red metal limited

ACN 103 367 684

ASX Code: RDM

Red Metal Limited is a minerals exploration company focused on the exploration, evaluation and development of Australian copper-gold and basemetal deposits.

Issued Capital:

210,233,409
Ordinary shares

8,675,000
Unlisted options

Directors:

Rob Rutherford
Managing Director

Russell Barwick
Chairman

Joshua Pitt
Non-executive Director

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ASX ANNOUNCEMENT
10 September 2018

DRILLING UNDERWAY ON THE PUNT HILL & PERNATTY LAGOON COPPER-GOLD PROJECTS

Joint venture partner OZ Minerals Limited (OZ Minerals) has initiated a significant maiden drill program testing a series of new copper-gold plays on the Punt Hill and Pernatty Lagoon joint venture projects located 30 kilometres south of the Carrapateena deposit (Figure 1). Initially, six separate targets totaling more than 6000 metres of drilling will be tested.

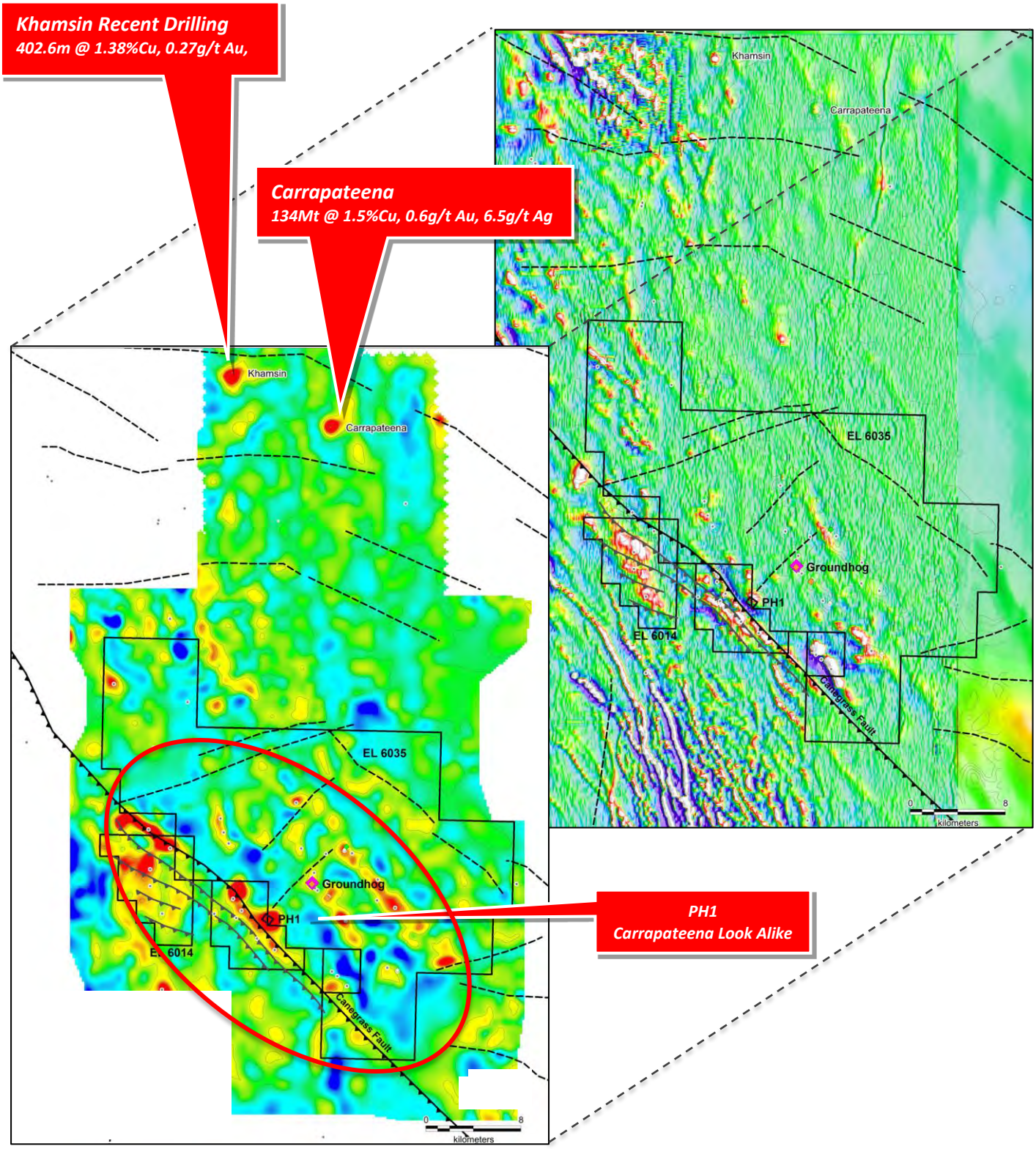
Red Metal together with OZ Minerals has been developing new targeting concepts for the location of higher grade zones of copper-gold mineralisation on the Punt Hill and Pernatty Lagoon projects. This work identified a range of previously untested geophysical targets for proof of concept drill tests including amongst others:

