

4 October 2023

2023 Annual General Meeting

Dear Shareholder,

Red 5 Limited (ASX: RED) (**Red 5** or the **Company**) is convening an Annual General Meeting of shareholders to be held on 6 November 2023 at 11.00am AWST (Meeting) at the Celtic Club 48 Ord Street West Perth, Western Australia.

In accordance with the section 110D of the Corporations Act 2001 (Cth), this Notice of Meeting and Explanatory Statement (together, Notice) are being made available to Shareholders electronically (by email) and the Company will not be dispatching physical copies of the Notice unless specifically requested to do so. Where the Company does not have a registered email address for Shareholders, the Notice will be available for download from the Company's website at <https://www.red5limited.com/site/content/> and on the Company's ASX announcements platform.

A copy of your personalised proxy form (Proxy Form) is enclosed for convenience. Proxy votes may be lodged by any of the below methods:

ENDS

Authorised for release by the Board.

For more information:

Investors/Shareholders:

Mat Collings, Corporate Development Officer
Patrick Duffy, Chief Financial Officer
Mark Williams, Managing Director
Red 5 Limited
Telephone: +61 8 9322 4455

Media:

Nicholas Read / Kate Bell
Read Corporate

Telephone: +61 8 9388 1474

Red 5 Limited

ABN 73 068 647 610

ASX: **RED**

Shares on issue: **3,459M**

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Web: www.red5limited.com **Investor enquiries:** info@red5limited.com

RED 5 LIMITED

ABN 73 068 647 610



NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

6 November 2023 at 11.00am (AWST)

Place of meeting

Celtic Club
48 Ord Street
West Perth, Western Australia

RED 5 LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Red 5 Limited (**Company**) will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday, 6 November 2023 at 11.00 a.m. (WST)

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 2023.

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

1. Election of Russell Clark as a Director

“That Mr Russell Clark, having been appointed as a Director of the Company on 1 July 2023 and being eligible for election in accordance with Clause 7.1(i) of the Constitution and ASX Listing Rule 14.4, is hereby elected as a Director of the Company.”

2. Election of Peter Johnston as a Director

“That Mr Peter Johnston, having been appointed as a Director of the Company on 10 July 2023 and being eligible for election in accordance with Clause 7.1(i) of the Constitution and ASX Listing Rule 14.4, is hereby elected as a Director of the Company.”

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

3. Remuneration report

“That for the purposes of section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report as contained in the annual financial report of the Company for the year ended 30 June 2023.”

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

4. Approval to issue Long-Term Incentive Plan Performance Rights to Mark Williams

"That in accordance with ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of 4,072,755 Performance Rights to Mark Williams (or his nominee) in accordance with the terms of the Red 5 long-term incentive plan (**LTIP**) and subject to the terms of the Rights Plan 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 4 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 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.*

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

Lisa Wynne & David Coyne

Joint Company Secretaries

Perth, Western Australia

4 October 2023

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 3 and 4 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 3 and 4.

If you intend to appoint the Chairman of the meeting as your proxy for Resolutions 3 and 4, you can direct the Chairman how to vote by marking one of the voting boxes on the proxy form for Resolutions 3 and 4. 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 3 and 4 even though it is connected with the remuneration of members of Key Management Personnel.

Voting entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the identity of those persons entitled to attend and vote at the meeting is to be taken as those persons who held Shares in the Company as at 7.00 p.m. WST on 4 November 2023.

Questions for the Meeting

Shareholders can submit any questions within 5 days in advance of the meeting by emailing them to info@red5limited.com.

RED 5 LIMITED

EXPLANATORY MEMORANDUM

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

ANNUAL FINANCIAL REPORT

The financial report of the Company for the year ended 30 June 2023 (including the financial statements, directors' report and auditors' report) was included in the 2023 annual report of the Company, a copy of which is available on the Company's web-site at 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 RUSSELL CLARK AS A DIRECTOR

Mr Russell Clark was appointed by the Board as an independent Non-Executive Director of the Company on 1 July 2023. In accordance with Clause 7.1(c) 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. 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.

Mr Clark therefore retires at the forthcoming annual general meeting in accordance with the Constitution and the ASX Listing Rules and being eligible, seeks election at the meeting.

