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Modelling Defines Significant Exploration Upside on Maronan Silver-Lead Project, QLD

Compilation of the drill hole data into a three dimensional geological model has enabled resource consultants Hellman and Schofield Pty Ltd to produce a significant Exploration Target for the Maronan silver-lead project.

The Hellman and Schofield ("H&S") study describes a drill supported Exploration Target ranging from about 30 million tonnes at 4% lead and 50 g/t silver using a 1.5% lead cut-off grade to about 2 million tonnes at 13% lead and 200 g/t silver using a 7.5% lead cut-off grade (Table 1). It should be emphasised the drill hole spacing is currently considered too wide to define a Mineral Resource compliant with the 2004 JORC Code and it is possible that with further exploration drilling no Mineral Resource will eventuate.

Silver and lead mineralisation at Maronan is of a similar style to the nearby Cannington deposit and occurs within two parallel banded iron formations referred to as the Upper BIF and Lower BIF horizons (Figure 1 and Figure 3). The Exploration Target is based on the interpretation of the geology and assay results from 36 drill holes and combines results from both the Upper BIF and Lower BIF horizons. Mineralisation within the target zone ranges from about 70 metres to 800 metres depth below surface (Figure 2 and Figure 4). Details of parameters used in determining the Exploration Target are outlined in Appendix 1.

In addition, H&S infer further potential for similar tonnages located in the upper areas between the known mineralisation and below the limit of the drill supported Exploration Target to a depth of about 1200 metres which effectively doubles the size potential (black areas in Figure 2).

[Table 1] Drill supported Exploration Target potential for both the Upper and Lower BIF horizons based on a 3D geological model and polygonal studies by H&S.

Exploration Target	Tonnes x million	Lead %	Ag ppm
Cut-off 1.5% Lead	20-40	3-5	40-60
2.5% Lead	15-30	5-6	60-80
5.0% Lead	5-10	6-10	80 -150
7.5% Lead	1-5	10-15	150-200

Note: the Exploration Target is not a Mineral Resource consistent with the 2004 JORC Code and it is possible that with further exploration drilling no Mineral Resource will eventuate.

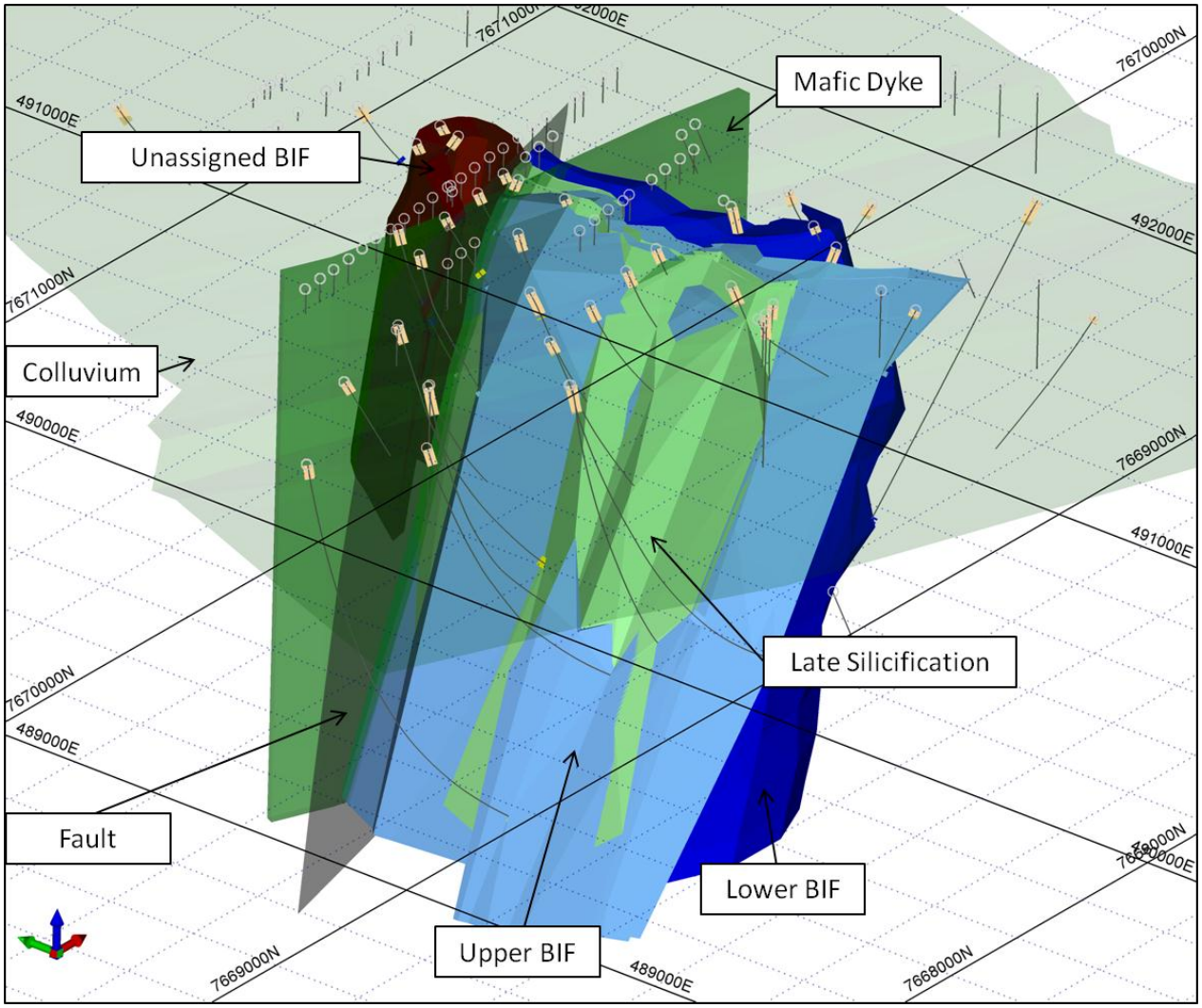
The Exploration Target defined by this study represents a significant new interpretation of the Maronan data and an exciting exploration opportunity particularly in light of the current very high silver prices at over $US28 per ounce. The Exploration Target provides a new geological model to scope out possible mining scenarios for testing by further exploration.