- PH1 that shares a similar geophysical response to that measured and modelled over the Carrapateena and Khansim copper-gold deposits (Figures 1 to 3); and

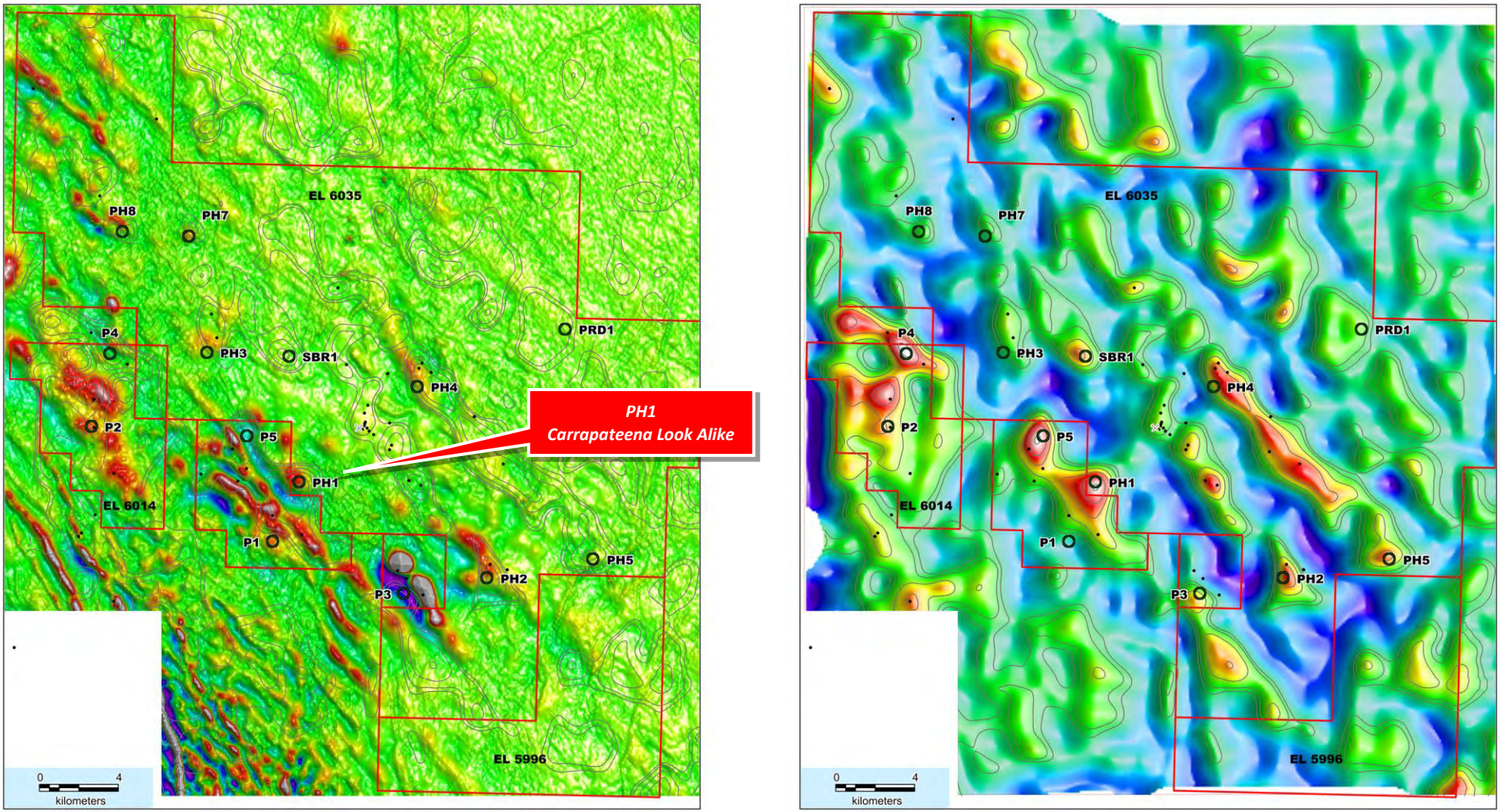
- PH4 sited on a 3 kilometre long residual magnetic anomaly located adjacent to historic drill holes containing wide zones of copper and zinc mineralisation (Figures 2 and 4).

