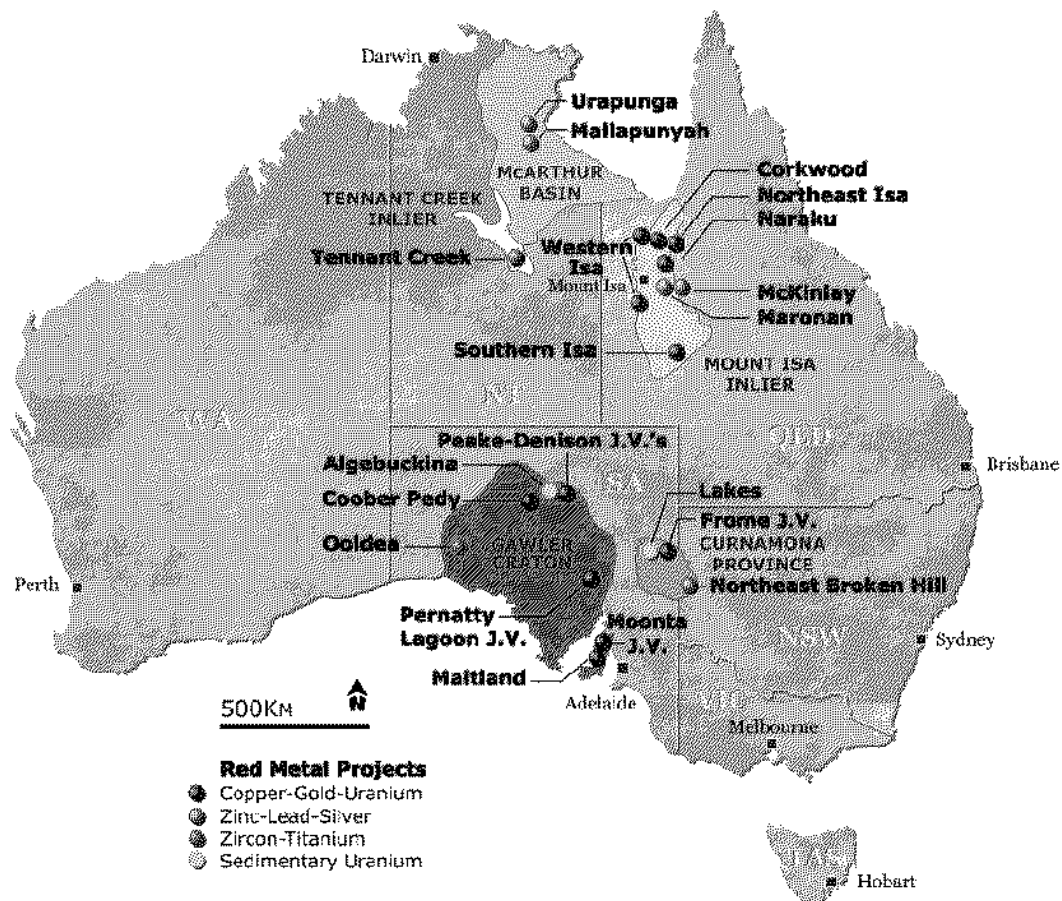

NEWS RELEASE

For Immediate Release
October 23, 2005

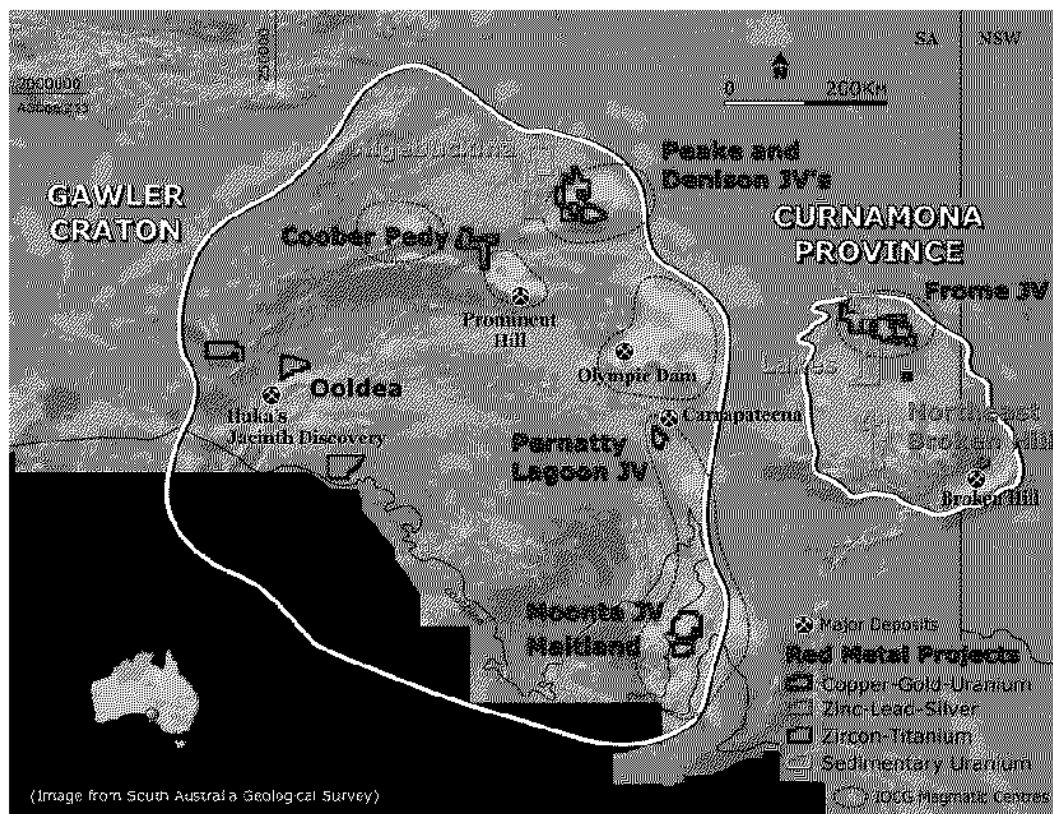
September 2005 Quarterly Report

HIGHLIGHTS

- At Moonta, positive drill results announced from *Wombat* including 10 metres at 2.45% copper and 0.7g/t gold from 259 metres stimulate follow-up diamond core drilling and highlight the significance of a large, previously untested copper in calcrete anomaly to the southeast. Drilling to recommence in December 2005.
- Infill gravity survey defines analogue targets to the recent Carrapateena copper discovery on Pernatty Lagoon. Drilling being planned for first quarter of 2006.
- Successful farming out of Cannington style targets on the McKinlay and Maronan projects to BHP Billiton, who own and operate the nearby Cannington Mine. Drilling initiated at McKinlay.
- Diamond core drilling of numerous Iron Oxide Copper-Gold (IOCG) style targets on the Peake and Denison project in South Australia and Mount Isa projects in Queensland scheduled to begin in November 2005.
- Historic drill hole data over the Lakes projects highlight elevated gamma log responses in Quaternary sediments validating new uranium concept. First pass drilling on uranium targets planned for 2006.



