) and Mr Williams will not be entitled as a result of holding LTIP Performance Rights to vote at meetings of shareholders, receive dividends or participate in surplus profits or assets of the Company upon a winding up.

#### **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 LTIP Performance Rights to Mr Williams.

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

- (a) the LTIP Performance Rights will be issued to Mark Williams (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of Mr Williams being a director of the Company;
- (b) the maximum number of LTIP Performance Rights to be issued is 2,266,484 and the maximum number of Shares to be issued upon vesting of the LTIP Performance Rights is 2,266,484;
- (c) the LTIP Performance Rights will be granted for nil consideration and the Shares to be issued upon vesting of the LTIP 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 LTIP Performance Rights under the Rights Plan and no funds will be raised from the issue or vesting of the LTIP Performance Rights;
- (d) total remuneration for Mr Williams for the 2021 financial year inclusive of short term and long term incentive entitlements was \$974,421. The LTIP Performance Rights the subject of Resolution 6 will comprise the long term incentive plan entitlement for Mr Williams for FY-22, being remuneration payable in the ordinary course by the Company;

- (e) as at the date of this notice of meeting, a total of 7,945,729 Performance Rights have been issued under the Rights Plan since it was last approved by shareholders at the annual general meeting on 18 November 2020, including a total of 1,526,102 Performance Rights issued to Mark Williams in December 2020. The balance of 6,419,627 Performance Rights were issued to senior management and operating personnel in accordance with Long Term Incentive Plan entitlements pursuant to Red 5 Rights Plan. All Performance Rights were issued for nil cash consideration;
- (f) the material terms of the LTIP Performance Rights are set out above. The Company has elected to grant the LTIP Performance Rights to Mr Williams inclusive of the following reasons:
- the performance rights are unlisted and are subject to vesting conditions which align with the Company's key long term objectives and the grant of LTIP Performance Rights has no immediate dilutionary impact on shareholders;
  - the issue of the LTIP Performance Rights to Mr Williams will further align the interests of Mr Williams with those of shareholders and are intended to incentivise and motivate Mr Williams to exceed expectations and to focus on the Company's longer term objectives;
  - the issue of the LTIP Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations rather than if alternative cash forms of remuneration were provided to Mr Williams; and
  - it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the LTIP Performance Rights on the terms proposed.
- (g) separate from LTIP Performance Rights issued under the Red 5 Rights Plan approved in November 2020, a total of 327,356 Service Rights and 327,356 Deferred Rights have been issued since 20 November 2020 under the Company's Short Term Incentive Plan. These Rights represent the deferred component of short term incentive awards which are subject to escrow and service conditions. None of these Rights were issued to Mark Williams. All Service Rights and Deferred Rights were issued for nil cash consideration. Shares resulting from the vesting of any Short Term Incentive (and which the Board elects to satisfy in Shares rather than cash, including upon vesting of any Deferred Rights or Service Rights) will be issued pursuant to the Rights Plan;
- (h) Mr Williams is the only executive director of the Company and as at the date of this notice of meeting 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 other executive director may become eligible to participate in the Rights Plan;
- (i) 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;
- (j) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule;
- (k) the value the Company attributes to the 2,266,484 LTIP Performance Rights to be granted to Mr Williams (or his nominee) under resolution 6 is \$0.186 per LTIP Performance Right (Tranche 1) and \$0.255 per LTIP Performance Right (Tranche 2). The values were calculated by independent consultants using a hybrid pricing model (which incorporates a Monte Carlo simulation) for Tranche 1 and the Black Scholes option pricing model for Tranche 2, using the following assumptions:

<b>Assumption</b>	<b>Tranche 1 LTIP Rights</b>	<b>Tranche 2 LTIP Rights</b>
Value of underlying security	\$0.255	\$0.255
Exercise price	Nil	Nil
Valuation date	12 October 2021	12 October 2021
Commencement date	1 July 2021	1 July 2021
Vesting date	30 June 2024	30 June 2024
Measurement period (years)	3.00	3.00

<b>Assumption</b>	<b>Tranche 1 LTIP Rights</b>	<b>Tranche 2 LTIP Rights</b>
Remaining measurement period (years)	2.72	2.72
Index Volatility	40%	n/a
Risk Free Rate	0.440%	0.4440%
Dividend yield	Nil	Nil
Number of Rights	1,586,539	679,945
Valuation per Right	\$0.186	\$0.255

- (l) a summary of the material terms of the Rights Plan are set out in Schedule 1 to this notice of meeting;
- (m) the LTIP 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
- (n) 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 2,266,484 LTIP 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 in settlement of any vested LTIP 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 LTIP Performance Rights constitutes reasonable remuneration given the circumstances of the Company and the position held by Mr Williams. Accordingly, the proposed issue of LTIP 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.

