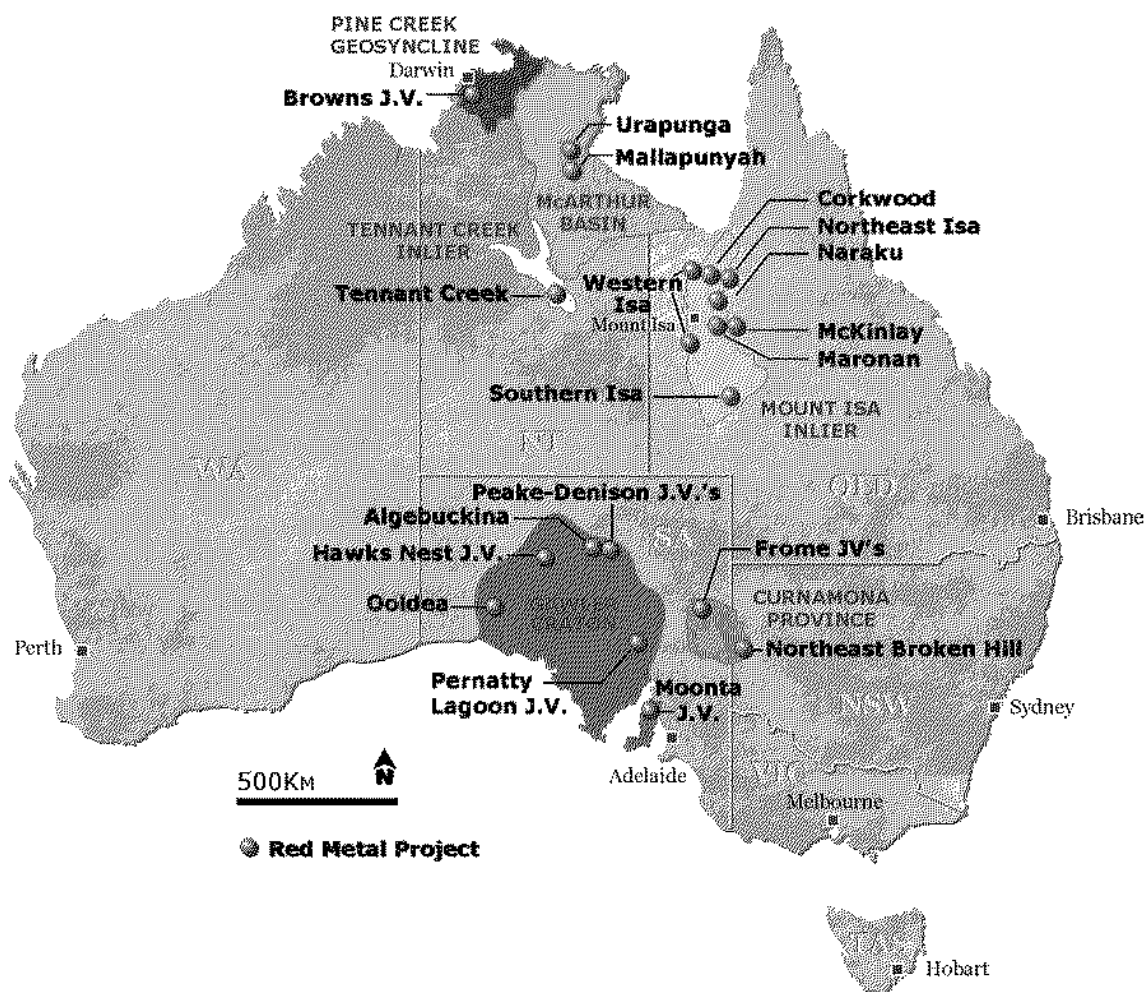

NEWS RELEASE

For Immediate Release
27 October , 2004

September Quarterly 2004

HIGHLIGHTS

- Drilling below Target 81 West at the Moonta project intersected broad zones of low grade secondary copper mineralisation which has highlighted the potential of a previously untested, deep gravity low located immediately south and west of the mineralised drill hole. Follow-up drilling scheduled for early 2005.
- Frontier drill holes at both the Taldora and Elizabeth Springs projects discovered highly encouraging alteration assemblages associated with weak copper mineralisation. Follow-up holes planned for early in the 2005 field season.
- Drilling has commenced over high priority targets at the Peake and Denison project.
- Two regionally significant gravity anomalies defined over the Frome project. Pre-collar drilling, pending access clearances, is scheduled to begin in November 2004.
- Three collaborative drilling proposals won approval from the Department of Primary Industry and Resources of South Australia (PIRSA) which represents up to \$199,000 of additional drill funding.
- New joint venture finalised with Havilah Resources N.L. over the Pernatty Lagoon project located within the prospective Olympic Domain of the Gawler Craton. A combined gravity and MIMDAS chargeability target is scheduled for drilling in 2005.