[Figure 1] Location of Red Metal projects.



[Figure 2] Location of Red Metal projects in the Gawler Craton and Curnamona Province projects on greyscale image of magnetic intensity.

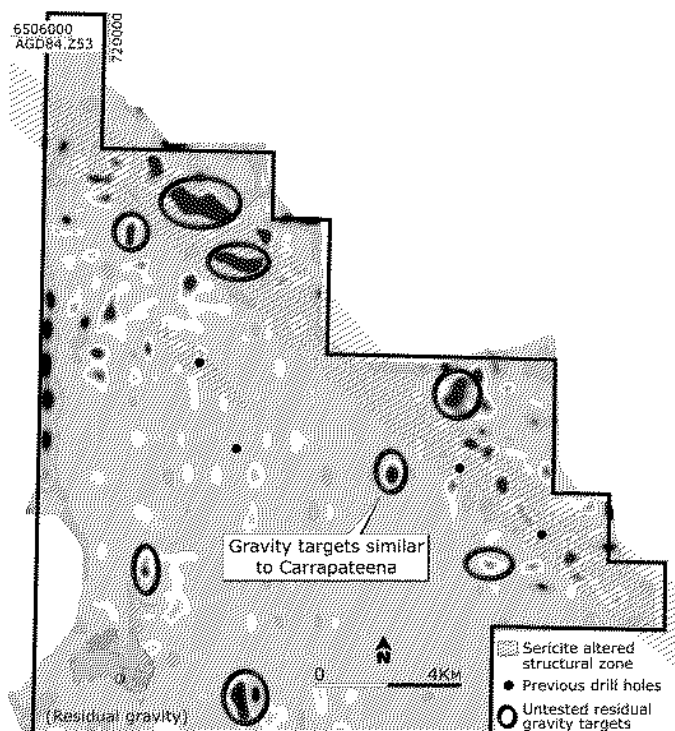
GAWLER CRATON AND CURNAMONA PROVINCE

Pernatty Lagoon Project

(Red Metal right to earn up to 70%)

The recent Carrapateena discovery in the Gawler Craton, South Australia (67 metres grading 3.03% copper and 0.4 grams per tonne gold), was located by drilling a small, 2 milligal gravity anomaly in a district where many of the historic drill holes had intersected pervasive sericite alteration typical of that seen in the alteration halo around the Olympic Dam deposit. Pernatty Lagoon is located less than fifty kilometres south of Carrapateena (Figure 2 and Figure 7) and is also characterised by strong sericite alteration. Detailed gravity surveys completed during the quarter defined several, untested 2 to 4 milligal gravity anomalies which are considered highly prospective for copper mineralisation (Figure 3).

Red Metal can earn 70% of the project from Havilah Resources NL by spending \$1 million over five years. Drilling is scheduled for the first quarter of 2006.

