red metal limited

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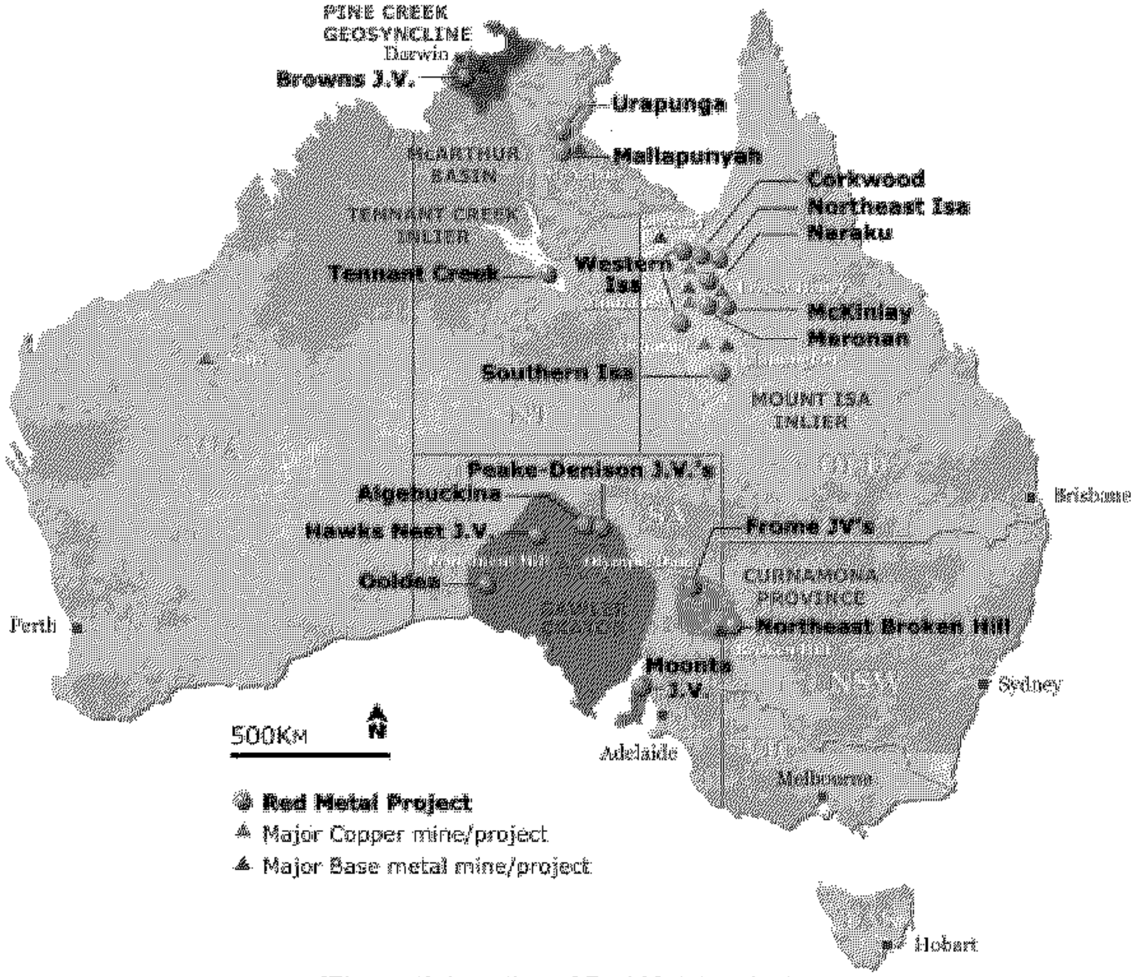
NEWS RELEASE