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.

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.

### **Directors recommendations**

Each of the directors (excluding Mark Williams) believes that the approval in relation to the issue of the LTIP Performance Rights to Mark Williams is in the best interests of shareholders as a whole. The directors (excluding Mark Williams) recommend that shareholders 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.

### **RESOLUTION 7 – APPROVAL TO ISSUE PROJECT INCENTIVE OPPORTUNITY PERFORMANCE RIGHTS TO MARK WILLIAMS**

#### **Background**

The Remuneration Committee engaged independent remuneration consultants, BDO Remuneration and Reward Pty Ltd (**BDO**), to review the Company's remuneration practices and incentive plan structures. Following the review by BDO, including recommendations to adopt a project incentive plan, the Company proceeded to consider a specific project incentive plan as a mechanism to encourage the successful commissioning and ramp up of the King of the Hills (**KOTH**) project and implementation of the Darlot mine development and KOTH hub strategy. This is considered a once-off incentive designed specifically for the development of the KOTH project.

A Project Incentive Opportunity (**PIO**) has therefore been developed by the Company which is designed to offer an additional incentive for superintendents, managers, general managers and senior executives, including the Managing Director, for the successful development of the KOTH project.

The proposed PIO plan will cover the period 1 July 2021 to 30 June 2023 (**Measurement Period**), by which time the KOTH project will have reached full production ramp-up and include processing of ore mined from the Darlot underground mine. The PIO award will be made at the end of the Measurement Period and any award will comprise 60% value in cash and 40% in shares, with the share component of the incentive to be issued at the commencement of the Measurement Period as PIO Performance Rights.

The Board proposes to issue 1,510,989 Performance Rights under the PIO (**PIO Performance Rights**) to Mark Williams (or his nominee) in accordance with the Rights Plan as amended by the Board from time to time, on the terms set out below.

The number of PIO Performance Rights to be granted is based on 40% of the potential value of the award for each participant divided by the volume weighted average price of the Company's shares over a period of 14 days up to the commencement of the Measurement Period on 1 July 2021.

#### **Key terms of PIO Performance Rights**

Each PIO Performance Right issued under the PIO will entitle the holder to one ordinary fully paid share (provided the directors have not otherwise determined to satisfy the PIO Performance Right in cash) upon achievement of pre-determined vesting conditions relating to the KOTH project .

The PIO Performance Rights will vest if the following vesting conditions are satisfied by 30 June 2023 (i.e. the end of the Measurement Period):

- (a) 50% of the award is based on a specified number of gold ounces produced (both at the KOTH and Darlot mines), based on budgetted production schedules, during the Measurement Period.
- (b) 25% of the award is based on a specified volume of ore is processed at the KOTH processing plant, based on forecast mining schedules, during the Measurement Period.
- (c) 25% of the award is based on a specified volume of development metres is achieved at the Darlot underground mine, based on forecast mining schedules, during the Measurement Period.

A safety gate applies to the PIO, whereby vesting of all PIO Performance Rights is also conditional on no workplace fatalities occurring at either the KOTH or Darlot operations during the Measurement Period.

In addition, the Board shall have discretion on the PIO award to ensure that financial and operating performance is aligned with the Board's expectations based on approved work plans and budgets, including in relation to grade recoveries, all-in sustaining costs and any major safety incidents.

Each performance hurdle is independent of other hurdles. The scalable hurdles are set at 3 levels, being:

- (a) threshold, being a near miss and the minimum acceptable level of performance for which the PIO award opportunity is achieved;
- (b) target, being a challenging but achievable level of performance, and
- (c) stretch, being a higher level of performance that is more difficult to achieve.