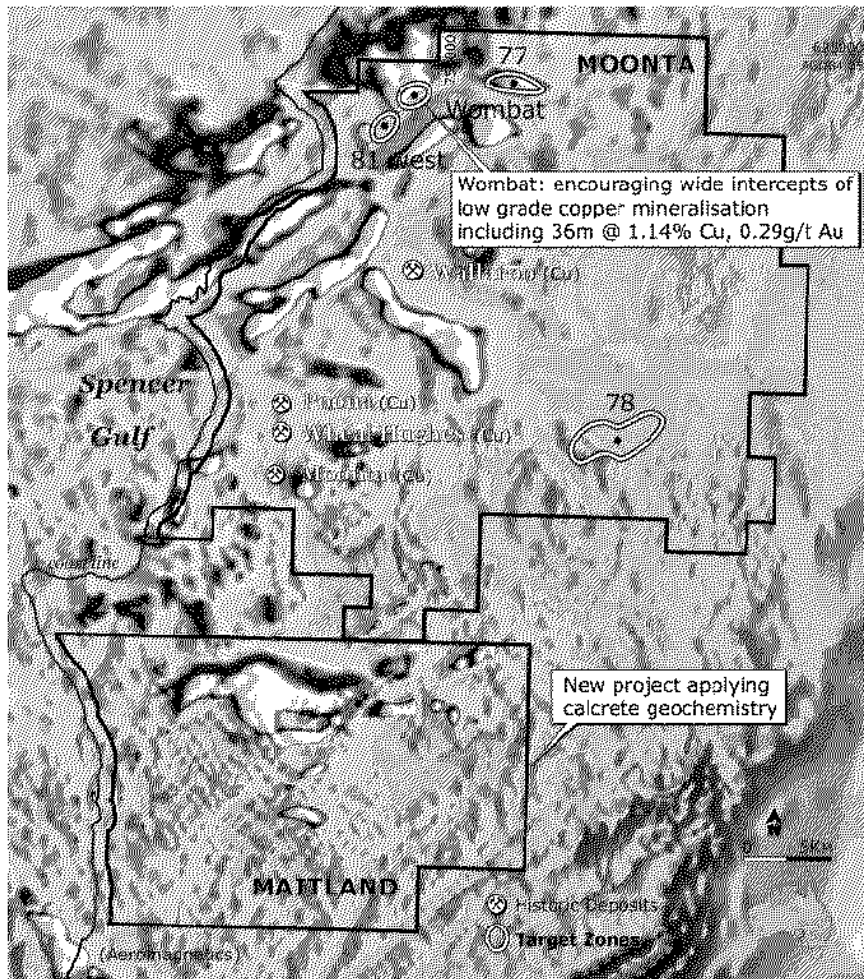


[Figure 3] Pernatty Lagoon Project : residual gravity image showing untested gravity targets

Moonta Project

(Red Metal right to earn up to 21%)

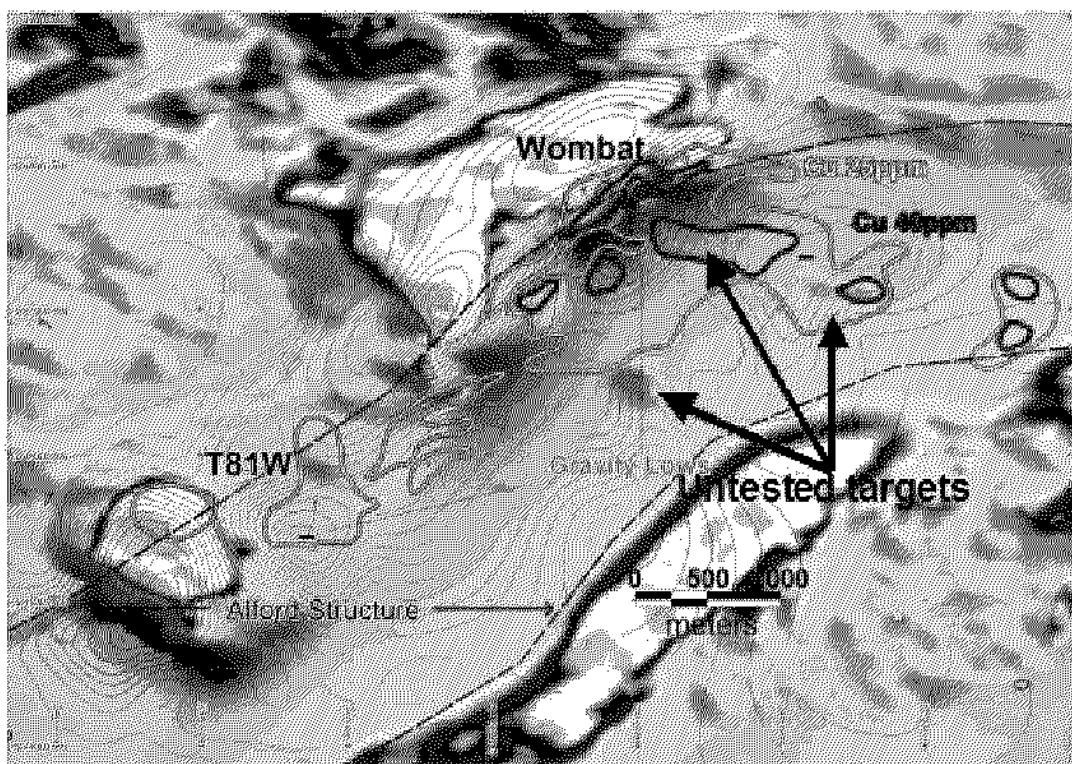
On the 28 September Red Metal announced positive indications of copper mineralisation from three first pass, diamond core holes completed below the *Wombat* ironstone. All holes intersected encouraging wide intervals of low grade copper mineralisation within a shear structure. In addition, a higher grade intercept of secondary copper sulphide mineralisation comprising 10 metres at 2.45% copper and 0.7g/t gold was intersected from 259 metres in the most western hole, MPD-05-21. This higher grade zone occurs within a 36 metre intercept averaging 1.14% copper and 0.29g/t gold from 239 metres and is located over 400 metres from the nearest hole, MPD-05-19, which intersected 68 metres at 0.24% copper. The large width of the copper mineralised shear zone, secondary copper sulphide minerals and the zone of higher copper grade are encouraging. An additional 2,022 metres of shallow aircore drilling along the strike of the copper mineralised structures has been completed recently and results are awaited.