Mr Clark is an internationally experienced mining professional and director with over 40 years of experience in senior corporate, operational and project development roles. During his career, he served as Managing Director and CEO of Grange Resources for five years, as Group Executive of Operations for Newmont he managed the group's Australian and New Zealand Operations including the KCGM mine in Kalgoorlie, and he held a number of mine general manager roles for Normandy Mining. He is a qualified Mining Engineer and has worked across Australia, North and South America, Africa, Europe and the Asia Pacific.

Mr Clark is currently Chair of CZR Resources (ASX: CZR), Chair of Pearl Gull Iron (ASX: PLG) and a Non-Executive Director of Tungsten Mining (ASX: TGN). He is a Fellow of the Australian Institute of Company Directors (AICD).

Directors' recommendation

The Directors (other than Russell Clark) recommend that Shareholders vote in favour of the election of Mr Clark as a Director of the Company. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 1.

RESOLUTION 2 – ELECTION OF PETER JOHNSTON AS A DIRECTOR

Mr Peter Johnston was appointed by the Board as an independent Non-Executive Director of the Company on 10 July 2023. In accordance with Clause 7.1(c) 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. 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.

Mr Johnston therefore retires at the forthcoming annual general meeting in accordance with the Constitution and the ASX Listing Rules and being eligible, seeks election at the meeting.

Mr Johnston is a highly experienced Australian mining executive and Board Director who has more than 35 years of operational and project development experience. Mr Johnston's distinguished career has seen him hold senior roles with major resource companies including Head of Global Nickel Assets for Glencore, Managing Director and Chief Executive Officer of Minara Resources and Executive General Manager at WMC Resources for Olympic Dam, the Nickel Division and the Copper and Fertilisers Division.

Mr Johnston is currently Chair of Jervois Global and Non-Executive Director of NRW Holdings and Tronox (US). He is the former Non-Executive Chair of the Minerals Council of Australia, Chairman of the Chamber of Mines of WA and held previous long-term Non-Executive Director roles with Silver Lake Resources and Emeco Holdings. He is a Fellow of the Australian Institute of Company Directors (AICD) and of the Australasian Institute of Mining & Metallurgy.

Directors' recommendation

The Directors (other than Peter Johnston) recommend that Shareholders vote in favour of the election of Mr Johnston as a Director of the Company. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 2.

RESOLUTION 3 – REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report section of the Company's 2023 annual report. The Remuneration Report describes the underlying principles and structure of the remuneration policies of the Company and sets out the remuneration arrangements in place for Directors and senior executives.

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

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 stand for re-election.

Directors' recommendation

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 3.

RESOLUTION 4 – 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 a total of 4,072,755 Performance Rights to Mr Williams (or his nominee) under the long-term incentive plan in accordance with the Rights Plan and subject to the approval of Shareholders. The issue of the Performance Rights represents the long-term incentive (**LTIP**) component of Mr Williams' remuneration for the 2024 financial year in accordance with the Rights Plan.

If Resolution 4 is passed, the Company will be able to proceed with the issue of Performance Rights to Mark Williams (or his nominee) 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 4 is not passed, the Company will not be able to proceed with the issue of 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 Performance Rights

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

The measurement period applicable to each tranche in each offer of Performance Rights is three years from 1 July 2023 to 30 June 2026 unless otherwise determined by the Board (**Measurement Period**).

The Performance Rights will vest on the following basis, noting that the grant represents the maximum opportunity and that the general expectations for Target performance are that only 50% of the Performance Rights will vest:

- (a) 70% of the Target level of Performance Rights (2,850,929 Performance Rights) will be tested for vesting based on assessment of the achievement of the Company's Total Shareholder Return (**TSR**) relative to the relative TSR based on an index to a peer group of comparable companies' (being those companies listed below) percentile ranking over the Measurement Period as set out in the following table, provided the Company's TSR is positive over the Measurement Period:

Company's TSR performance relative to TSR based on an index to a peer group of companies' percentile ranking over the relevant Measurement Period	Portion of Performance Rights that vest
Threshold: Company's TSR is less than the 50 th percentile of the TSR of the comparable companies	Nil
Company's TSR is equal to the 50 th percentile of the TSR of the comparable companies	50%
Company's TSR is equal to or greater than the 75 th percentile of the TSR of the comparable companies	100%
Note: Straight line vesting between the 50 th percentile and the 75 th percentile	

For example, in the event that the Company's TSR percentile ranking to the peer group of companies is 62.5%, the number of Performance Rights that will vest is 2,138,197 (being 75% of this tranche of the Performance Rights; the mid-point between the 50th and 75th percentile performance levels of vesting).