If the outcome is less than the threshold level for the KPI, the award for that KPI will be nil. If the outcome is between levels, the award will be determined on a pro rata/sliding basis. The awards shall be calculated by applying the following formula:

Performance level	Award calculation
< Threshold	Nil
Threshold	Threshold Award Opportunity (Threshold AO)
Between Threshold and Target	$\text{Threshold AO} + (\text{Target AO} - \text{Threshold AO}) \times \frac{(\text{Actual Performance} - \text{Threshold Standard})}{(\text{Target Standard} - \text{Threshold Standard})}$
Target	Target Award Opportunity (Target AO)
Between Target and Stretch	$\text{Target AO} + (\text{Stretch AO} - \text{Target AO}) \times \frac{(\text{Actual Performance} - \text{Target Standard})}{(\text{Stretch Standard} - \text{Target Standard})}$
Stretch and above	Stretch Award Opportunity (Stretch AO)

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

- (a) the elapsing of any opportunities for the PIO Performance Rights to vest, noting that PIO Performance Rights lapse automatically if they fail to vest and no retesting opportunities apply;
- (b) 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;
- (c) Mr Williams ceasing to be an employee for any reason other than retirement, permanent disability or death; or
- (d) the occurrence of any other event as set out in the Rights Plan.

The PIO Performance Rights are otherwise to be granted on the terms of the Rights Plan as approved by shareholders at the 2020 annual general meeting. A summary of the material terms of the Rights Plan is attached to this notice of meeting at Schedule 1. The PIO 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 PIO 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 quotation of the new Shares on ASX within the period required by the ASX Listing Rules. Alternatively, the Board may elect to acquire shares on-market to deliver to Mr Williams (or his nominee) upon the vesting of PIO Performance Rights.

If the Company reorganises its capital, PIO 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 (including to participate in new issues) inherent in the PIO Performance Rights (before their exercise into Shares if applicable) 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.

**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 the PIO Performance Rights to Mr Williams under the Rights Plan.

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

- (a) the PIO Performance Rights will be issued to Mark Williams (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of Mr Williams being a director of the Company;
- (b) the maximum number of PIO Performance Rights to be issued is 1,510,989 which will convert into 1,510,989 ordinary shares upon vesting and exercise;
- (c) total remuneration for Mr Williams for the 2021 financial year inclusive of short term and long term incentive entitlements was \$974,421. The PIO Performance Rights the subject of Resolution 7 comprise an additional entitlement for Mr Williams for FY-22 and FY-23, to provide an incentive reward for the achievement of the Company's key medium term objectives;
- (d) the PIO Performance Rights will be granted for nil consideration and the Shares to be issued upon vesting of the PIO 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 PIO Performance Rights under the Rights Plan and no funds will be raised from the issue or vesting of the PIO Performance Rights;
- (e) as at the date of this notice of meeting, a total of 7,945,729 Performance Rights have been issued under the Rights Plan since it was last approved by shareholders at the annual general meeting on 18 November 2020, including a total of 1,526,102 Performance Rights issued to Mark Williams in December 2020. The balance of 6,419,627 Performance Rights were issued to senior management and operating personnel in accordance with Long Term Incentive Plan entitlements pursuant to Rights Plan. All Performance Rights were issued for nil cash consideration;
- (f) the material terms of the PIO Performance Rights are set out above. The Company has elected to grant the PIO Performance Rights to Mr Williams and other senior management and operational personnel to provide additional incentives and motivation to achieve the Company's key medium term objectives of a successful commissioning and ramp up of the KOTH and implementation of the Darlot mine development and KOTH hub strategy;
- (g) separate from Performance Rights issued under the Rights Plan approved in November 2020, a total of 327,356 Service Rights and 327,356 Deferred Rights have been issued since 20 November 2020 under the Company's Short Term Incentive Plan. These Rights represent the deferred component of short term incentive awards which are subject to escrow and service conditions. None of these Rights under the Short Term Incentive Plan were issued to Mark Williams. All Service Rights and Deferred Rights were issued for nil cash consideration. Shares resulting from the vesting of any Short Term Incentive (and which the Board elects to satisfy in Shares rather than cash, including upon vesting of any Deferred Rights or Service Rights) will be issued pursuant to the Rights Plan;
- (h) Mr Williams is the only executive director of the Company and as at the date of this notice of meeting 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 other executive director may become eligible to participate in the Rights Plan subject to prior shareholder approval;
- (i) details of any PIO Performance Rights issued under the Rights Plan will be published in each annual report of the Company relating to a period in which PIO Performance Rights have been issued and that approval for the issue of PIO Performance Rights was obtained, if required, under ASX Listing Rule 10.14;