[Figure 4] Moonta and Maitland Project: magnetic image showing main drill targets and historic copper-gold deposits of the area.

Drilling of copper anomalies in soil calcrete targets and/or deep gravity low targets has proved effective in locating basement copper mineralisation under shallow cover sequences within the Moonta region. An extensive, east to west trending zone of high copper in soil calcrete and deep gravity lows located about 500 metres southeast of *Wombat* remains untested and is considered a significant target in light of the recent encouraging drill results (Figure 5). Previous air drill techniques, hindered by the shallow ground water table, failed to test this large target. A core drilling program infilling along the *Wombat* shear zone and drill testing the source to the large copper in soil calcrete anomaly to the southeast is planned to begin following the farming harvest in December 2005 and continue into the first quarter of 2006.

The Alliance can earn 70% from Adelaide Resources Limited by expending \$4 million within five years.



[Figure 5] Moonta Project: magnetic image with gravity contours (fine black line) and copper in soil calcrete geochemical contours (coloured lines). Note the extensive, coincident gravity-copper anomaly south of Wombat which remains untested.

Maitland Project

(Red Metal 100%, subject to PDAI earn-back)

This new project located immediately south of the Moonta project was secured following the successful use of the soil calcrete geochemistry in the district (Figure 4). Red Metal will be the first company to apply this exploration technique over the tenement area. Detailed gravity and soil calcrete sampling has been initiated. Aircore drilling is planned for 2006.

Frome Projects

(Red Metal right to earn between 60% and 70%)

The Frome joint ventures are located in the north-western portion of the metal-rich Curnamona Province of South Australia and target Olympic Dam style copper, gold and uranium mineralisation in basement rocks buried below 400-600 metres of younger sedimentary cover rocks (Figure 2 and Figure 8). Red Metal was one of the first companies to apply detailed gravity to this region and in doing so identified a range of gravity targets considered prospective for copper, gold, uranium mineralisation including three regionally significant, gravity anomalies named the *Big Bang*, *Red Giant* and *Super Nova* targets (Figure 6). Results from the diamond core drill tests completed to date are summarised below.

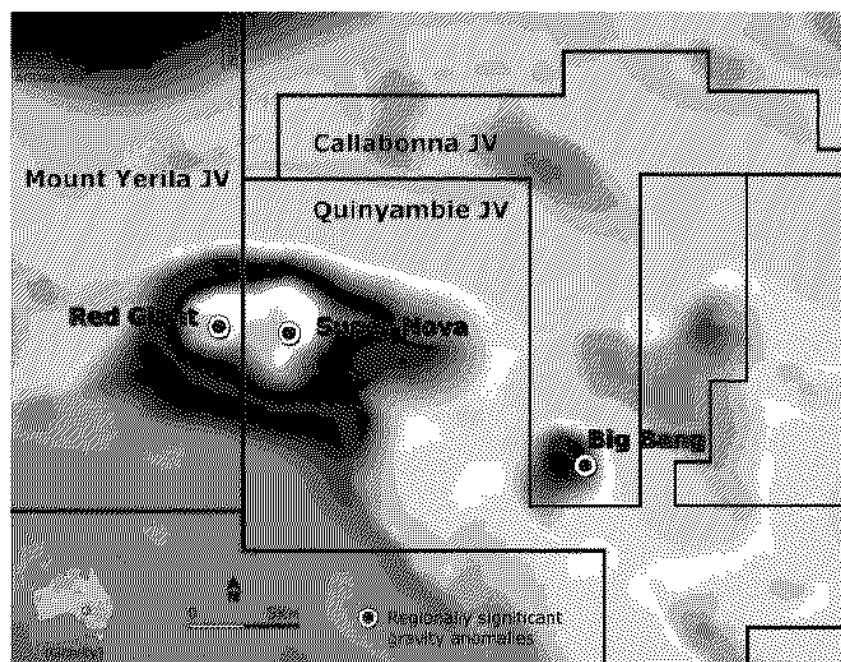
- ***Big Bang*** – this strong 6.5 milligal anomaly is related to a basement high or buried mountain peak of dense calcsilicate±magnetite rocks covered by lower density sedimentary cover rocks.

The discrete basement high and dense rock types both influenced the gravity field and combined to give this very high gravity response.

- **Red Giant** - this very strong 19 milligal anomaly was drill tested to 752.3 metres. Rock types show a general increase in density down hole but no significant high density rock types were intersected. Drilling has shown the source to the anomaly is not a discrete high density body typical of a shallow ore body but is most likely related to a large mountain shaped mass of moderate density rocks or a high density body at much greater depth.
- **Super Nova** - is also a very strong 19 milligal anomaly geophysically identical to *Red Giant* anomaly. Core samples at the base of the precollar intersected moderately dense scapolitic carbonate rocks. Extension of the precollar was abandoned because of hole stability problems and the generally negative results from the proceeding holes.

The recently completed diamond drill testing on the largest gravity targets failed to intersect significant base metal mineralization. Several middle order gravity and high magnetic targets remain untested and are being reassessed for possible drilling.

- **Uranium targets** - sedimentary roll front uranium targets in the younger Quaternary and Tertiary cover sequences are being evaluated in conjunction with the Lakes projects for drilling in 2006 (Figure 10).