Infill drilling within the Exploration Target area is required to better define the continuity in order to expand the known higher-grade zones and test for additional near surface mineralisation that can be potentially extracted by open pit mining.

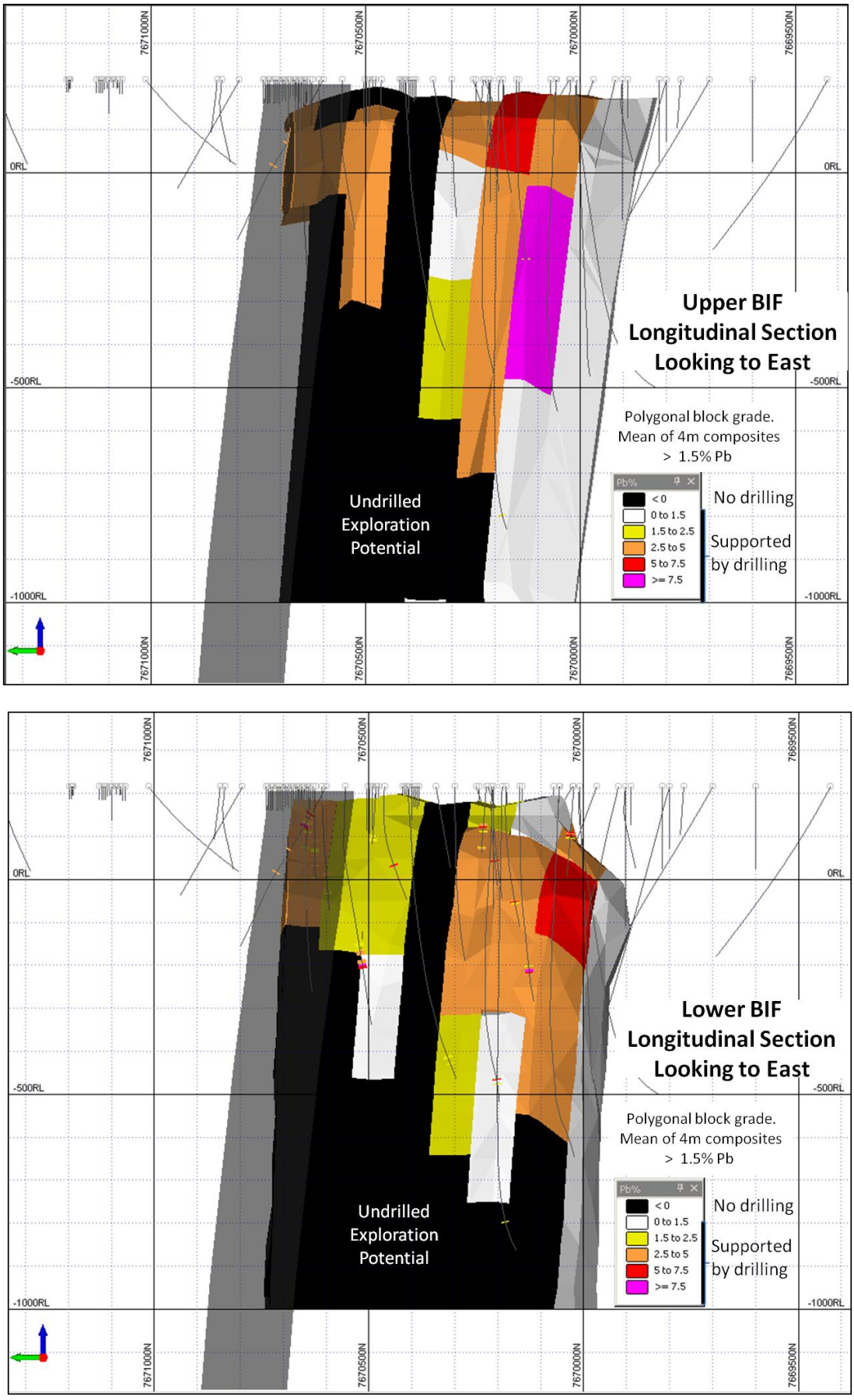
Mineralisation at Maronan is associated with galena (lead sulphide) and the highly conductive iron sulphide mineral pyrrhotite. Vectors such as the increasing silver (g/t) to lead (%) ratio with depth (64 in MRN07004) and off-hole electromagnetic anomalies detected in some of the deeper holes support the new geological model and indicate potential for a more significant, high-grade, Cannington style deposit at depth (Figure 4).

By comparison the nearby Cannington deposit, which is of a similar geological style to Maronan, comprised 43.8 million tonnes at a grade of 11.4 % lead, 4.4% zinc and 538 g/t silver at the time of feasibility between 1993 and 1995. The silver to lead ratio for this deposit averaged about 47 and it is now one of the largest lead and silver producing operations in the world.