The peer group of comparable companies for the Performance Rights are as follows:

Perseus Mining Limited	Ramelius Resources Limited
De Grey Mining Limited	St Barbara Limited
Gold Road Resources Limited	Resolute Mining Limited
Capricorn Metals Ltd	Westgold Resources Limited
Regis Resources Limited	Alkane Resources Limited
Bellevue Gold Limited	Genesis Minerals Limited
Silver Lake Resources Limited	Pantoro Limited
West African Resources Limited	Calidus Resources Limited
Ora Banda Mining	

The composition of the peer group of comparable companies will be reviewed annually over the Measurement Period and may change from time to time at the discretion of the Board.

- (b) 30% of the Target level of award of Performance Rights (1,221,826 Performance Rights) will be tested for vesting based on growth in the Company's Ore Reserves (Proved and Probable) during the Measurement Period, in accordance with the following vesting scale:

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

For example, in the event that the total growth in the Company's Ore Reserves over the Measurement Period is 20%, a total of 610,913 Performance Rights will vest (being 50% of this tranche of the 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 Performance Rights is also conditional on a gate of obtaining a positive TSR for the Measurement Period.

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

- (a) the elapsing of any opportunities for the Performance Rights to vest, noting that Performance Rights lapse automatically if they fail to vest and no retesting opportunities apply;
- (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 Special Circumstances; or
- (d) the occurrence of any other event as set out in the Rights Plan.

The Performance Rights are otherwise to be granted on the terms of the Rights Plan. A summary of the material terms of the Rights Plan is attached to this notice of meeting at Schedule 1.

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

The Company will issue Shares to Mr Williams (or his nominee) as soon as practicable after the vesting of any 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 upon the vesting of any Performance Rights.

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

There are no participating rights or entitlements (including to participate in new issues) inherent in the 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 Performance Rights to Mr Williams who is a related party of the Company.

ASX Listing Rule 10.14 provides that a listed company must not permit a director of the company or any of their associates from acquiring equity securities under an employee incentive scheme without the prior approval of Shareholders.

Resolution 4 therefore seeks the required shareholder approval for the issue of Performance Rights under and for the purposes of ASX Listing Rule 10.14. If approval is given by Shareholders under ASX Listing Rule 10.14, separate Shareholder approval is not required under ASX Listing Rule 10.11.

Information required by ASX Listing Rule 10.14

In accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Rights to Mr Williams:

- (a) the Performance Rights will be issued to Mark Williams (or his nominee), who falls within the category set out in ASX Listing Rule 10.14.1 as a Director of the Company. His nominee (if applicable) would fall under Listing Rule 10.14.2, as Mr Williams' associate;
- (b) the maximum number of Performance Rights to be issued is 4,072,755 (based on The volume weighted average share price (VWAP) at which the Company's Shares were traded on the ASX over the fourteen (14) days following the announcement of annual results) and the maximum number of Shares to be issued upon vesting of the Performance Rights is 4,072,755;
- (c) the Performance Rights will be granted for nil consideration and the Shares to be issued upon vesting of the Performance Rights will be issued for nil consideration. No loan has been or will be given to Mr Williams in relation to the grant of Performance Rights under the Rights Plan and no funds will be raised from the issue or vesting of the Performance Rights;
- (d) total remuneration for Mr Williams for the 2023 financial year inclusive of short-term and long-term incentive entitlements was \$985,159. The remuneration package for Mr Williams in his role as Managing Director of the Company comprises total fixed remuneration (TFR) inclusive of statutory superannuation of \$725,000 per annum plus a short-term incentive percentage stretch entitlement of up to 60% of TFR and a long-term incentive percentage stretch entitlement of up to 100% of TFR. The Performance Rights the subject of Resolution 4 will comprise the LTIP entitlement for Mr Williams for FY-24, being remuneration payable in the ordinary course by the Company;
- (e) the material terms of the Performance Rights are set out above. The Company has elected to grant the 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 long-term objectives and the grant of Performance Rights has no immediate dilutionary impact on Shareholders;
 - the issue of the 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 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 Performance Rights on the terms proposed.