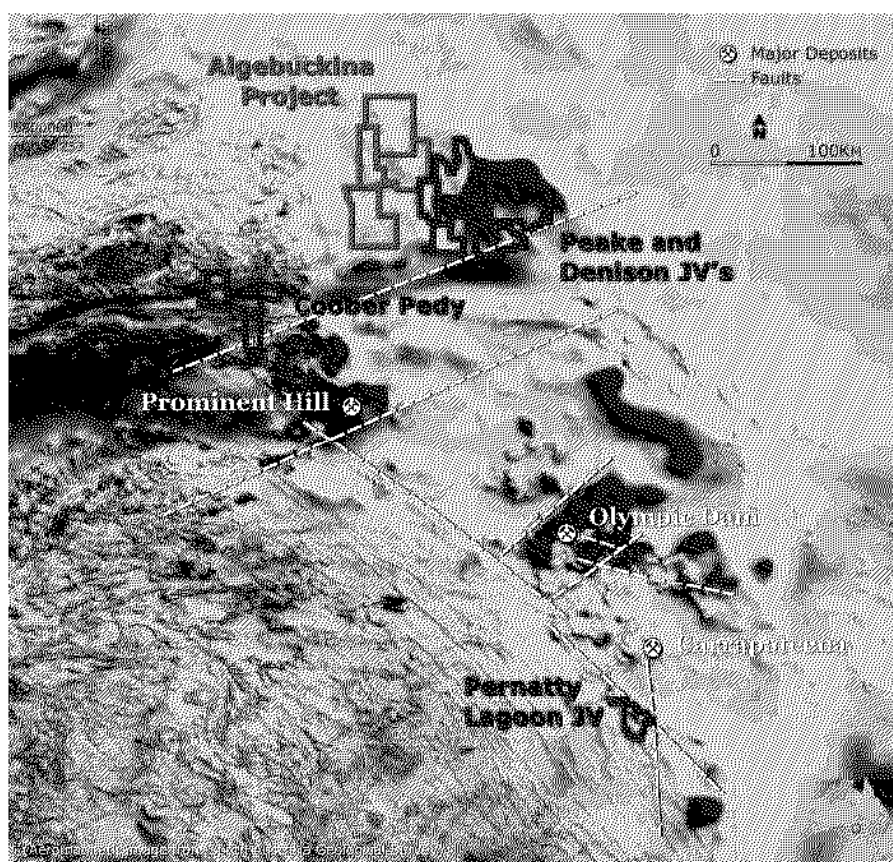


[Figure 6] Frome Projects: gravity image showing regionally significant Red Giant, Super Nova and Big Bang drill targets.

Peake and Denison Projects

(Right to earn between 18% and 21%)

The Peake and Denison projects include two joint ventures incorporating the majority of the Peake-Denison magmatic centre located within the north-eastern margin of the Gawler Craton, South Australia. This interpreted magmatic centre has a regional scale magnetic and gravity signature similar to the region hosting the Olympic Dam mine (Figure 7). Re-interpretation of new gravity data identified a number of gravity and magnetic targets located along large cross cutting structures considered prospective for Olympic Dam style mineralisation. Precollar holes for diamond drilling that will test six targets have been completed. A conventional diamond core drilling program funded by Phelps Dodge under the Alliance Agreement is expected to begin coring in November 2005.



[Figure 7] Northern Gawler Craton: magnetic image showing location of main Red Metal projects.

Coober Pedy Project

(Red Metal 100%, subject to PDAI earn-back)

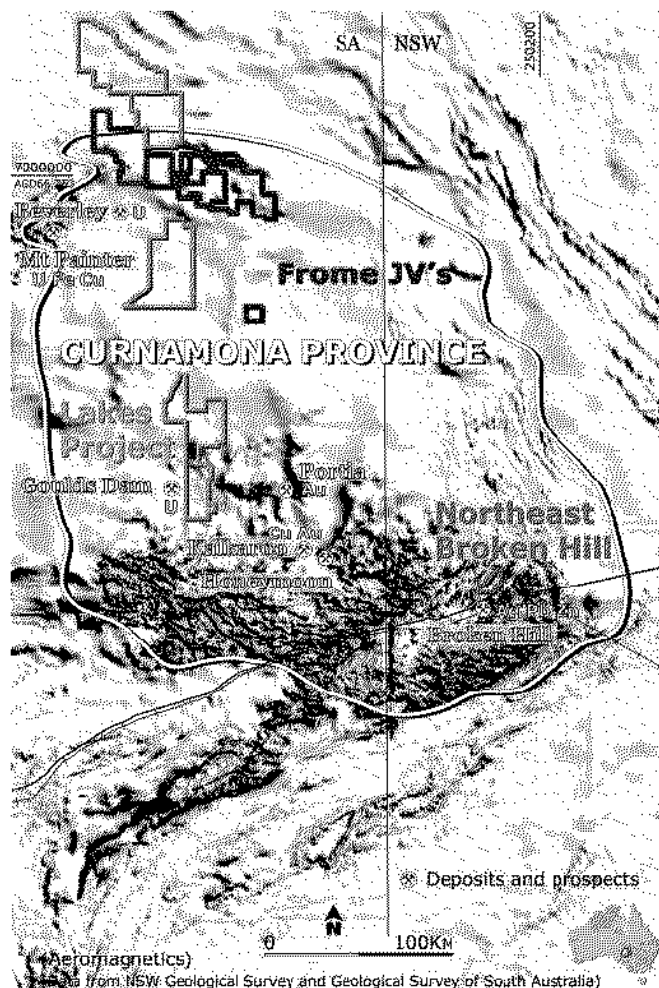
Gravity and or magnetic targets located along craton scale structures in close proximity to magmatic centres are considered highly favourable targets for giant copper-gold-uranium style mineralisation within the Gawler Craton, South Australia. The new Coober Pedy project, contains an untested combined magnetic and gravity anomaly which meets all these criteria and is located along the northern margin of the magmatic centre where the Prominent Hill copper gold deposit is located (Figure 7). Drilling is planned for November 2005.