For Immediate Release
28 April , 2004

March Quarterly 2004

Highlights

- Drilling programs completed on three Phelps Dodge Australasia Inc. (PDAI) joint ventures pursuant to the Red Metal Limited (Red Metal)/PDAI strategic alliance. A total of 2,523.8 metres of RC percussion and diamond drilling was achieved over 10 targets.
- Encouraging zones of secondary copper mineralisation intersected from a recent RC drilling program over the Moonta Joint Venture. Better assay results include 23 metres @ 0.8% Cu from surface including 5 metres @ 2.7% Cu from 14 metres.
- Detailed gravity surveys completed over the Peake and Denison Joint Ventures. Untested targets defined. Drilling scheduled for third quarter 2004.
- Ground geophysical surveys commenced over Northeast Broken Hill Project in preparation for drilling in the second quarter of 2004.
- Terms finalised for two new joint ventures (Frome Joint Ventures) which target a giant Olympic Dam style deposit on tenements located in the north-western portion of the metal rich Curnamona Province (host to the giant Broken Hill deposit).
- Drill program planned to commence over a number of 100% owned Mount Isa projects beginning in the second quarter of 2004.



[Figure 1] Location of Red Metal projects.

Exploration in Progress

Moonta Joint Venture *(Red Metal right to earn 21%)*

Recent exploration has highlighted the significance of drilling combined gravity lows and calcrete geochemistry as a means of identifying basement copper mineralisation in the Moonta region. A program of 1,425m of RC percussion drilling designed to test six geophysical and geochemical targets was completed during the quarter (Figure 2). Drilling intersected encouraging zones of displaced and exotic secondary copper mineralisation adjacent to Target 19, Target 81 and Target 65 however, poor ground conditions and shallow saline ground waters resulted in many of the drill holes being abandoned short of the primary sulphide target zone (Table 1).

The target model at Moonta is a large IOCG style deposit buried beneath about 10-100m of cover. Drilling focused on:

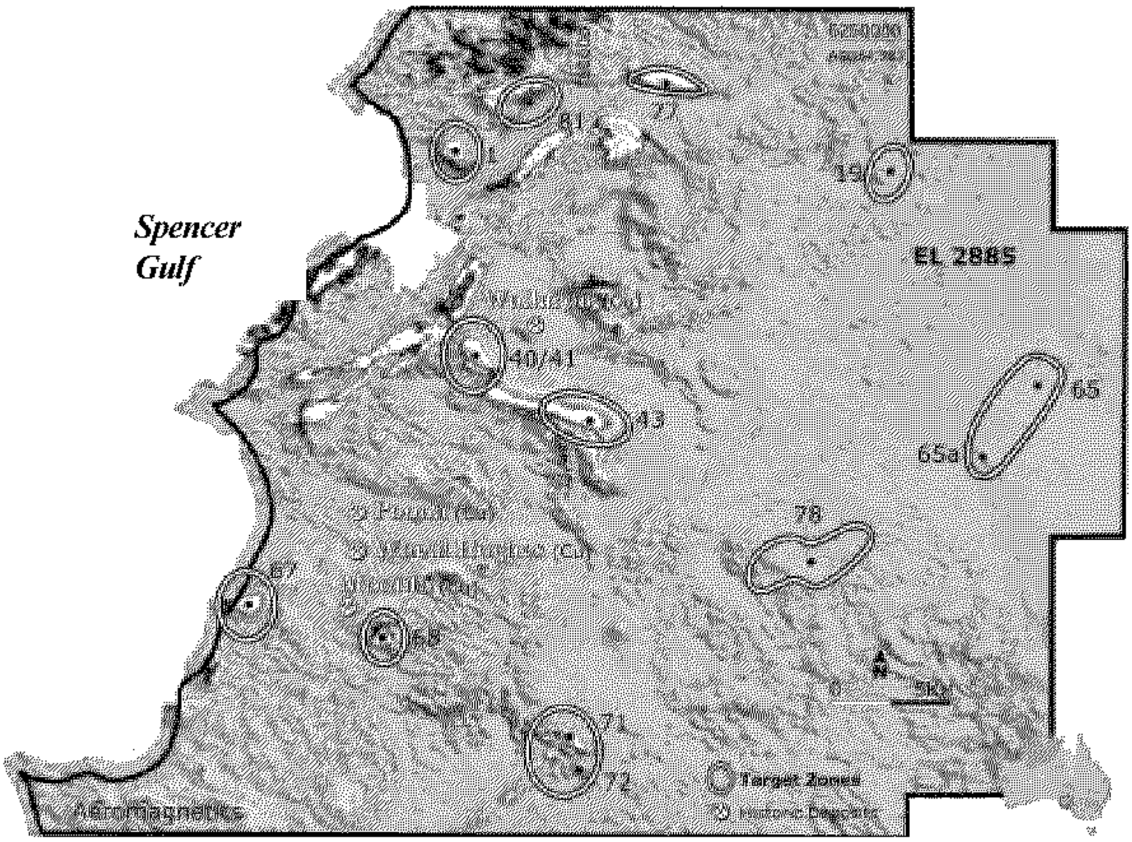
Target 1 - combined magnetic high/calcrete Cu-Au anomaly,
Target 19 - combined gravity low/RAB drill/calcrete Cu-Au-As anomaly,
Target 65/65a - combined gravity high/magnetic high/RAB drill Cu-Au-As anomaly
Target 68 - combined magnetic high/gravity high
Target 81/81a - combined gravity low/RAB drill/calcrete Cu-Au anomaly

