
Participation in Pro-Rata Non-Renounceable Entitlements Issue

14 November 2016

Dear Shareholder,

We are pleased to inform you that Red Metal Limited ("RDM" or the "Company") has lodged with ASIC and ASX, a Prospectus for a pro rata non-renounceable entitlement offer of one (1) new Share for every eight (8) Shares held at an issue price of 8.5 cents per new Share ("Rights Issue" or "Offer"). The Rights Issue will be open to existing shareholders of RDM with registered addresses in Australia or New Zealand as at the Record Date (defined below) ("Eligible Shareholders").

The Offer is fully underwritten by Veritas Securities Limited ("Underwriter"). The Company must pay the Underwriter a fee equal to 4% of the amount raised under the Offer and a management fee equal to 2% of the amount raised under the Offer. The Company must also reimburse the Underwriter for costs incidental to the Offer.

If you are an Eligible Shareholder, you will receive a hard copy of the Prospectus, together with a personalised Entitlement and Acceptance Form soon after the despatch date of the documentation on 21 November 2016 – please refer to the timetable below. In calculating each Eligible Shareholders' entitlement, fractions of entitlements will be rounded up to the nearest whole number of new Shares.

The Rights Issue comprises an Offer of fully paid ordinary shares to Eligible Shareholders as at the record date of 16 November 2016 ("Record Date"). Under the Rights Issue, RDM will issue approximately 21,846,490 new Shares to raise approximately \$1,856,952 (before costs). Application will be made for quotation of the new Shares on ASX. The new Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue.

Following completion of the Offer, the Company will have approximately 196,618,409 Shares on issue (assuming all entitlements under the Offer are accepted and no Options are exercised prior to the Record Date).

The funds raised from the Offer will be used to fund the upcoming geophysical and drilling programs on the Company's Lawn Hill, Nullarbor, Tennant Creek and Bactrian projects, to advance the Maronan project and to fund exploration of the Company's other projects and for working capital purposes.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for new Shares pursuant to the Prospectus (**Entitlement**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Boardroom Pty Limited (**Share Registry**) by no later than 5.00pm (AEDT) on 30 November 2016, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or by making a

payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.

- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5.00pm (AEDT) on 30 November 2016, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form 5.00pm (AEDT) on 30 November 2016 (at \$0.085 per new Share).
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key Dates

The Company proposes to conduct the Rights Issue according to the following timetable:

Notice of Issue sent to eligible shareholders	14 November 2016
Shares trade "ex" the entitlements issue on ASX	15 November 2016
Record Date for determining entitlements	16 November 2016
Despatch of prospectus and application form	21 November 2016
Closing date for acceptances	30 November 2016
Notify ASX of under subscriptions	5 December 2016
Allotment of new shares and despatch of holding statements	7 December 2016

RDM reserves the right to extend the closing date, subject to the ASX Listing Rules, in which case the date of issue of the Shares will alter accordingly. A Prospectus for the Rights Issue has been lodged with ASX and is available on ASX's and the Company's website.

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for new Shares, please contact your financial adviser or the Company Secretary, on +61 2 9281 1805.

For and on behalf of the Board of Red Metal Limited.

Patrick Flint
Company Secretary