Northeast Broken Hill Project

(Red Metal 100%, subject to PDAI earn-back)

This project covers an area of 73 square kilometres and abuts the northeast boundary of the group of mining leases containing the giant Broken Hill lead-zinc-silver deposits in New South Wales (Figure 8). Airborne gravity anomalies targeting structural or stratigraphic repeats of the Broken Hill lodes are planned for drilling shortly.

[Figure 8] Curnamona Province: greyscale magnetic image showing Red Metal projects locations and the major deposits and prospects of the region.



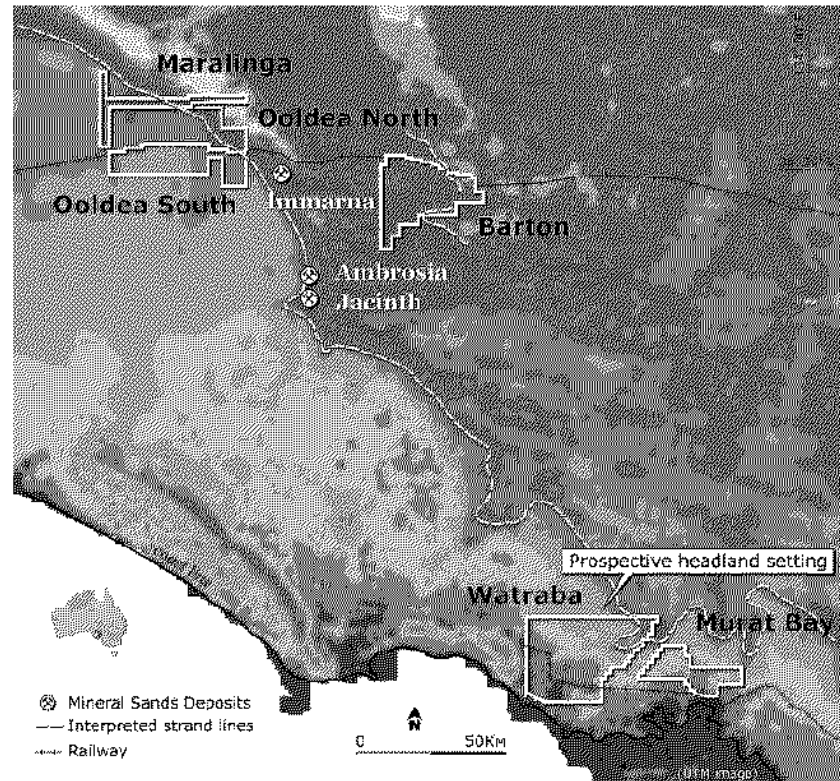
The Ooldea Mineral Sands Projects

(Red Metal 100%, some subject to PDAI option to earn-in)

These projects cover Tertiary beach sands along the eastern margin of the Eucla Basin, South Australia, where Iluka Resources Limited recently discovered two of the worlds most significant, zircon rich, heavy mineral sand deposits, Jacinth and Ambrosia (Figure 9). Red Metal's tenements cover part of the northern and southern extension to the prospective shore line hosting Iluka discoveries as well as higher shore lines interpreted to the east.

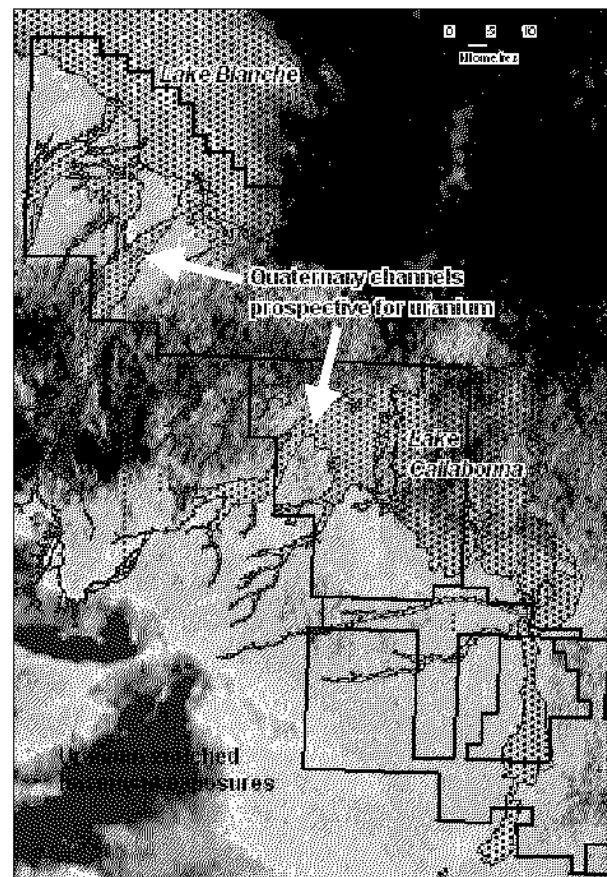
Headland and river mouth settings favourable for the localisation of heavy mineral sand deposits along the old beach line have been interpreted for drill testing within Red Metals tenements. First pass aircore drilling program will begin following successful land access negotiations with native title claimants and aboriginal land owners.