At Target 19, secondary malachite copper mineralisation was intersected in weathered saprolite rocks over a broad interval from surface to 68 metres while at Target 81 the hole was abandoned in surface gravels cemented with "exotic" malachite from 5 metres to end of the hole at 12 metres. This style of secondary copper mineralisation typically results from the weathering of primary copper sulphide mineralisation and can be displaced laterally a short distance from the source rocks. Better results from drilling are presented in Table 1.

Drilling within the Target 65 area also intersected elevated copper values within several settings (Table. 1). An attempt to drill a magnetic anomaly in the northern limits of target 65 intersected oxide copper within weathered bedrock above a zone of strongly recrystallized metasediment containing local strong disseminated chalcopyrite. The hole was abandoned prior to testing the target due to extreme caving.

Magnetite altered rocks with minor copper mineralisation were intersected at Targets 1 and Target 68. Additional gravity data and modelling down-graded Target 71 and 72.

An alternative drilling method utilising rotary mud drilling with a diamond core tail will need to be employed to test primary sulphide zones at Target 19, Target 81 and Target 65. Additional infill calcrete sampling and gravity surveying and a follow-up drilling program is being planned for the second quarter of 2004, pending the approval of a supplementary budget from PDAI.



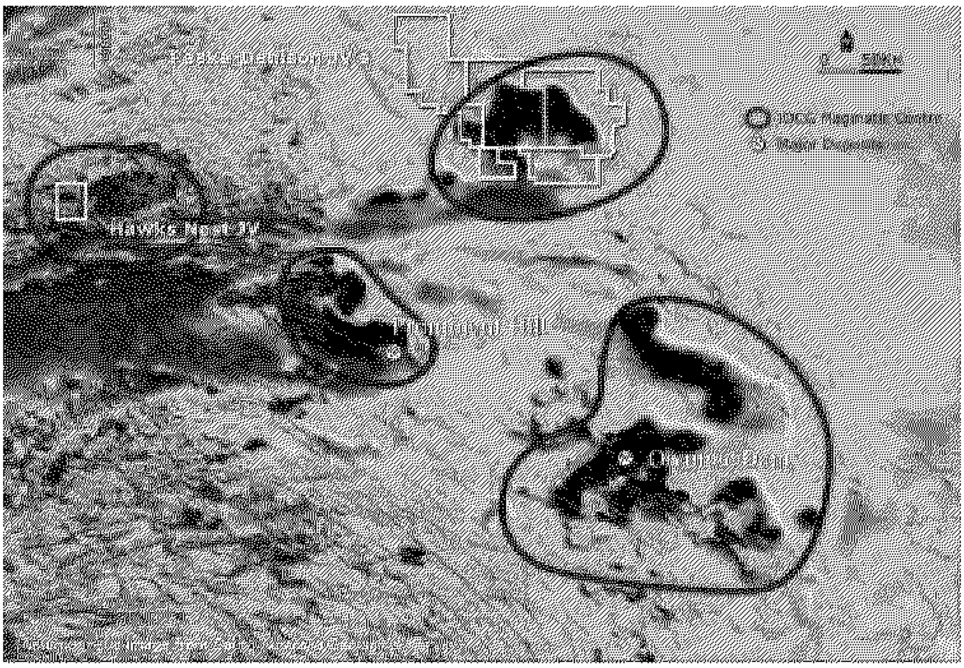
[Figure 2] Moonta Joint Venture: magnetic image showing deep drill targets.