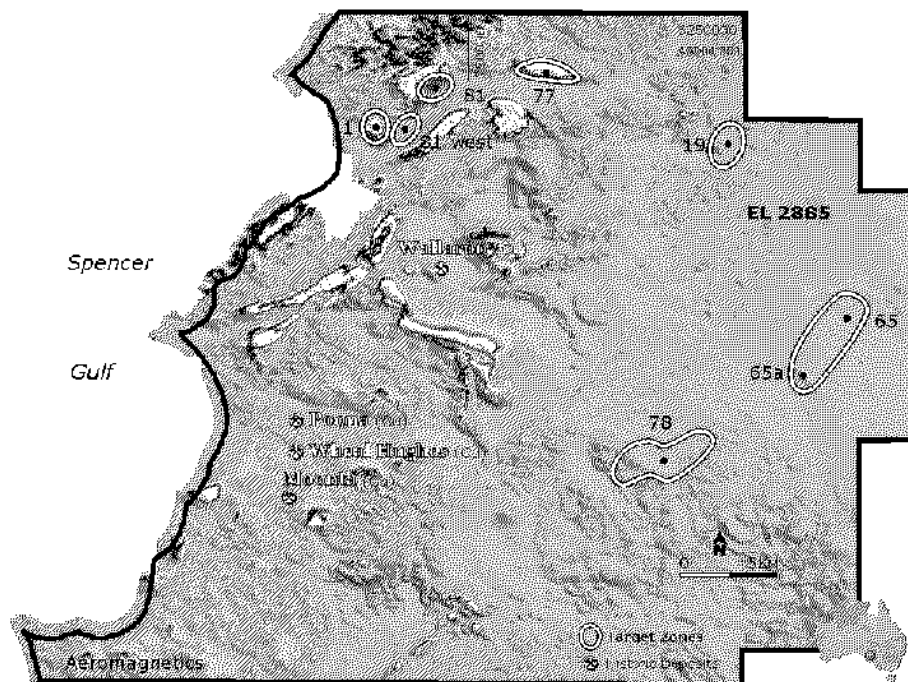
[Figure 1] Location of Red Metal projects.

EXPLORATION IN PROGRESS

Moonta Project (Red Metal right to earn 21%)

The Moonta Project is centred around the historic copper mining district of Moonta (Figure 1 and Figure 2). The “Alliance” between Red Metal Limited (Red Metal) and Phelps Dodge Australasia Inc. (PDAI) can earn 70% by expending \$4 million within 5 years with Adelaide Resources Limited retaining a 30% equity. The target model at Moonta is a large Iron-Oxide Copper Gold style (IOCG) deposit buried beneath about 10-150 metres of cover.

Red Metal have successfully utilised detailed gravity and magnetic data in conjunction with soil calcrete geochemistry to identify basement copper mineralisation under shallow cover sequences within in the Moonta region. During the quarter a three hole (1,170 metre) mud drill/diamond core program was completed which followed up on encouraging zones of secondary copper mineralisation and gold and copper soil calcrete anomalies. Results to date for the main target areas are summarised below.



[Figure 2] Moonta Project: magnetic image showing deep drill targets and historic Cu-Au deposits of the area.

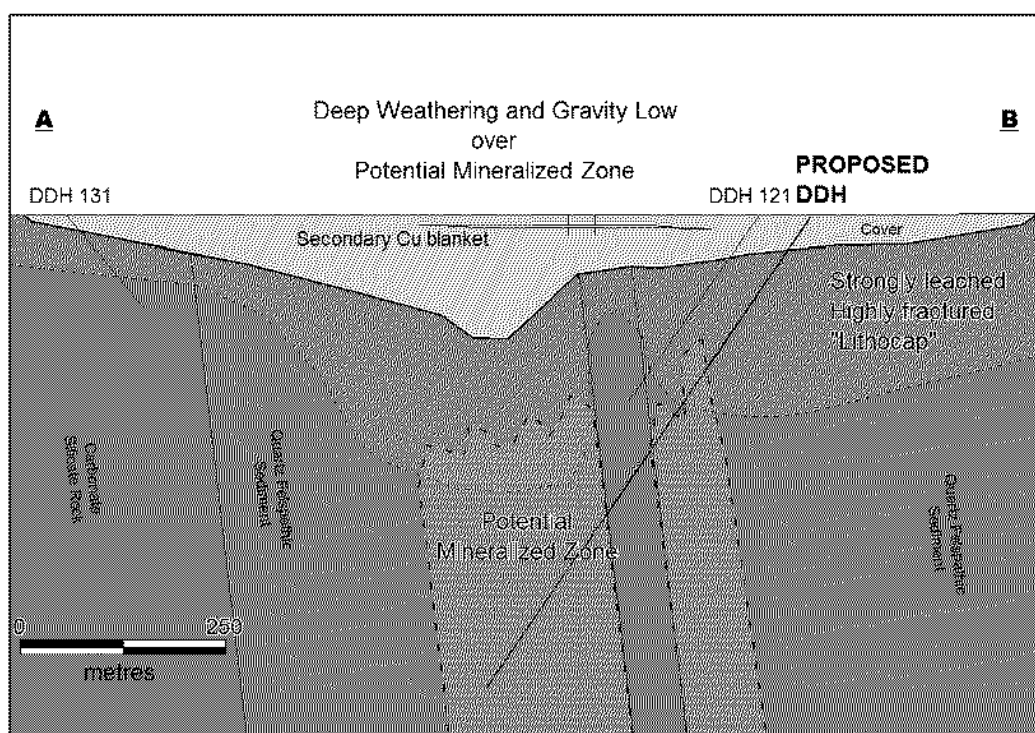
Target 81 is a previously untested zone of anomalous gold and copper in soil calcrete extending for over one kilometre along a major faulted contact with values up to 58 ppb gold and 56 ppm copper which are considered highly anomalous for this region. A single hole drilled into the target intersected 52 metres averaging 0.16% copper, 0.05 ppm gold from 111 metres including 15 metres at 0.18% Cu and 0.11 ppm gold from 131 metres. Mineralisation appears to be related to wide spaced sulphide veins at the boundary between shales and a felspathic quartzite.