- (f) Rights that have been issued under the Rights Plan approved in November 2022 comprise a total of 16,779,780 Performance Rights and 671,013 Service Rights. Of these Rights, 2,358,712 Performance Rights and 671,013 Service Rights were issued to Mark Williams (or his nominee) under the Rights Plan. All Rights were issued for nil cash consideration. Shares resulting from the vesting of any Rights (and which the Board elects to satisfy in Shares rather than cash) will be issued pursuant to the Rights Plan;
- (g) 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 Person 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;
- (h) 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;
- (i) 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;
- (j) the value the Company attributes to the 4,072,755 Performance Rights to be granted to Mr Williams (or his nominee) under Resolution 4 is \$0.166 per Performance Right (Tranche 1) and \$0.220 per Performance Right (Tranche 2). The values were calculated by independent consultants using a hybrid option pricing model (which incorporates a Monte Carlo simulation) for Tranche 1 and a hybrid single barrier option pricing model to reflect the positive TSR gate condition (which incorporates a Monte Carlo simulation) for Tranche 2, using the following assumptions:

Assumption	Tranche 1 LTIP Rights	Tranche 2 LTIP Rights
Underlying security spot price	\$0.220	\$0.220
Exercise price	Nil	Nil
Valuation date	15 September 2023	15 September 2023
Commencement date	1 July 2023	1 July 2023
Vesting date	30 June 2026	30 June 2026
Measurement period (years)	3.00	3.00
Remaining measurement period (years)	2.79	2.79
Volatility	70%	70x%
Dividend yield	Nil	Nil
Risk Free Rate	3.83%	3.83%
Number of Rights	2,850,929	1,221,826
Valuation per Right	\$0.166	\$0.220
Valuation per Tranche	\$474,318	\$268,802

- (k) a summary of the material terms of the Rights Plan are set out in Schedule 1 to this notice of meeting;
- (l) the Performance Rights are anticipated to be issued within one month of the meeting but will be issued no later than 3 years after the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules); and
- (m) a voting exclusion statement is included in the notice of meeting.

ASX Listing Rule 7.1

If Shareholders approve Resolution 4 pursuant to ASX Listing Rule 10.14, then approval is not required for the purposes of ASX Listing Rule 7.1. Accordingly, if Resolution 4 is approved and the 4,072,755 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 Performance Rights constitutes the giving of a financial benefit to a related party of the Company.

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

Directors recommendation

The Directors (other than Mark Williams) recommend that Shareholders vote in favour of Resolution 4. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 4.

GLOSSARY OF TERMS

"AGM" means annual general meeting.

"ASIC" means the Australian Securities and Investments Commission.

"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.

"Business Day" has the meaning given to that term in the ASX Listing Rules.

"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).

"Deferred Right" means a Right which immediately vests but is subject to disposal restrictions, and which attach disposal restrictions to the Shares that result from the exercise of the Rights for specified periods, pursuant and subject to the Rights Plan.

"Directors" means the board of directors of the Company as at the date of the notice of meeting.

"Eligible Person" has the meaning given to that term in the Rights Plan.

"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.

"LTIP" means the Company's long-term incentive plan pursuant to the Rights Plan.

"Participant" has the meaning given to that term in the Rights Plan.

"Performance Right" means a Right which is tested for vesting at a specified date and which are subject to performance conditions, pursuant and subject to the Rights Plan.

"Resolution" means a resolution pursuant to this notice of meeting.

"Right" is an entitlement, upon vesting, to the value of a Share in the Company, which may be satisfied in the form of cash or Shares, pursuant and subject to the Rights Plan, and includes Performance Rights, Service Rights, and Deferred Rights.

"Rights Plan" means the rights plan approved by Shareholders at the 2022 annual general meeting, the terms of which are summarised in the Company's 2022 notice of annual general meeting and in Schedule 1 of the accompanying explanatory memorandum.

"Remuneration Report" means the report contained in the annual financial report of the Company for the year ended 30 June 2023.

"Service Right" means a Right which vests if the Participant remains employed by the Company on a specified date, pursuant and subject to the Rights Plan.