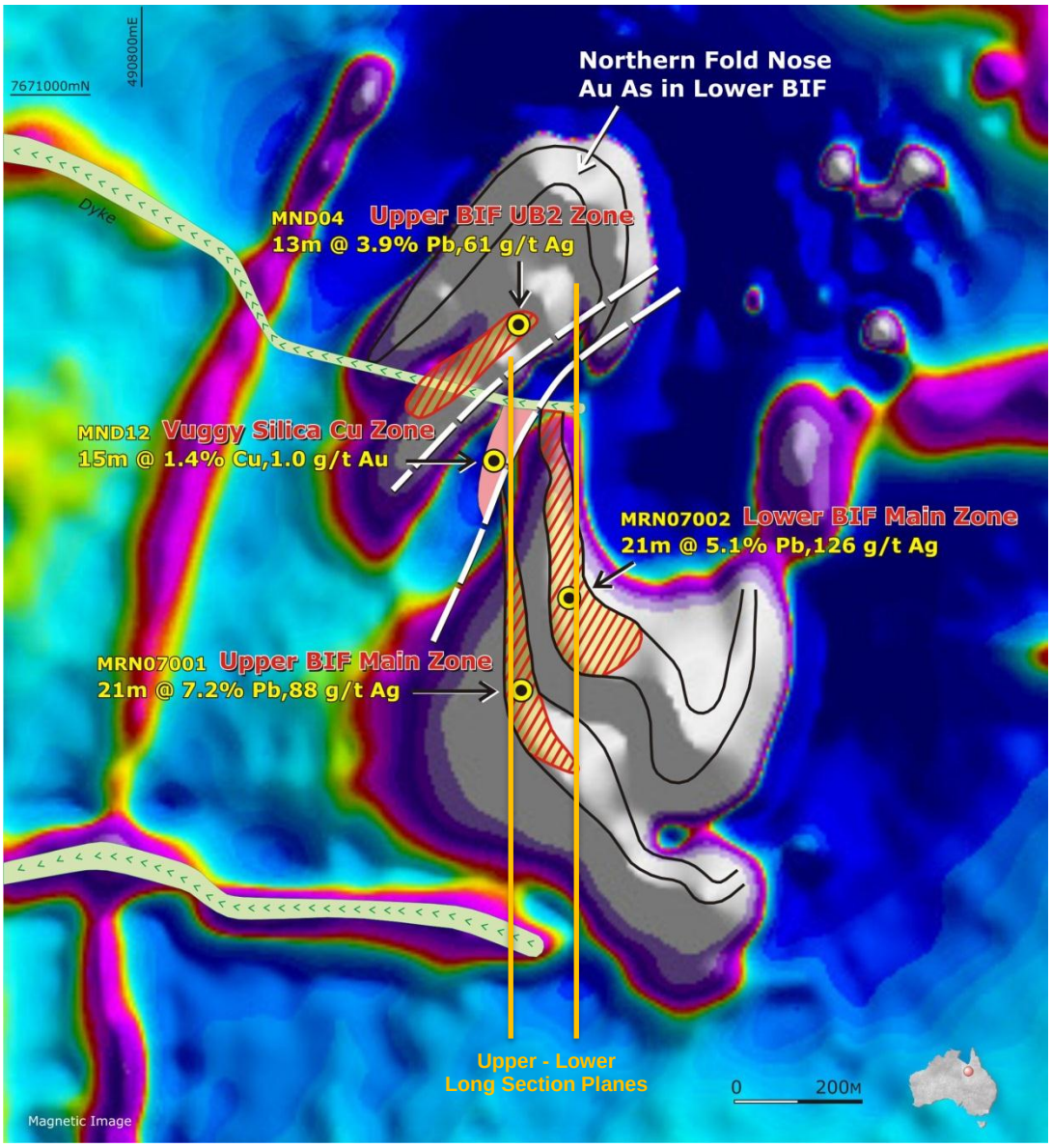
Red Metal owns 100% of the Maronan project and in 2011 is planning to drill key target positions to test the model that underpins this new Exploration Target. Discovery of a high grade, Cannington style