In December 2017 Red Metal executed a Heads of Agreement with OZ Minerals granting them the right to earn 70% of the projects by spending $10 million on exploration within three and a half years. Red Metal's subsequent share of expenditure up until a decision to mine will be funded by OZ Minerals and treated as a loan only repayable from Red Metal's share of future production. This agreement allows Red Metal to maintain 30% of any mine discovered on the Punt Hill project and between 17.4% and 20% on the Pernatty Lagoon project which remains subject to the existing Heads of Agreement with Havilah Resources Limited.

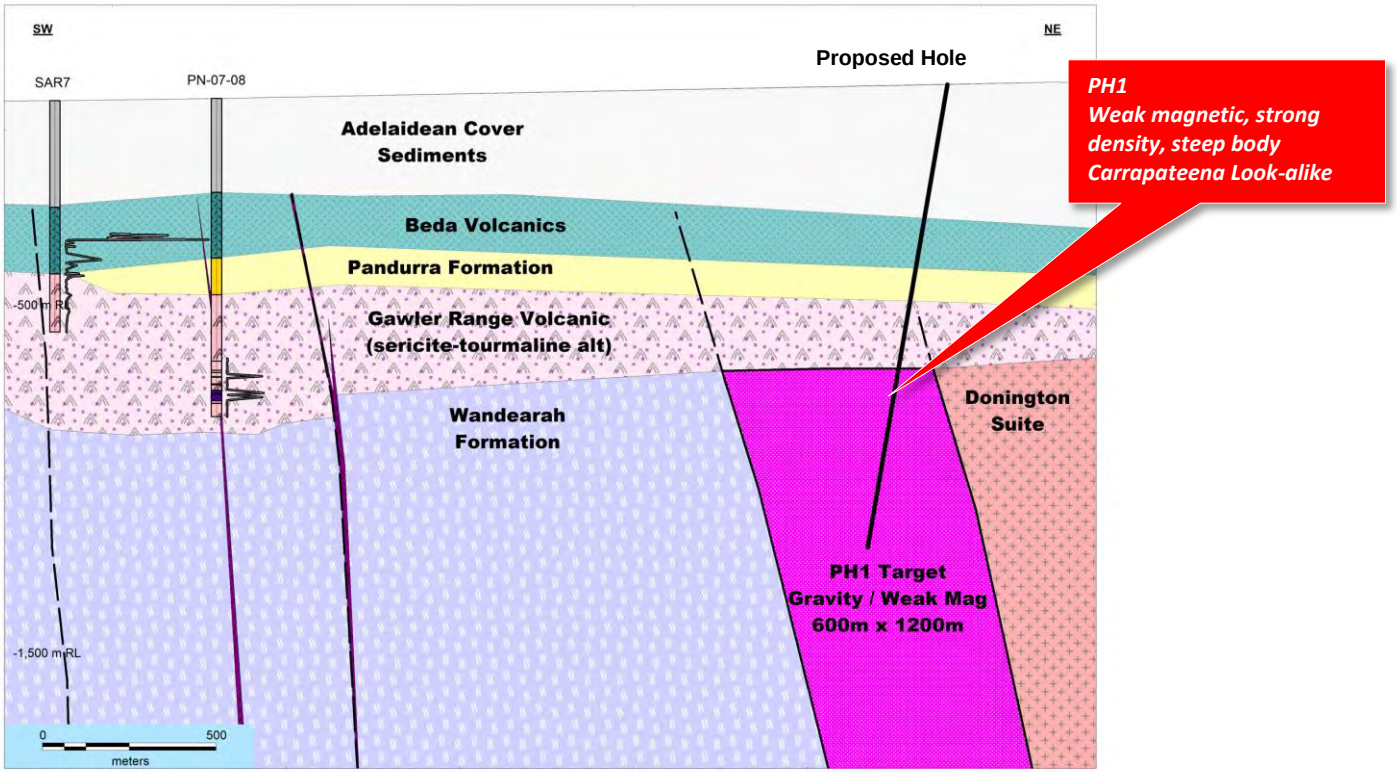
OZ Minerals has mobilized the first of two rigs to site with the aim of completing the first-pass drill tests over the next three months.