Target 81 West is a 1500 by 500 metre gravity low target with coincident copper and gold anomalism in soil calcrete. Historic drilling near the target has outlined secondary copper mineralisation within transported cover which overlies deeply weathered basement rocks. Drilling below these historic drill holes this quarter intersected broad zones of low grade secondary copper mineralisation averaging 800 ppm over 263.7 metres from 4 metres depth. Copper mineralisation occurs as secondary malachite hosted in transported sands and gravels to 130 metres and as secondary malachite and chalcocite in a deeply weathered, stockwork fractured felspathic quartzite. The association of deep weathering with the mineralised zones has highlighted the potential of the previously untested deep gravity low located immediately south and west of the mineralised drill hole. PIRSA, under the terms of the drilling collaboration plan for accelerating exploration (PACE Initiative), will fund about 50% of the drilling cost for a 700 metre deep hole into this target (Figure 3).

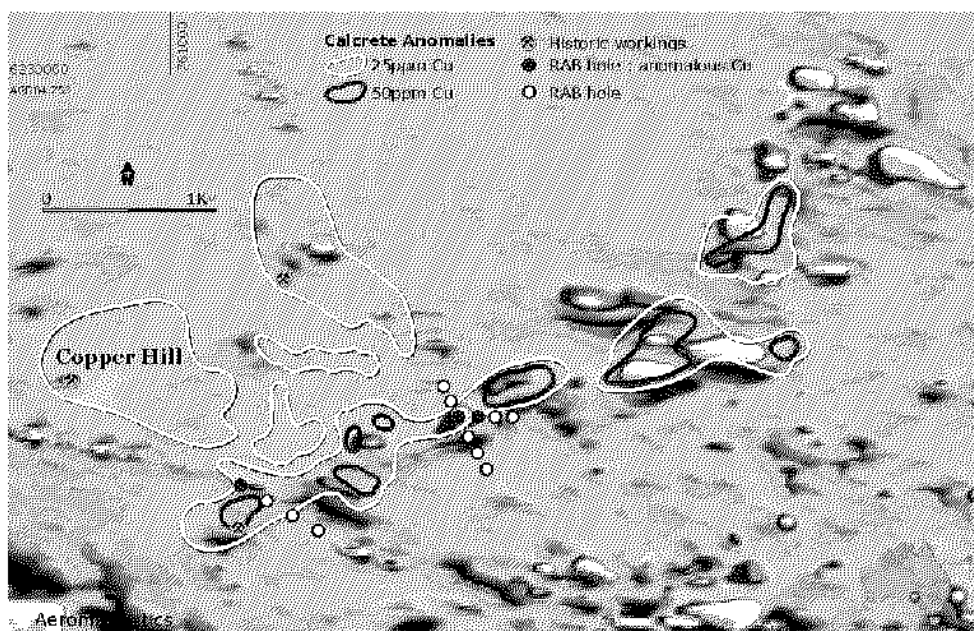
Target 78 is a 4 kilometre long target zone of high copper values in soil calcrete coincident with weak magnetic anomalies (Figure 4). Limited shallow drilling along the south-western end of the anomaly has intersected anomalous copper in bedrock above the magnetic anomalies.

Target 19 is a high gold and copper soil calcrete anomaly associated with a sharp gravity low where previous shallow RC and aircore holes have intersected zones of secondary copper mineralisation in weathered metasedimentary rocks. A mud drill/diamond core hole completed this quarter intersected carbonate altered sediments and graphitic and pyritic shales with wide spaced quartz-carbonate±chalcopyrite veins. Assaying of core reported low copper values which down graded this target.

Additional drilling, pending PDAI budget approval, is proposed to test the gravity low at Target 81 West, the extensive zone of copper in soil calcrete at Target 78 (Figure 5) plus the lateral extent of the gold geochemistry at Target 81. Drilling is expected to begin following crop harvesting, early in 2005.