deposit at depth is the key priority.



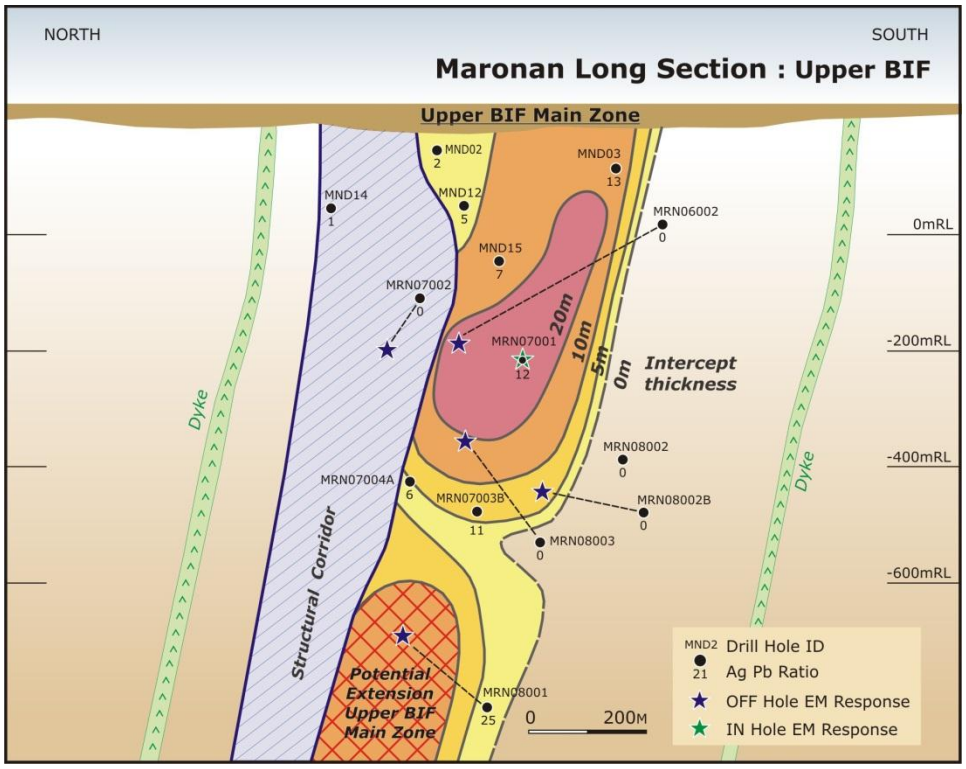
[Figure 1] Maronan Project Three Dimensional Geological Model: Image viewed from elevated south west position looking northeast and showing main geological elements.