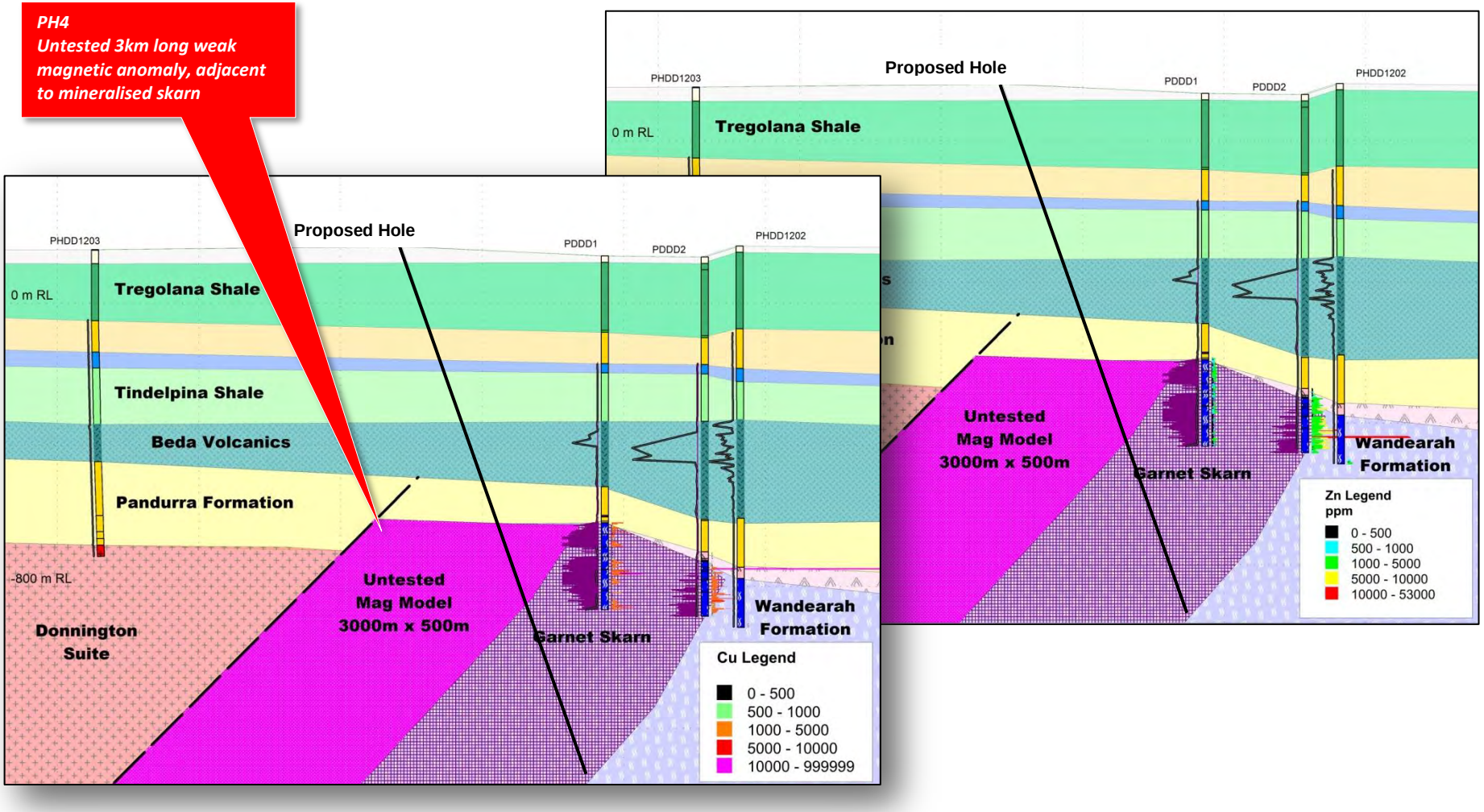
[Figure 1] Punt Hill EL6014 and Pernatty Lagoon EL 6035: Regional residual gravity image (front) and vertical gradient magnetic image (back) with historic drilling (white dots) highlighting untested PH1 target, Carrapateena and Khamsin copper-gold deposits and the low-grade Ground Hog prospects on the Punt Hill project. The priority PH1 target is a strong residual gravity anomaly associated with a small residual magnetic response which is similar to the geophysical signature measured over the Carrapateena and Khamsin deposits.