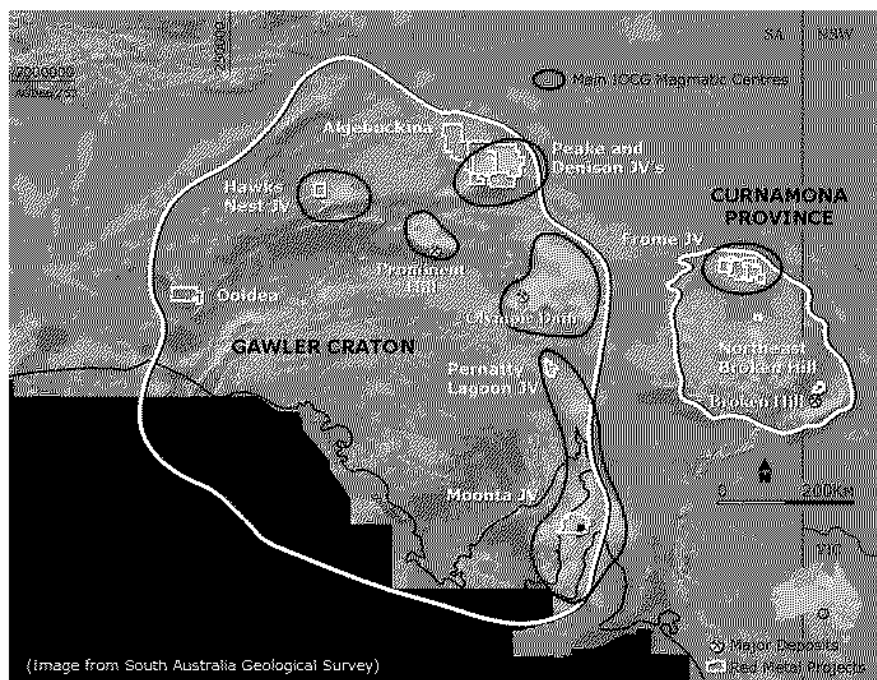
[Figure 3] Moonta Project : Target 81 West, schematic cross section showing untested deep gravity low proximal to old holes which intersected broad zone of deep leaching and secondary copper mineralisation. Diamond drill test scheduled for first quarter of 2005.



[Figure 4] Moonta Project: Target 78 - magnetic image with contours of copper values in soil calcrete and previous drilling with elevated copper values. Extensive zones of high copper values associated with elevated magnetic zones are untested. Aircore program scheduled for December 2004.

Peake and Denison Project (Red Metal right to earn between 18% and 21%)

The Peake and Denison Project includes two joint ventures incorporating 7,113 square kilometres of highly prospective terrain covering the majority of the Peake-Denison magmatic centre located within the north-eastern margin of the Gawler Craton (Figure 5). This project comprises the Douglas Creek Joint Venture between PDAI and Rio Tinto Exploration Pty Limited (Red Metal right to earn 21%) and the Peake and Denison Joint Venture between PDAI, BHP Billiton Minerals Pty Ltd and Rio Tinto Exploration Pty Limited (Red Metal right to earn 18%).



[Figure 5] Gawler Craton and Curnamona Province: project locations on greyscale image of magnetic intensity.

The joint ventures cover an interpreted magmatic centre associated with a regional scale magnetic and gravity signature similar to the region hosting the Olympic Dam mine (Figure 5). 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. A detailed gravity survey comprising 3,651 stations was completed over the prospective Douglas Creek, Umbum Creek and Spring Hill regions. Interpretation and modelling of the new data has identified several geophysical targets considered highly prospective for both magnetite-associated and/or hematite-associated IOCG style of deposits. Key targets within each of these areas are described below.

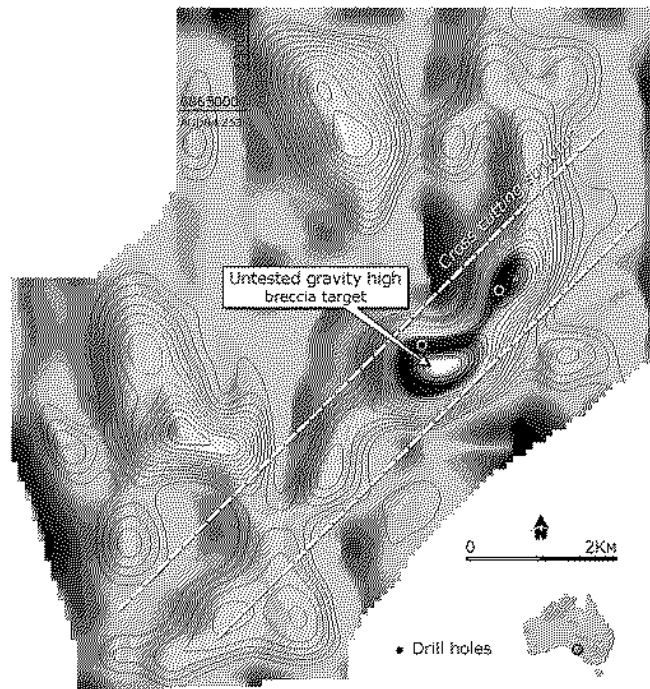
The Umbum Creek target is a 800 by 500 metre, 3.5 milligal gravity target within a cross-cutting highly magnetic alteration zone. The gravity anomaly is off-set from the magnetic anomaly which suggests a hematite/magnetite-associated target. Previous drilling near this target intersected encouraging alteration in basement rocks located 295 metres below surface (Figure 6).