[Table 1] Moonta Joint Venture: significant assay results from RC percussion drilling in Q1 2004.

Hole ID	*From*	*Interval*	*Cu%*	*Au g/t*	*Comment*
Target 81					
MPD-13 Abd	*5*	*7 (EOH)*	*0.4*		*malachite in gravels*
Target 19					
MPD-14 Abd	*0*	*23*	*0.8*		*malachite in saprolite*
including	*14*	*5*	*2.7*		*malachite in saprolite*
	32	*14*	*0.3*		*saprolite*
	46	*10*	*0.1*	*0.5*	*saprolite*
	56	*12*	*0.5*		*saprolite / bedrock boundary*
	78	*12*	*0.2*	*0.1*	*fresh metasediment*
Target 65a					
MPD-11	*132*	*8*	*0.2*		*fresh metasediment*
	148	*2*	*0.5*	*0.1*	*fresh metasediment*
Target 65					
MPD-08 Abd	*24*	*44*	*0.1*		*saprolite*
MPD-09 Abd	*98*	*4*	*0.2*		*fresh metasediment*
MPD-10 Abd	*60*	*8*	*0.1*		*malachite in saprolite*
	74	*4*	*0.2*		*fresh metasediment*

Peake and Denison Joint Ventures *(Red Metal right to earn between 18% and 21%)*

The ventures comprise the Douglas Creek Joint Venture (Red Metal right to earn 21%) and the Peake and Denison Joint Venture (Red Metal right to earn 18%) and cover an interpreted magmatic centre associated with a similar regional scale magnetic and gravity signature to the region hosting the Olympic Dam mine (Figure 3). Re-interpretation of the geophysical data has identified a number of gravity and magnetic targets located along large cross cutting structures considered prospective for Olympic Dam style mineralisation. Access approval and a detailed gravity survey comprising 3,651 stations was completed over 3 target zones. Interpretation and modelling of the new data are in progress. Drill testing of the highest priority targets in both joint venture areas is scheduled for the third quarter of 2004 when specialist water bore drillers required for drilling in this region become available.



[Figure 3] Peake-Denison Joint Ventures: magnetic image showing main magmatic centres.

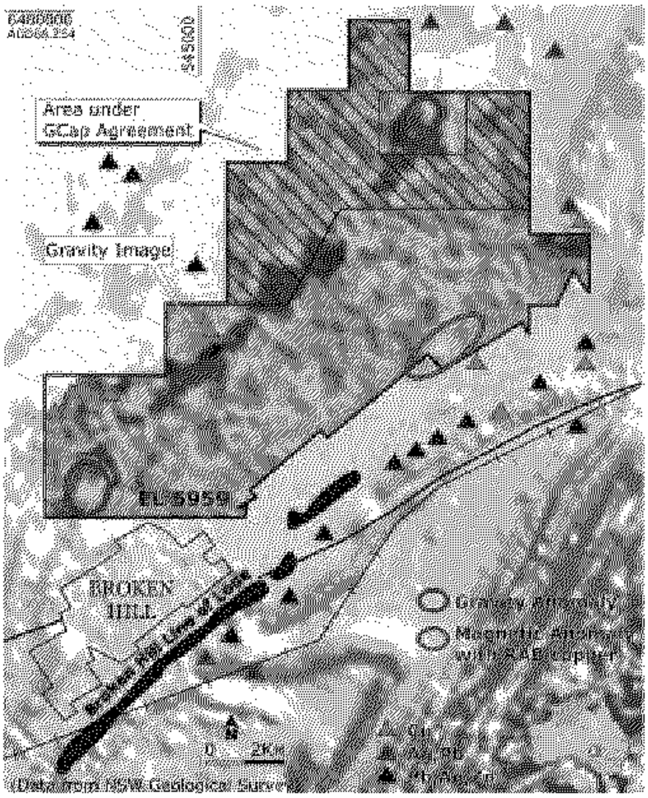
Hawks Nest Joint Venture *(Red Metal right to earn 21%)*