[Figure 2] Punt Hill EL6014 and Pernatty Lagoon EL 6035: Vertical gradient magnetic image (left) and vertical gradient gravity image (right) with gravity contours, existing drill holes (black dots) and key targets for possible drill tests (open black circles).



[Figure 3] Punt Hill EL6014: PH1 interpreted cross section. The PH1 target is a weak residual magnetic anomaly coincident with a high modelled density source (S.G. 3.5) that compares favourably with the geophysical response over the nearby Carrapateena and Khamsin deposits. In the Punt Hill region the high density source is most likely either dense semi-massive garnet skarn or a large mass of hydrothermal hematite. The associated weak magnetic response suggests retrograde iron oxide minerals such as magnetic specular hematite or magnetite may be present. Copper in the region is associated with late stage hematite breccia or retrograde skarn phases.



[Figure 4] Punt Hill EL6014: Interpreted cross section for target PH4. Historic drilling targeting gravity-only intersected dense, prograde garnet skarn alteration over printed by retrograde alteration and low-grade but significant copper, gold, zinc and lead mineralisation – interpreted as a near-miss. Drilling on PH4 targets a 3 kilometre long weakly magnetic zone adjacent to the weakly mineralised prograde garnet alteration. The weak magnetic alteration is thought to represent a zone stronger retrograde alteration and potentially higher-grade copper mineralisation. Drill traces highlight garnet abundance quantified from Hylogger spectral scanning (purple) with thematic copper (left front cross section) and zinc (right back cross section).

For further information concerning Red Metal's operations and plans for the future please refer to the recently updated web site or contact Rob Rutherford, Managing Director at:

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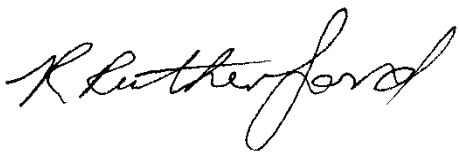
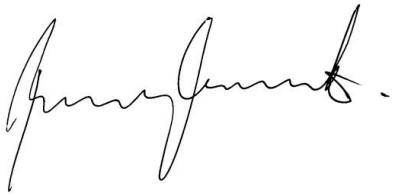


Rob Rutherford

Managing Director



Russell Barwick

Chairman

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Mr Rutherford is the Managing Director of the Company. Mr Rutherford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Rutherford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.