The Spring Hill target is a 5 by 3 kilometre area containing discrete magnetic lows with coincident high gravity up to 2 milligal. Previous drilling near the zone intersected a prospective hematite-actinolite breccia under less than 50 metres of younger sedimentary cover. Additional structurally controlled, high magnetic and low magnetic targets coincident with high gravity anomalies are identified in the surrounding region.

[Figure 6] Peake and Denison Project: Umbum Creek gravity image highlighting an untested gravity anomaly near old holes with encouraging alteration minerals. Precollar drilling in progress.

The Douglas Creek target is a 5 by 1 kilometre, 6 milligal gravity anomaly located along a crustal scale fault zone.

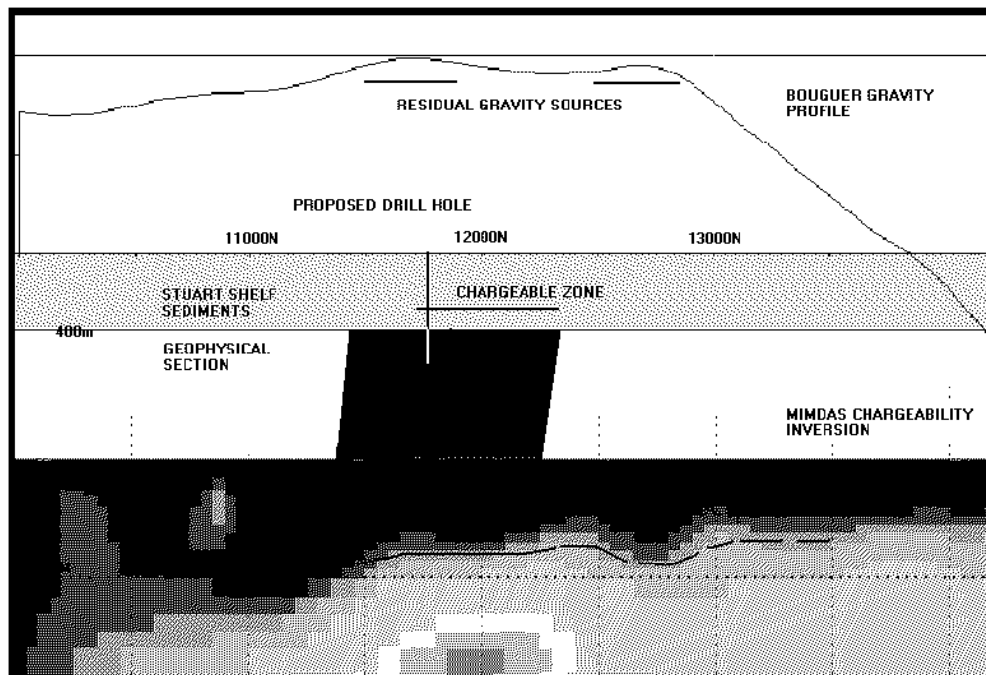
Drill testing of the highest priority targets in both joint venture areas will involve a two stage drill program. Stage one, which began in late September, involves mud drilling a precollar hole through the cover sequence into basement rocks. Stage two, which is planned to begin in the 2005 field season, will extend the precollar holes to test the highest priority basement targets using a conventional diamond core rig. Results from the stage one program will be presented in the next quarterly report.



Pernatty Lagoon Project (Red Metal right to earn 21%)

The Pernatty Lagoon project is a new joint venture with Havilah Resources N.L. over EL 2979 located within the prospective Olympic Domain of the Gawler Craton about 125 kilometres south of Olympic Dam Mine (Figure 5). Under the terms of the joint venture the Alliance can earn 70% of the project by spending \$1 million over five years.

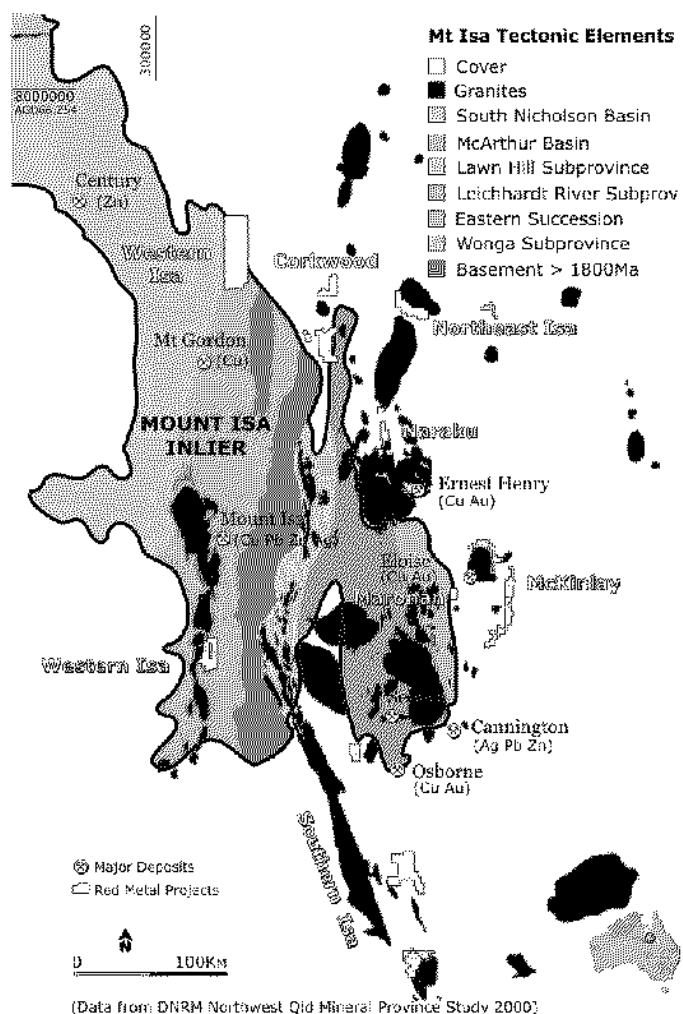
Drilling will initially test a high gravity anomaly (measuring 5 milligal) focused along a craton scale, northwest trending fault which is coincident with a zone of magnetite destruction and a weak MIMDAS chargeability zone (Figure 7). The drill target is located within three kilometres from a historic drill hole containing very strong, fracture and porosity controlled sericite+hematite±siderite alteration hosted in Gawler Range Volcanic rocks which is typical of the alteration minerals found in the outer halo around the Olympic Dam copper deposit. PIRSA, under the terms of the PACE Initiative, will fund about 50% of the drilling cost for a deep hole into this target.