The second hole of a two hole diamond core hole program targeting a combined gravity/magnetic/conductivity anomaly was completed during the quarter. Drilling intersected strongly conductive graphite and pyrrhotite-bearing gneissic metasediments before passing into dense magnetic rocks comprising banded quartz-magnetite gneiss typical of a highly metamorphosed banded iron formation. The hole was terminated at 486.4 metres. No significant mineralisation was encountered in either holes. Other possible drill targets are being evaluated.

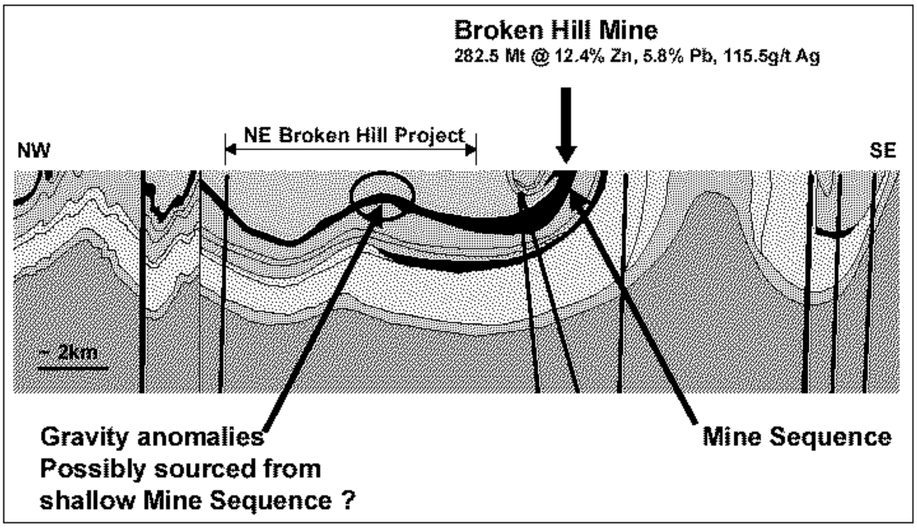
Northeast Broken Hill Project *(Red Metal 100%, subject to PDAI earn-back)*

Ground based geophysical programs over accessible areas were completed. The gravity image shows a ridge of high gravity (red) through the centre of the licence which may possibly reflect shallowing of dense Broken Hill mine sequence rocks (Figure 4 and 5). Modelling of the ground gravity data over the most north-eastern target (Stephens Creek anomaly) interprets a dense source about 200m below surface.

Drilling, pending rig availability and the completion of access negotiations, is currently scheduled for the second quarter of 2004.



[Figure 4] Northeast Broken Hill Project: colour falcon gravity image on greyscale magnetic image.