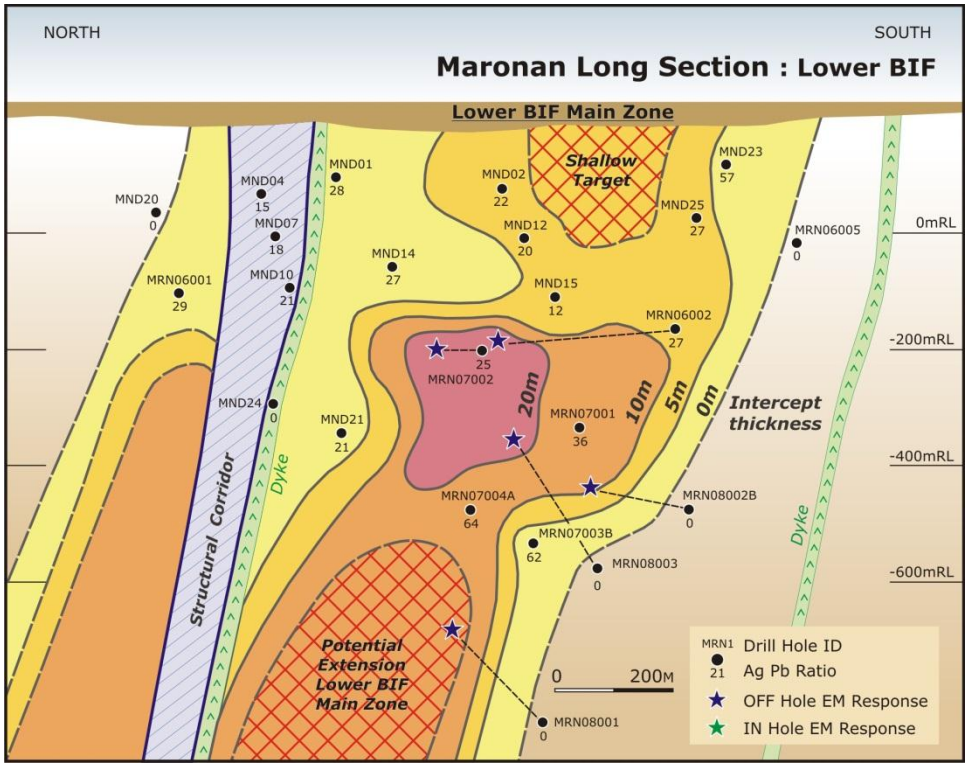


[Figure 2] Maronan Project Three Dimensional Geology Model: Longitudinal section views looking from the east for Upper BIF (top) and Lower BIF horizons. Polygons coloured according to average lead grade range (%) for all intercepts greater than 4 metres. Longitudinal section highlights polygon shapes used by H&S to determine the Exploration Target potential. Black area highlights no drill holes and scope for additional tonnages.



[Figure 3] Maronan Project: Magnetic image plan with outline of main geological elements and mineralised zones highlighting best intercepts for each zone. Longitudinal sections in Figure 2 (above) and Figure 3 (below) view the BIF surfaces looking from the west towards the east as projected on to the longitudinal section planes and highlight intercept thickness variations within the Upper BIF Main Zone and Lower BIF Main Zone.