[Figure 7] Pernatty Lagoon Project : Cane Grass prospect, two separate cross sections from line 10800E showing gravity profile and the proposed drill target (upper section) and an image of MIMDAS chargeability inversion (lower section).

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

Red Metal is targeting large IOCG deposits in structures similar to those hosting the Ernest Henry and Osborne copper-gold mines. An extensive exploration program including detailed gravity surveys and drilling over many of the Mt Isa projects was completed this quarter (Figure 8). Detailed gravity surveys totalling 5,984 stations were completed over the Naraku, McKinlay, Corkwood, Southern Isa and Northeast Isa projects and six rotary mud drill/diamond core holes for 2,421 metres were drilled over the McKinlay (McKinlay and Ivelen), Northeast Isa (Taldora), Southern Isa (Elizabeth Springs) and Maronan projects. Encouraging alteration assemblages and anomalous low grades of copper mineralisation were intersected at Taldora and Elizabeth Springs while moderate grades of Cannington style lead, silver mineralisation was intersected at Maronan.



[Figure 8] Mount Isa Inlier : Red Metal projects and regional geology showing extent of the outcropping Proterozoic rocks, main granite intrusions and major deposits of the region.

A second drill program is planned to begin early in the 2005 field season over the Naraku, Corkwood and Southern Isa (Elizabeth Springs), Maronan and Taldora projects.

Key results are presented below.

The Elizabeth Springs Project, one of the Southern Isa Projects, covers two regionally significant combined magnetic and gravity anomalies in a region not previously drilled. The first drill hole targeted the western magnetic anomaly (Figure 9) and intersected low grade copper mineralisation associated with strong potassic altered schistose and gneissic metasedimentary rocks from 443.5 metres to the end of hole at 606.3 metres. Vein and wallrock alteration assemblages included strong pyrite, biotite, potassium feldspar, sericite, magnetite, quartz and apatite with accessory chlorite, carbonate, chalcopryite, pyrrhotite and actinolite. Selective sampling of anomalous intervals returned 46 metres at 0.11% copper from 446 metres with very anomalous values of nickel, cobalt, vanadium and phosphorous as trace elements. The high potassic alteration, abundant sulphides and trace element association is typical of alteration halos found around IOCG deposits. A hole into the separate eastern anomaly is planned for early in the 2005 field season.



[Figure 9] Elizabeth Springs Projects: magnetic image highlighting two significant structure controlled magnetic highs adjacent to an interpreted granite pluton.

The Maronan Project is centred around two regionally significant magnetic anomalies where previous drilling had intersected moderate grades of Cannington style lead, silver mineralisation overprinted by younger Osborne style copper, gold mineralisation. This quarter, two diamond core holes targeting magnetic zones within the most southern anomaly intersected banded carbonate-garnet-magnetite and banded quartz-garnet-magnetite iron formations associated with zones of banded and veined galena, and veins and disseminations of chalcopryite and pyrrhotite. In hole MND25, Cannington style, banded and vein galena was intersected over a 4.85 metre interval from 203 to 207.85 metres which averaged 4.04% lead and 123.9 ppm silver. A deep penetrating, B-field TEM survey is planned for 2005 to attempt to map untested deep copper-pyrrhotite or lead-silver-pyrrhotite mineralisation.

The Taldora Project, one of the Northeast Isa group of projects, covers a series of structure controlled magnetic targets surrounding a granite pluton in an area never previously drill tested. A single hole testing one of several magnetic targets in the area intersected highly encouraging alteration assemblages associated with low grades of copper mineralisation which is considered a good result for a first hole. Copper mineralisation occurs as disseminations associated with quartz-sericite-chlorite+carbonate+hematite alteration and in wide spaced magnetite-chlorite-quartz-

carbonate+pyrite+ pyrrhotite veins and breccias. Follow-up drilling of separate gravity and magnetic targets is planned for early in the 2005 field season.