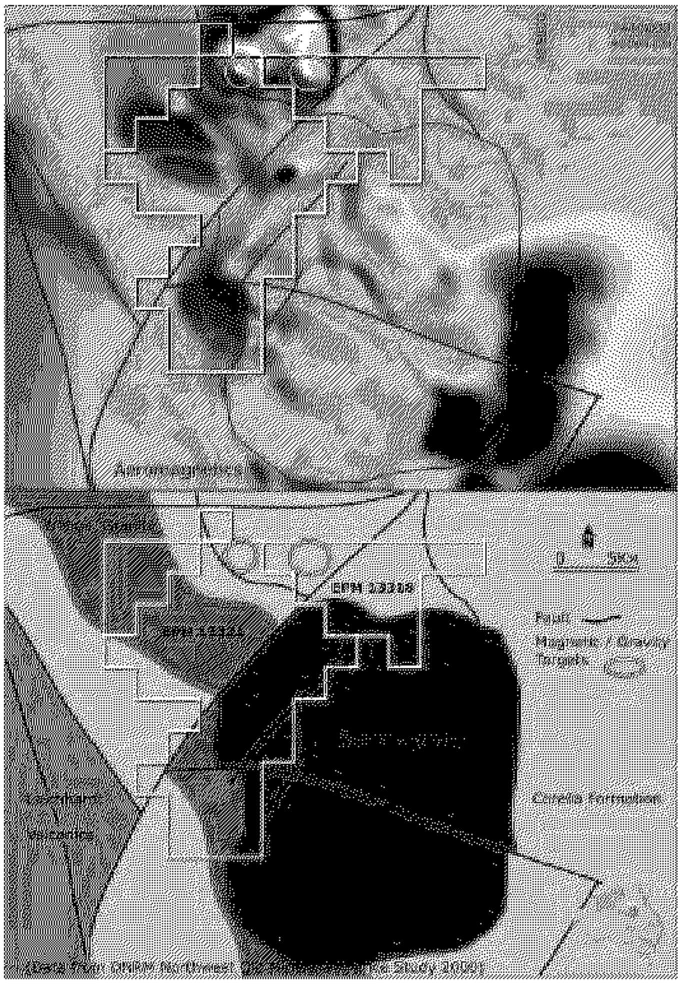


[Figure 5] Regional cross section through Broken Hill Mine and Red Metal's Northeast Broken Hill project highlighting shallowing of dense rocks belonging to the Broken Hill mine sequence.

Mt Isa Basemetal Projects *(Red Metal 100%, subject to PDAI earn-back)*

An extensive exploration program including detailed gravity surveys and drilling over many of the Mt Isa projects has been planned for 2004. Access approval over many of the licence areas have been obtained from most native title claimants.

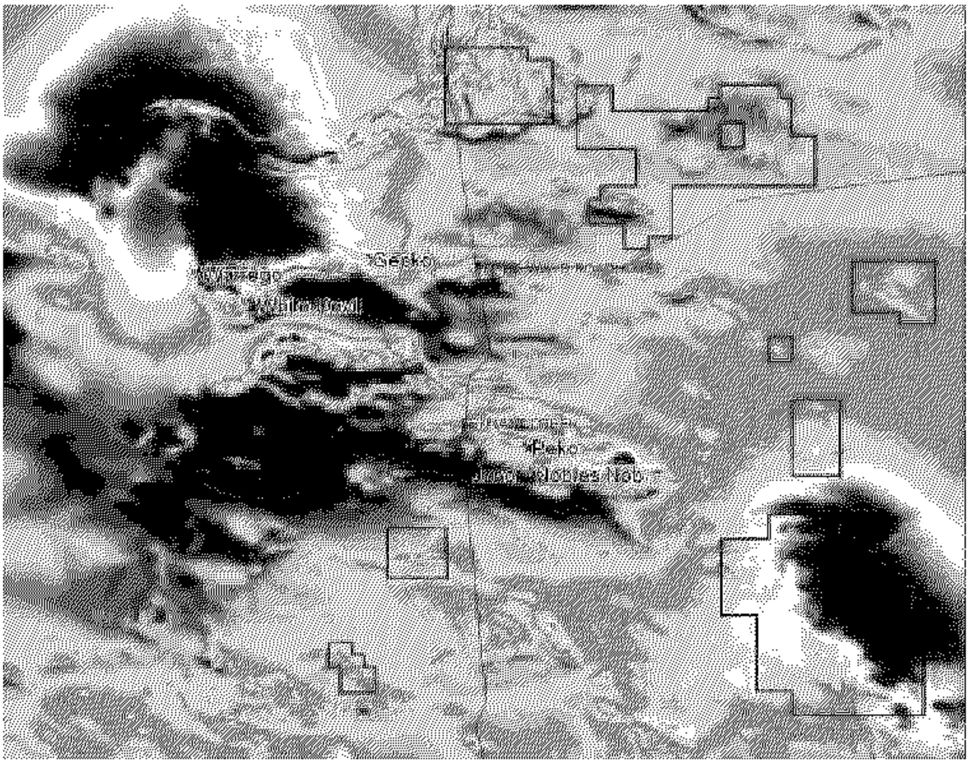
Detailed gravity surveys are scheduled to begin in late April. Pending rig availability, drilling is scheduled to commence in the second and third quarters of 2004 over the Northeast Isa (Taldora), McKinlay, Southern Isa (Elizabeth Springs) and Maronan projects testing a number of regionally significant, structure controlled magnetic/gravity anomalies (Figure 6).