- (j) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule;
- (k) the value the Company attributes to the 1,510,989 PIO Performance Rights to be granted to Mr Williams (or his nominee) under Resolution 7 is \$0.255 per PIO Performance Right (Tranche 3 to 5). This value was calculated by independent consultants using a Black Scholes option pricing model using the following assumptions:

Assumption	Tranche 1 PIO Rights	Tranche 2 PIO Rights	Tranche 3 PIO Rights
Value of underlying security	\$0.255	\$0.255	\$0.255
Exercise Price	Nil	Nil	Nil
Valuation Date	12 October 2021	12 October 2021	12 October 2021
Commencement Date	1 July 2021	1 July 2021	1 July 2021
Vesting Date	30 June 2023	30 June 2023	30 June 2023
Measurement Period (years)	2.00	2.00	2.00
Remaining measurement period (years)	1.72	1.72	1.72
Index Volatility	n/a	n/a	n/a
Risk Free Rate	0.090%	0.090%	0.090%
Dividend yield	Nil	Nil	Nil
Number of Rights	755,495	377,747	377,747
Valuation per Right	\$0.255	\$0.255	\$0.255

- (l) a summary of the material terms of the Rights Plan are set out in Schedule 1 to this notice of meeting;
- (m) the PIO 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
- (n) a voting exclusion statement is included in the notice of meeting.

#### **ASX Listing Rule 7.1**

If shareholders approve Resolution 7 pursuant to ASX Listing Rule 10.14, then approval is not required for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolution 7 is approved and the 1,510,989 PIO 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.

Any proposed future issue of Shares by the Company to Mr Williams in settlement of any vested PIO 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 PIO Performance Rights constitutes reasonable remuneration given the circumstances of the Company and the position held by Mr Williams. Accordingly, the proposed issue of PIO 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.

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’ short term incentive entitlements, including the discretion to determine the accelerated vesting or automatic vesting of PIO Performance Rights in certain circumstances.

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.

#### **Directors recommendations**

Each of the directors (excluding Mark Williams) believes that the approval in relation to the issue of the PIO Performance Rights to Mark Williams under the Project Incentive Opportunity in accordance with the Rights Plan is in the best interests of shareholders as a whole. The directors (excluding Mark Williams) recommend that shareholders vote in favour of Resolution 7 and each of the directors (excluding Mark Williams) intends to, the extent not excluded, vote any Shares they own in favour of Resolution 7.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 7.

#### **GLOSSARY OF TERMS**

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

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

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

“**CAGR**” means compound annual growth rate.

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

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

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

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

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

“**Directors**” means the board of directors of the Company as at the date of the Notice of Meeting.

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

“**Rights Plan**” means the rights plan approved by shareholders at the 2020 annual general meeting, the terms of which are summarised in the Company’s 2020 notice of annual general meeting and accompanying explanatory memorandum.

“**Remuneration Report**” means the report contained in the annual financial report of the Company for the year ended 30 June 2021.

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

“**Shareholder**” means a holder of a Share.

“**TSR**” means total shareholder return.

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

## SCHEDULE 1 – SUMMARY OF MATERIAL TERMS OF RIGHTS PLAN

Consistent with the terms set out in the Company's 2020 notice of annual general meeting, below are the material terms of the Rights Plan:

- (a) **Offer of Rights:** The Board is responsible for administering and managing the Red 5 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 (i.e. continued employment), performance of the Company or the Eligible Participant, or any combination;
  - (2) the Board determining that some or all 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 perspective of shareholders.
- (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**);
  - (5) a determination by the Board; or
  - (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 vesting and 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:** For 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.
- (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.

In addition to the material terms above and the issue of Performance Rights under the Company's Long Term Incentive Plan pursuant to the Rights Plan, the issue of Shares arising from any vested rights issued pursuant to the Company's Short Term Incentive Plan (such as Service Rights or Deferred Rights which the Board elect to settle in Shares rather than cash) and the Project Incentive Opportunity (such as PIO Performance Rights) are to be governed by, and issued under, the Rights Plan.

The Directors may alter, delete or add to the provisions of the Rights Plan without obtaining the consent of Shareholders of the Company provided such alterations or deletions are consistent with the ASX Listing Rules.



RED 5 LIMITED | ABN 73 068 647 610

# Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Monday, 22 November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>



Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

## SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### 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 Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