[Figure 9] Ooldea Mineral Sand Projects: digital terrain image showing location of Red Metal projects and known heavy mineral sand deposits and prospects in the Eucla Basin. Note the interpreted continuation of the old beach strand lines hosting the Iluka discoveries (fine yellow dash), their location on an interpreted J-shaped bay and headland setting and the similar setting on Red Metal's Watraba licence.



The Sedimentary Roll-Front Uranium Projects (Red Metal 100%, various joint venture interests)

Red Metal has recognised the potential for sedimentary hosted roll front uranium deposits to occur in settings beyond the tenements of the established Heathgate Resources Pty Ltd's Beverley uranium mining operations situated in northern South Australia and that these may occur in both younger and older sedimentary sequences. The Company has secured extensive areas prospective for this type of uranium deposition within its new wholly owned Lakes and Algebuckina projects and in part within the Frome and Peake and Denison projects which are subject to third party joint venture involvement (Figure 2 and Figure 8).



[Figure 10] Lakes Projects and Frome Projects: uranium image showing uranium enriched basement rocks, prospective Quaternary river channels (spotted red) and reduced lake sediments (spotted black).

Historic drill hole data over the Lakes projects highlight elevated gamma log responses in the Quaternary channel sediments, validating the concept that ore forming processes responsible for the formation of the Beverly uranium deposit in the Tertiary sediments were also active in the younger Quaternary sediments. Prospective channels and trap sights have been defined for first pass drill testing in 2006 (Figure 10).

MOUNT ISA INLIER

Mount Isa Projects

(100% Red Metal subject to PDA1 earn in rights, except for the McKinlay and Maronan projects)

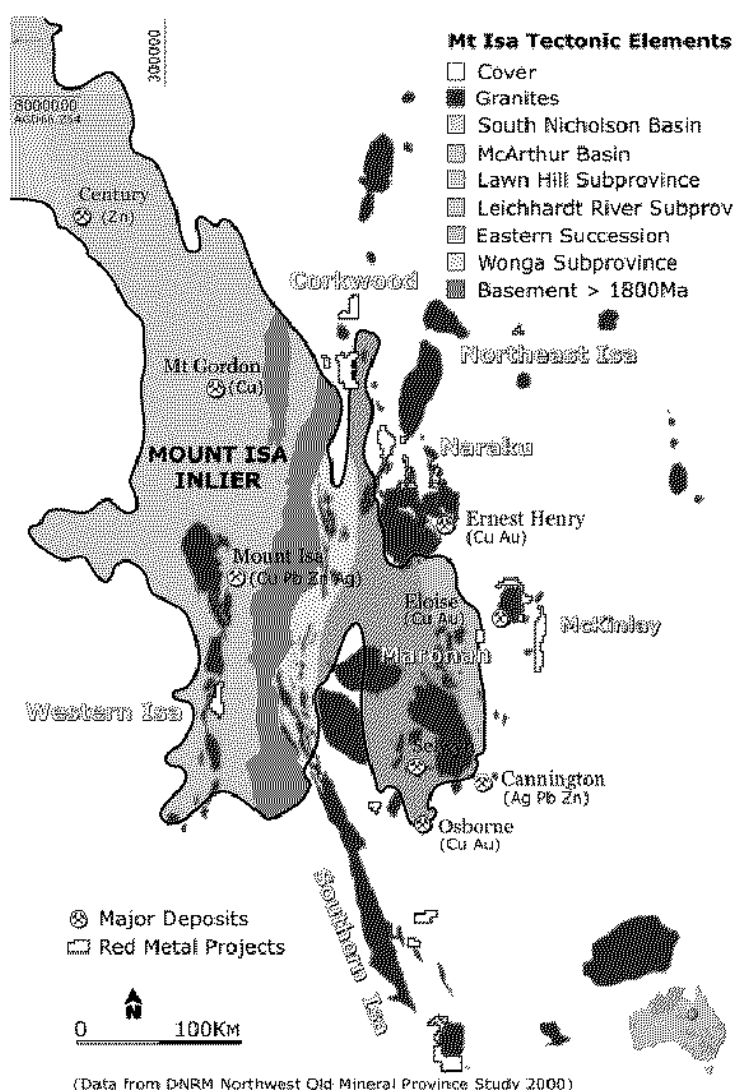
On the 21 September Red Metal announced the successful negotiation of two joint ventures for the Maronan and McKinlay projects with BHP Billiton Minerals Pty Ltd who own and operate the nearby Cannington mine, the largest silver producing operation in the world.

Red Metal effectively retains a 30% free carry to the delivery of a feasibility study in the Maronan project and a 21% interest in the McKinlay project free carried for the first \$10 million (PDA1 retain the remaining 9% interest).

Since establishing the joint venture BHP Billiton have drilled 3 holes for 1230m at the *Breena* target within the McKinlay joint venture area. Two of the holes intersected significant intervals of moderate-strength Broken Hill type alteration characterised by abundant fine-grained disseminated garnets. Deep penetrating geophysical surveys are planned as a first phase at Maronan within the next quarter.

A core drilling program testing a range of copper-gold targets on the Corkwood, Northeast Isa (Taldora) and Southern Isa (Elizabeth Springs) projects is scheduled to begin in November 2005.

[Figure 11] 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.