The McKinley Project, covers gravity and magnetic targets prospective for Cannington style zinc, lead, silver or IOCG style copper, gold mineralisation. Drill testing of two separate combined gravity/magnetic targets intersected wide spaced copper bearing veinlets associated with quartz-carbonate-pyrrhotite-chlorite assemblages in weak magnetic, dense amphibolite rocks.

The Naraku Project covers a number of structure controlled magnetic targets in the region about 30 to 60 kilometres northwest of the Ernest Henry copper, gold mine. Detailed gravity surveying over the region has identified five previously untested gravity and combined gravity/magnetic targets which have a similar magnitude to the response related to the Ernest Henry deposit. Drilling, pending access negotiations and rig availability, is scheduled for the early in the 2005 field season.

The Corkwood Project incorporates a large IOCG magmatic centre associated with abundant magnetite alteration and indications of copper, gold mineralisation (best includes 210m @ 0.33% copper, 0.2ppm gold at Jimmy's Creek prospect). Detailed gravity surveying over the region has identified four previously untested combined gravity/magnetic targets. Drilling, pending access negotiations and rig availability, is scheduled for early in the 2005 field season.

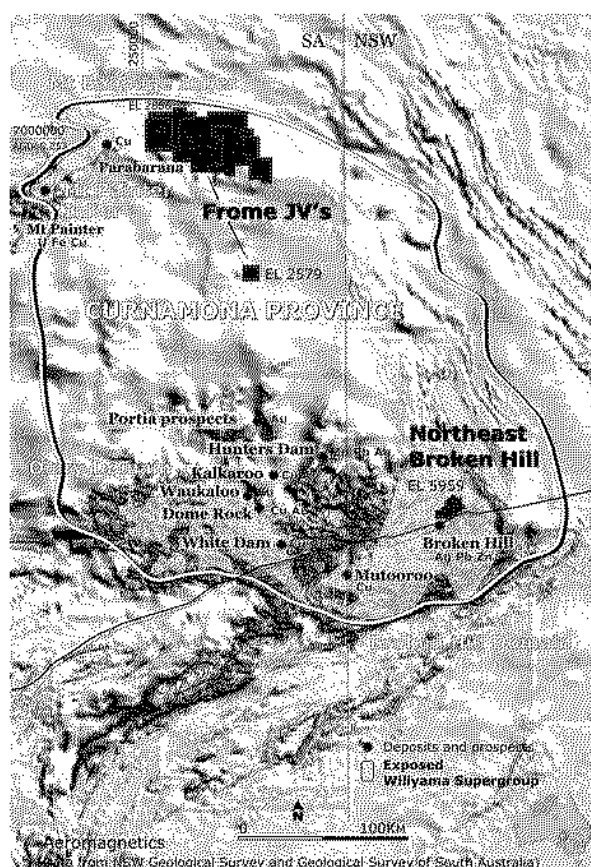
Augustus Downs Project, is one of the Western Isa group of projects, and covers the northern extension of the fault zone which hosts the Mt Gordon Cu deposit. Historic airborne TEM data was reprocessed and several conductive targets were field checked. The project was down-graded as all airborne TEM anomalies related to conductive dolomitic siltstones containing fine laminations of hematite after pyrite. No significant mineralisation was detected in rock chip samples.

Frome Projects (Red Metal earning 70%)

The Frome joint ventures are located in the north-western portion of the metal rich Curnamona Province and target Olympic Dam style mineralisation in basement rocks buried below 400-600 metres of younger sedimentary cover rocks (Figure 10). The joint venture partners are PlatSearch NL at the Callabonna project and PlatSearch NL together with a prospecting syndicate at the Quinyambie project.

Existing and new gravity data collected by Red Metal has defined two previously untested, regionally significant gravity targets. Drill testing of targets, pending finalisation of access negotiations, is scheduled for November 2004 when specialist water bore drillers required for drilling in this region become available. PIRSA, under the terms of the PACE Initiative, will fund about 50% of the drilling cost for a deep hole into one of the two gravity targets.