[Figure 6] Elizabeth Springs Projects: magnetic image highlighting two significant structure controlled magnetic highs adjacent to an interpreted granite pluton.

Tennant Creek Projects *(Red Metal 100%, subject to PDAI option to earn-in)*

Red Metal holds ten exploration licence applications covering 2,085 square kilometres over a range of combined magnetic and structural targets located under shallow cover within the highly prospective Tennant Creek Inlier. The applications are subject to land access negotiations which commenced during this quarter. Interpretation of the regional geophysical data sets has been completed and a review of historic exploration over the project area has commenced.



[Figure 7] Tennant Creek Projects: magnetic image showing Red Metal's EL applications.

Browns Joint Venture - Area 55 *(Red Metal right to earn 21%)*

Drilling of the deep diamond hole at Browns to test a combined gravity anomaly and inferred depth extension below the Browns lead, copper, cobalt resource commenced in November 2003. The hole was terminated at 1,214.4 metres in the footwall marble sequence after passing through a thin pyrrhotite-pyrite enriched black shale from 1,166 to 1,176 metres. Red Metal interprets this interval as the equivalent to the ore shale horizon which has thinned and changed composition at depth below the Browns resource. The equivalent of the ore shale horizon has become less graphitic with the dominant sulphides being pyrite and pyrrhotite. Assay results confirmed there were no significant zones of copper in the deep Browns hole. A one metre sample from within the hanging wall fault zone returned 315g/t Ag, 0.73% Cu from 1,070 metres to 1,071 metres.

Prior to commencing the Browns deep hole, one precollared diamond drill hole was completed southwest of Compass Resources' Area 55 lead-copper-cobalt resource targeting a ground-based electromagnetic anomaly. No significant mineralisation was discovered in this hole although a single one metre interval returned 0.26% Cu, 0.37% Co and 0.30% Ni from 170 metres to 171 metres.

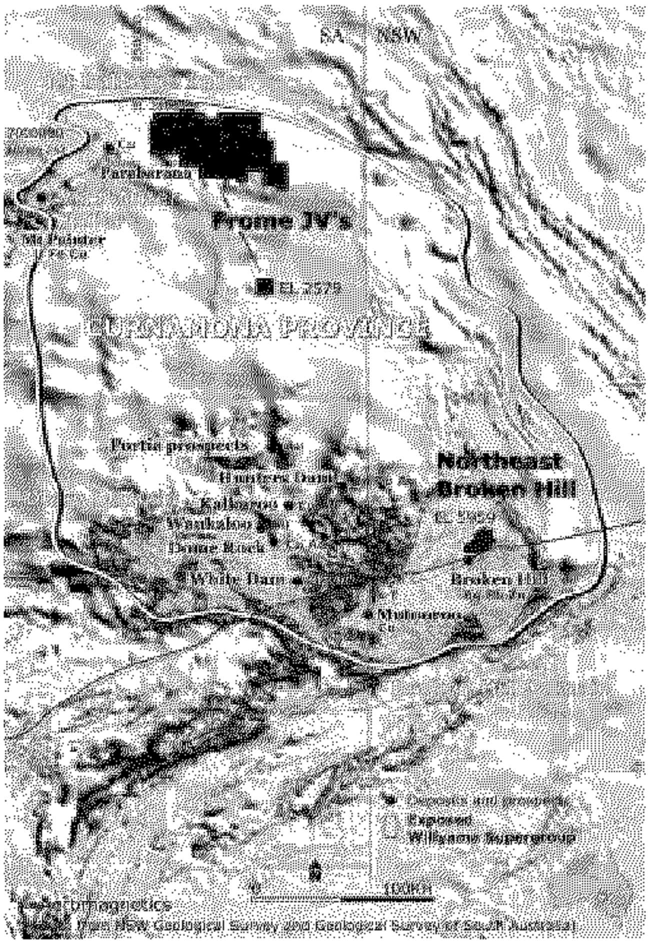
Further sampling either side of the anomalous drill intervals is in progress. Other possible drill targets are being evaluated.