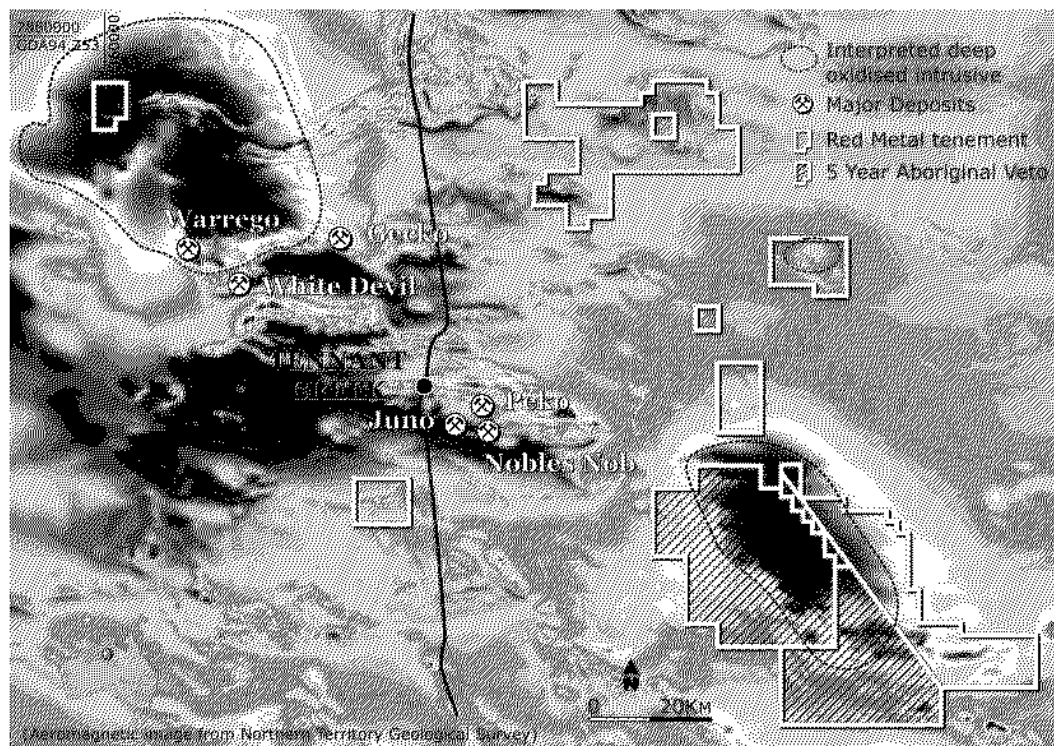


TENNANT CREEK INLIER

Tennant Creek Projects

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

Small but high-grade deposits of copper and gold mineralisation have been mined in the Tennant Creek field in the Northern Territory for many years. They are associated with magnetite and/or hematite bearing ironstones which have a strong magnetic and gravity response (Figure 12). Detailed gravity surveying completed over the accessible Red Metal tenements have highlighted several, previously untested, gravity and/or magnetic anomalies which have the potential to be mineralised. The largest combined magnetic and gravity target is over 1.2 kilometres long in a region never before drilled and covered by an estimated 100 metre to 200 metre of cover. Detailed modelling and planning for drilling early in the 2006 field season is in progress.



[Figure 12] Tennant Creek Inlier: magnetic image highlighting Red Metal tenements, deep seated magnetic granites (red areas) northwest and southeast of the Tennant Creek mineral field and the principle gold±copper deposits in the region.

For a colour version of this announcement and further information concerning Red Metal's operations and plans for the future please refer to the web site or contact Rob Rutherford, Managing Director at:

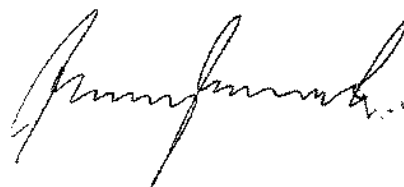
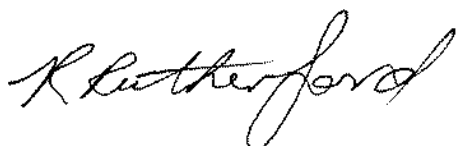
Phone +61 (0)2- 9281 1805

Fax +61 (0)2- 9281 5747

www.redmetal.com.au

Rob Rutherford
Managing Director

Russell Barwick
Chairman



The Information in this report that relates to Exploration Results is based on information compiled by Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Robert Rutherford is a director of the Company. Robert Rutherford has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code).

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

103 367 684

Quarter ended ("current quarter")

30 SEPTEMBER 2005

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	29	29
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(994) (120)	(994) (120)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	130	130
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	354	354
	Other - Government grants	198	198
Net Operating Cash Flows		(403)	(403)
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)	(403)	(403)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(403)	(403)
	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	(403)	(403)
1.20	Cash at beginning of quarter/year to date	9,966	9,966
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	9,563	9,563

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	62
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 62

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	800
4.2 Development	-
Total	800

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	300	332
5.2 Deposits at call	9,263	9,634
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	9,563	9,966

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	Maronan (EPM13368) and McKinlay (EPM 13344)	Granted tenement (JV with BHP Billiton, option to earn 70%)	100%	100%
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 2,000,000 230,000	- - - -	Exercise Price 20 cents 20 cents 35 cents 30 cents	Expiry Date 30.09.2007 30.09.2007 30.12.2006 31.05.2008
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: OCTOBER 2005
(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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+ See chapter 19 for defined terms.