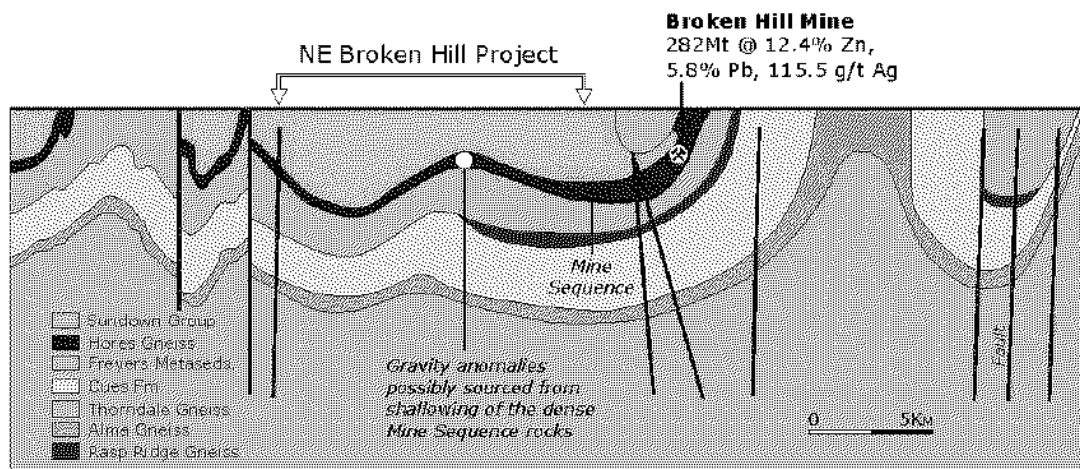
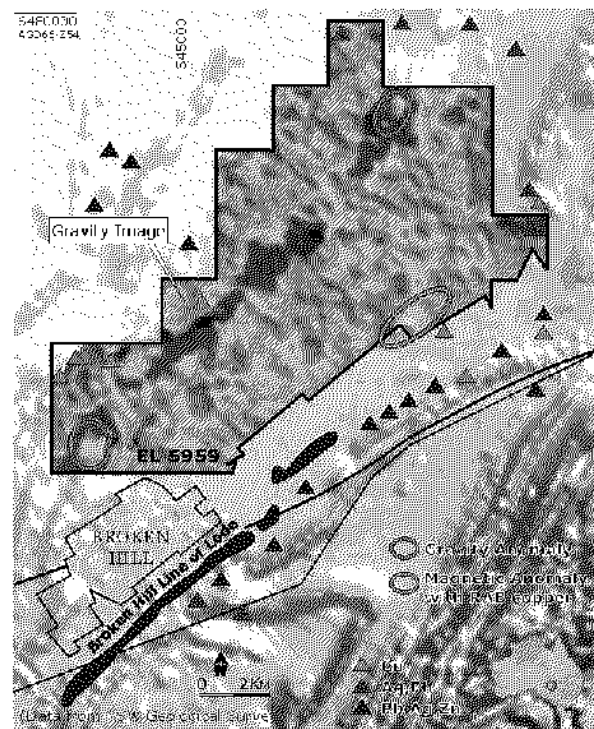
[Figure 10] Curnamona Province: magnetic intensity image showing Red Metal's project locations and the major deposits and prospects of the region.



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

The Northeast Broken Hill Project covers an area of 102 square kilometres and abuts the northeast boundary of the group of mining leases containing the giant Broken Hill deposits (Figure 11 and Figure 12). Drilling of Falcon derived gravity anomalies will commence upon completion of access negotiations and is currently scheduled for late in 2004 or early 2005.

[Figure 11] Northeast Broken Hill Project: colour Falcon gravity image on greyscale magnetic image. 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 12] Interpreted regional cross section through Broken Hill Mine and Red Metal's Northeast Broken Hill project highlighting possible shallowing of dense rocks belonging to the Broken Hill mine sequence.

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

Red Metal has been granted 5 exploration licences and holds 8 additional exploration licence applications covering a total of 2,440 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 with traditional aboriginal owners and native title claimants which commenced with a meeting with the Warumungu people in September 2004. The Company is planning its work programs for the 2005 field season.

For further information concerning Red Metal's operations and plans for the future please refer to the 2004 annual report or contact Rob Rutherford, Managing Director at:

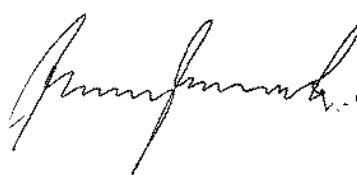
Phone +61 (0)2- 9281 1805

Fax +61 (0)2- 9281 5747

www.redmetal.com.au

Rob Rutherford
Managing Director

Russell Barwick
Chairman



Red Metal aims to generate shareholder wealth through the discovery of giant copper, copper-gold deposits in Australia. With the strong support from PDAI through the Alliance and an exciting portfolio of drill targets throughout Australia's most productive copper and basemetal terrains the Company is well placed to maintain its position as one of the most active and geographically diverse copper exploration companies in Australia.

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

ACN 103 367 684

Quarter ended ("current quarter")

30 SEPTEMBER 2004

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	31	31
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(941) (143)	(941) (143)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	146	146
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	493	493
Net Operating Cash Flows		(414)	(414)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
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		-	-
1.13	Total operating and investing cash flows (carried forward)	(414)	(414)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(414)	(414)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(414)	(414)
1.20	Cash at beginning of quarter/year to date	10,903	10,903
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	10,489	10,489

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	65
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Directors' remuneration	\$'000 65

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
3.2	Credit standby arrangements	Nil

Estimated cash outflows for next quarter

+ See chapter 19 for defined terms.

		\$A'000
4.1	Exploration and evaluation	1,000
4.2	Development	-
Total		1,000

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	363	221
5.2	Deposits at call	10,126	10,682
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		10,489	10,903

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.		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 <i>(description)</i>				
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 <i>(description)</i>				
7.6 Changes during quarter				
7.7 Options <i>(description and conversion factor)</i>	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 <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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: 27 October 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.

== == == == ==

+ See chapter 19 for defined terms.