[Figure 4] Maronan Project: Longitudinal sections showing drill hole positions, intercept thickness contours (metres) and silver (g/t) to lead (%) ratio and location of off-hole conductivity anomalies for the parallel upper and lower banded iron formation (BIF) horizons. Note steep northerly plunge to the thicker mineralised zone and increasing silver to lead ratio at depth in both the BIF horizons. Mineralised envelope defined using >1% lead grade with some localised internal dilution.

For further information concerning Red Metal's operations and plans for the future please refer to recent Quarterly Reports, the web site www.redmetal.com.au or contact the Managing Director, Rob Rutherford.

Rob Rutherford
Managing Director

Russell Barwick
Chairman

Appendix 1: Details of Exploration Target Study

Sampling Criteria	**Explanation**
Sampling technique	I/2 NQ diameter core
Drilling technique	Diamond drilling
Drill sample recovery	Very good Plus 90% recovery
Logging	Quantitative and qualitative as per standard codes, historic data retrieved and interpreted from old paper logs for 17 holes. Geological data for 19 recent holes contained in digital databases.
Sample Preparation	Variable. Historical assays used mix of single and multi-acid digest. Recent samples use Multi (total) acid digest.
Quality of assay data and laboratory tests	High quality labs used with lab standards. Limited repeat assays in recent work.
Verification of sampling and assaying	Limited as historic drilling by three different companies. Core available for only 19 of 36 holes. Paper copies of original laboratory report available for 9 historic holes. Digital laboratory reports for 19 most recent holes.
Location of data points	Recent collar positions surveyed by Handheld GPS and DGPS. Historic holes used local surveyed grid with AMG datum. Majority of holes have down-hole directional surveys. Some magnetic interference with azimuth readings.
Data spacing and distribution	Variable drill density between 100 and 400m. Thirty six diamond holes for an average of 528m and ranging in depth between 171m and 1338m used for the determination of the Exploration Target
Audits and reviews	Internal only
JORC Criteria	**Explanation**
Database integrity	Internal checks and visual database verification against paper laboratory reports
Geological interpretation	3D geological model for Upper BIF and Lower BIF horizons from geological logs. Post-lead faults, dykes and copper-silica zone also interpreted. Lead mineralisation in complex areas such as late fault zone (structural corridor) and the northern extension to Upper BIF not included in Exploration Target.
Dimensions	Exploration Target from about 150m RL to about - 650m RL
Estimation and modelling technique	Polygonal Method: Volumes were determined by forming wireframes of the upper and lower BIF units. Wireframes were sliced into 100meters sections centred on section lines. In each of the upper and lower BIF units, slices were horizontally divided to form individual blocks using a plane roughly equally spaced between adjacent drill hole pierce points. The resulting blocks provided volumes of BIF unit much, but not all, of which was mineralized. Though mineralization is within or at the margins of interpreted BIF units the location and continuity cannot currently be reliably predicted. Therefore the mineralized volume proportion of each block was estimated using the total length of 4m composited mineralized intervals above a lead cut-off as a proportion of BIF intercepted and then applying that ratio to the block volume to get total volume of mineralization above cut-off.
Moisture	Dry
Cut-off parameters	4m intercept thickness, 1.5%, 2.5%, 5.0% and 7.5% lead
Mining factors or assumptions	None
Metallurgical factors	None
Bulk Density (BD)	3.4 used in estimate but this is based on average of limited number of variable measurements
Classification	Exploration Target – because of the wide hole spacing and line spacing
Audits or reviews	Internal and resource consultants Hellman and Schofield – Simon Gatehouse
Discussion of relative accuracy/confidence	Further drilling is required to test continuity of high-grade known mineralised zones to less than 200 metre x 200 metre drill spacing and test inferred continuity of mineralisation down-dip at depth and up-dip near surface.

The information in this report that relates to Exploration Results is based on information 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 mineralization 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). 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.

The information in this report that relates to Exploration Target modelling is based on work done by Mr Simon Gatehouse, who is a member of the Australian Institute of Geoscientists (AIG). Mr Gatehouse is a full time employee of Hellman & Schofield Pty Ltd. Mr Gatehouse has sufficient experience which is relevant to the style of mineralization 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). Mr Gatehouse consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.