New Project

Frome Joint Ventures *(Red Metal earning 70%)*

Terms of two new joint ventures have been finalised over tenements located in the north-western portion of the metal rich Curnamona Province which target Olympic Dam style mineralisation in basement rocks buried below 400-600 metres of younger sedimentary cover rocks. Historic exploration in the joint venture areas have identified a number of large IOCG style breccia systems associated with magnetite and hematite alteration. Red Metal will be utilising sophisticated magnetic processing and detailed gravity to define drill targets. Drill testing of the highest priority targets is scheduled for the third quarter of 2004 when specialist water bore drillers required for drilling in this region become available.

The joint ventures partners (Tenement Owner) is PlatSearch NL (100%) at Callabonna (EL2886) and PlatSearch NL (50%) together with a prospecting syndicate (50%) at Quinyambie (EL2579). Under the terms of both joint ventures Red Metal can earn 51% by spending $1M on exploration and can elect to spend an additional $2M to earn a 70% equity. Upon earning 70% the Tenement Owner must elect to contribute to exploration in proportion to their interest or, exchange their interest for a net smelter royalty or, convert their interest to a 15% carried interest through to decision to mine with payback of the carried amount from 80% of their share of net cash flow from production.



[Figure 8] Curnamona Province: magnetic intensity image showing Red Metal's project locations and the major deposits and prospects of the region.

For further information concerning Red Metal's operations and plans for the future refer to the recent prospectus or contact Rob Rutherford, Managing Director at:

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Rob Rutherford	Russell Barwick
R Rutherford	
Managing Director	Chairman

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

RED METAL LIMITED

ACN	Quarter ended ("current quarter")
ACN 103 367 684	31 MARCH 2004

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors	26	51
1.2	Payments for (a) exploration and evaluation	(319)	(820)
	(b) development		
	(c) production		
	(d) administration	(87)	(264)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	147	214
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other – Monies received to fund joint venture exploration activities from alliance partner	242	512
	Net Operating Cash Flows	9	(307)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	-	(3)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	-	(3)
1.13	Total operating and investing cash flows (carried forward)	9	(310)

1.13	Total operating and investing cash flows (brought forward)	9	(310)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	12,200
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		80
1.17	Repayment of borrowings	-	(80)
1.18	Dividends paid		
1.19	Other – COSTS OF ISSUE	-	(788)
	Net financing cash flows	-	11,412
	Net increase (decrease) in cash held	9	11,102
1.20	Cash at beginning of quarter/year to date	11,102	9
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	11,111	11,111

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	59
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	$'000
Directors' remuneration	59

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	$A'000

4.1	Exploration and evaluation	300
4.2	Development	-
	Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	574	707
5.2	Deposits at call	10,537	10,395
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	11,111	11,102

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil.			
6.2	Interests in mining tenements acquired or increased	Nil.			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter				
7.3	**+Ordinary securities**	83,176,472	61,000,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter				
7.7	Options *(description and conversion factor)*	8,850,000 1,897,059 2,000,000	- - -	Exercise Price 20 cents 20 cents 35 cents	Expiry Date 30.09.2007 30.09.2007 30.12.2006
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 28 April 2004
(Company secretary)

Print name: PATRICK FLINT

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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