

ASX Code: RDM

Red Metal Limited is a minerals exploration company focused on the exploration, evaluation and development of Australian copper-gold and basemetal deposits.

Issued Capital:

212,258,409
Ordinary shares

6,700,000
Unlisted options

Directors:

Rob Rutherford
Managing Director

Russell Barwick
Chairman

Joshua Pitt
Non-executive Director

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ASX ANNOUNCEMENT
30 January 2019

RED METAL AND OZ MINERALS EXECUTE A NEW GREENFIELDS DISCOVERY ALLIANCE AGREEMENT TO FAST-TRACK EXPLORATION

- **\$8M minimum spend over two years across six projects**
- **\$1.8M in front end cash payments to Red Metal**

The Board of Red Metal is pleased to announce the execution of a significant, multi-project option and joint venture agreement with OZ Minerals Limited (OZ Minerals) aimed at fast-tracking the search for greenfield discoveries on the Company's highly sought after Australian base metal exploration portfolio.

OZ Minerals is widely recognized as one of Australia's premier mining companies and has shown a strong commitment to regional exploration in Australia. It owns the large Prominent Hill copper and gold mine in South Australia and is also developing the nearby Carrapateena copper and gold deposit.

The new Greenfields Discovery Alliance agreement provides OZ Minerals with a two year option to fund a series of mutually agreed, proof-of-concept work programs on six of Red Metal's exciting early-stage projects:

- **Yarrie** for copper-gold and copper-cobalt in WA
- **Nullarbor** for copper-gold and copper-nickel in WA
- **Gulf** for copper-gold in QLD
- **Three Ways** for zinc-lead-silver in QLD
- **Lawn Hill** for zinc-lead-silver in QLD, and
- **Mount Skipper** for zinc-lead silver in QLD

Under the alliance OZ Minerals has committed to expend a minimum amount on each project within the two year period (Table 1). Their total commitment is \$8.05 million.

After completion of the minimum expenditure commitment on a project, OZ Minerals has the option to trigger the formation of a joint venture over that project whereby it can earn 51% by spending the designated Earn-In Amount on exploration within the designated Earn-In Period. The details of commitments and earn-in requirements are explained in the table below.

Red Metal will manage the exploration to the end of the Earn-in Period.

Once OZ Minerals has earned 51% of a particular project Red Metal can elect to contribute pro-rata to future exploration and development costs and retain a 49% interest or elect not to contribute and be diluted to a 30% interest at completion of a positive decision to mine. Should Red Metal elect not to contribute, all funding incurred on its behalf by OZ Minerals from the commencement of a project joint venture up until a positive decision to mine will be treated as a loan, only repayable from Red Metal's share of future production.

Importantly, Red Metal believes the Earn-In Amounts for each project (Table 1) are sufficient to clearly outline any potential ore discoveries before the company must elect whether or not to contribute.

Under the terms of the agreement OZ Minerals will make an initial cash payment to Red Metal of \$1.8 million being \$300,000 for each of the six nominated projects. Payments in relation to the Yarrie and Three Ways applications are dependent upon satisfactory conditions of grant. Red Metal is also eligible to receive an additional payment of \$500,000 for any project that OZ Minerals ultimately selects for joint venture earn-in.

Furthermore, the agreement provides a mechanism whereby other new projects may be added on broadly similar terms into the future.