"Share" means an ordinary fully paid share in the capital of the Company.

"Shareholder" means a holder of a Share.

"Special Circumstances" means death, total and permanent disablement as determined by the Board, retirement with the prior consent of the Board, redundancy, retrenchment, other Company-initiated terminations for other than cause (for example due to sale of a business unit), and other circumstances approved by the Board from time to time under the Rights Plan.

"STIP" means the Company's short-term incentive plan pursuant to the Rights Plan.

"TSR" means total shareholder return, which represents the percentage return achieved during a specified period from investing in the company's shares assuming that dividends are reinvested into the company's shares (being relevantly, the share price movement from the beginning to the end of the Measurement Period).

"WST" means Western Standard Time being the time of Perth, Western Australia.

SCHEDULE 1 – SUMMARY OF MATERIAL TERMS OF RIGHTS PLAN

Below are the material terms of the Rights Plan, approved by Shareholders at the annual general meeting of the Company held on 25 October 2022. Capitalised terms not otherwise defined in this explanatory memorandum (including this Schedule 1) have the meaning given to them in the Rights Plan.

- (a) **Offer of Rights:** The Board is responsible for administering and managing the Rights Plan. When an Eligible Person satisfies specified criteria imposed by the Board (including performance criteria and specified periods of tenure) the Board may make a written offer (**Offer**) of Rights to an Eligible Person. The Offer will specify the number of Rights offered (as determined by the Board) and the conditions that must be met by the Participant during the measurement period (**Measurement Period**) before the Rights will vest.
- (b) **Vesting conditions:** The Rights will vest upon:
 - (1) the vesting conditions imposed by the Board having been satisfied. These will typically be linked to service of the Participant (i.e. continued employment), performance of the Company or the Participant, or any combination;
 - (2) the Board determining that some or all the Rights vest earlier than the Measurement Period;
 - (3) if the 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, 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 Rights, taking into account factors such as the Company's performance from the perspective of Shareholders.
- (d) **No consideration:** An Eligible Person will not be required to make any payment in return for a grant of Rights nor for the issue of Shares upon the vesting of Rights (unless otherwise determined by the Board).
- (e) **Lapse of Rights:** Rights will lapse on the earlier of:
 - (1) the performance conditions attaching to the Right not being satisfied within the nominated prescribed period;
 - (2) a purported transfer of the Rights (other than a permitted transfer);
 - (3) a determination by the Board, acting reasonably, that the Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company;
 - (4) the Participant ceasing to be an Eligible Person, other than by reason of Special Circumstances;
 - (5) a determination by the Board; or
 - (6) any other circumstances specified by the Board in the Offer.
- (f) **Exercise of Rights:** When Rights vest they shall automatically be exercised. Upon vesting and exercise of a Right, the Board will determine in its absolute discretion whether to deliver the value of the Rights in Shares, cash payment or a combination.
- (g) **Issue of Shares:** For any 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 Person.
- (h) **Transfer of Rights:** Rights are not transferable except by operation of law on the death or legal incapacity of the Participant to the legal personal representative of the holder.

- (i) **Reorganisation of capital:** If the Company reorganises its capital, Rights on issue will be reorganised in accordance with the ASX Listing Rules, such that the holder of a 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 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 Rights may vest. Upon the cessation of employment of the Participant pursuant to Special Circumstances, the Board may determine that the 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 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 Participant.
- (k) **No other rights:** A 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 Rights will not be entitled as a result of holding Rights to continued employment of the Company.
- (l) **Board determinations and amendment:** The Board may at any time by written instrument, or by resolution of the Board, amend or repeal all or any of the provisions of the Rights Plan rules. No amendment to or repeal of the Rights Plan rules is to reduce the existing rights of any Participant in respect of any Offers that had commenced prior to the date of the amendment or repeal, other than with the consent of the Participant, or for the purpose of complying or conforming to legal requirements governing, regulating, maintaining or the operation of the Rights Plan, to correct any manifest error or mistake, or to address certain potential adverse tax implications.

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



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.

Your proxy voting instruction must be received by **11.00am (AWST) on Saturday, 04 November 2023**, 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

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>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

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



BY MAIL:

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IN PERSON:

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BY FACSIMILE:

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