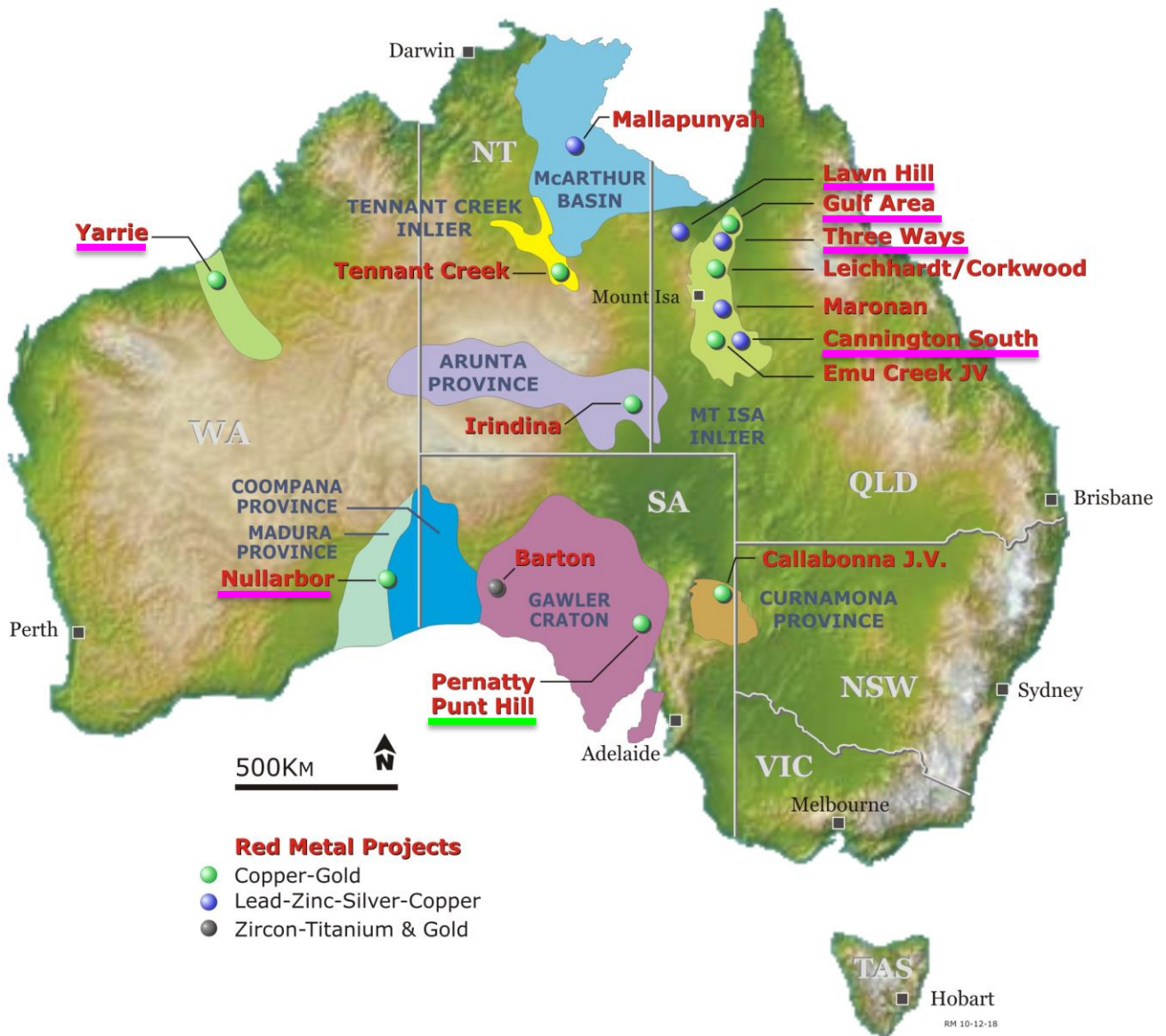
[Table 1] Greenfields Discovery Alliance Agreement: Summary of Option and Earn-In Terms.

Project	2 Year Minimum Expenditure Commitment \$	Earn-In Amount (for 51% of Project)	Earn-In Period
Yarrie	\$2,500,000	\$15M	4 Years
Nullarbor	\$700,000	\$15M	4 Years
Gulf	\$1,400,000	\$15M	4 Years
Three Ways	\$1,500,000	\$15M	4 Years
Lawn Hill	\$1,500,000	\$15M	4 Years
Mount Skipper	\$450,000	\$7M	3 Years
Total	\$8,050,000		

Your Board believes that the Greenfields Discovery Alliance between Red Metal and OZ Minerals sets a new standard for the effective collaboration of a growth oriented major Australian mining group with an expert, ASX-listed, junior exploration company well recognized for its ability to generate promising greenfields initiatives.

Exploration under the alliance will commence early in the 2019 field season with high-resolution gravity surveys on Nullarbor and Lawn Hill, followed by proof-of-concept drilling on the Mount Skipper, Gulf and Nullarbor projects. Work programs on the exciting Yarrie and Three Ways projects are pending granting of the tenements which is expected in 2019.

Technical details on each of the six alliance projects are presented in Red Metal's most recent quarterly operations reports.



[Figure 1] Red Metal Project Locations: Project subject to new Greenfields Discovery Alliance with Oz Minerals (pink underline), existing Punt Hill and Pernatty Lagoon Joint Venture with Oz Minerals (green underline). Mount Skipper is contained within the Cannington South group of tenements.

For further information concerning Red Metal's operations and plans for the future please refer to the recently updated web site or contact Rob Rutherford, Managing Director at:

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Rob Rutherford
Managing Director



Russell Barwick
Chairman

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation 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 mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 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.