

RED METAL LIMITED
ACN 103 367 684

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every eight (8) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.085 per Share to raise up to \$1,856,952 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

The Offer is fully underwritten by Veritas Securities Limited (**Underwriter**). Refer to Section 8.4 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Russell Barwick
Non-Executive Chairman

Robert Rutherford
Managing Director

Joshua Pitt
Non-Executive Director

Registered Office

Level 15, 323 Castlereagh Street
Sydney NSW 2000

Telephone: + 61 2 9281 1805
Facsimile: +61 2 9281 5747

Email: info@redmetal.com.au
Website: www.redmetal.com.au

Company Secretary

Patrick Flint

ASX Code

RDM

Underwriter

Share Registry*

Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000

Veritas Securities Limited
Level 4, 175 Macquarie Street,
Sydney NSW 2000

Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664

Auditor*

HLB Mann Judd (NSW Partnership)
Level 19, 207 Kent Street
Sydney NSW 2000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	11 November 2016
Lodgement of Prospectus & Appendix 3B with ASX	11 November 2016
Notice sent to Shareholders	14 November 2016
Ex date	15 November 2016
Record Date for determining Entitlements	16 November 2016
Prospectus sent out to Shareholders & Company announces this has been completed	21 November 2016
Closing Date*	30 November 2016
Shares quoted on a deferred settlement basis	1 December 2016
ASX notified of under subscriptions	5 December 2016
Issue date/Shares entered into Shareholders' security holdings	7 December 2016

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 11 November 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements

contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every eight (8) Shares held by Shareholders registered at the Record Date at an issue price of \$0.085 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Only Shareholders with a registered address in Australia and New Zealand as at the Record Date are eligible to accept their Entitlements (**Eligible Shareholders**).

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no Options are exercised prior to the Record Date) a maximum of approximately 21,846,490 Shares will be issued pursuant to the Offer to raise up to \$1,856,952 before costs.

As at the date of this Prospectus, the Company has 4,425,000 Options on issue, of which 3,212,500 Options may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

The Company is also seeking Shareholder approval at its upcoming annual general meeting to be held on 14 November 2016 for the issue of an aggregate of 2,000,000 Options to the Directors, exercisable at a 25% premium (rounded up to the nearest cent) to the five day volume weighted average price on the day of issue, on or before 13 November 2019. Holders of these Options will not be eligible to participate in the Offer and the Options will not be issued prior to the Record Date.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

There is no minimum subscription for the Offer.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach 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

- (iii) make your payment by BPAY® and follow the instructions in section 4.5 of this Prospectus;
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.085 per Share); or
 - (iii) make your payment by BPAY® and follow the instructions in section 4.5 of this Prospectus
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Red Metal Limited – Trust Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque or bank draft must reach the Company's share registry no later than 5.00pm (EST) on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5.00pm (EST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form with a cheque or paying any application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once your Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any application monies, the application may not be varied or withdrawn except as required by law.

4.7 Underwriting

The Offer is fully underwritten by the Underwriter. The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. Refer to Section 8.4 of this Prospectus for details of the terms of the underwriting.

The Underwriter intends to enter into sub-underwriting agreements for 100% of the underwritten amount with various parties.

The Company will pay to the Underwriter an underwriting fee equal to 4% of the amount underwritten (being \$74,278) and a management fee equal to 2% of the amount (being \$37,139).

4.8 Effect on control of the Company

The Underwriter is not presently a shareholder of the Company and is not a related party of the Company for the purpose of the Corporations Act.

In accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters and/or clients such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 20% after the issue of the Shortfall.

The table below sets out the Underwriter's present voting power in the Company and the potential increase to its voting power under several scenarios relating to the percentage acceptance of Entitlements under the Offer.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	0.00%
Completion of Entitlement Issue		
• Fully subscribed	Nil	0.00%
• 75% subscribed	5,461,623	2.77%
• 50% subscribed	10,923,245	5.55%
• 25% subscribed	16,384,868	8.33%
• 0% subscribed	21,846,490	11.11%

Notes:

1. Assumes that neither a sub-underwriter nor an associate of the Underwriter takes up any entitlements under the Offer.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed in accordance with the terms of the Underwriting Agreement. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the Shareholders.

Further, it is the Underwriter's intention to procure sub-underwriters for 100% of the Offer. The extent to which sub-underwriters take up Shortfall Shares will also reduce the number of Shortfall Shares taken up by the Underwriter.

4.9 Potential Dilution

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 11.1% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	20,000,000	11.44%	2,500,000	20,000,000	10.17%
Shareholder 2	10,000,000	5.72%	1,250,000	10,000,000	5.09%
Shareholder 3	3,000,000	1.72%	375,000	3,000,000	1.53%
Shareholder 4	800,000	0.45%	100,000	800,000	0.41%
Shareholder 5	100,000	0.05%	12,500	100,000	0.05%

Note:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed in accordance with the terms of the Underwriting Agreement. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

4.10 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.085 being the price at which Shares have been offered to Eligible Shareholders under the Offer. It is anticipated that Shortfall Shares will be issued at the same time as Shares are issued under the Offer.

Shortfall Shares will be allocated to the Underwriter in accordance with the terms of the Underwriting Agreement (refer to Section 8.4) and the Underwriter has the right to nominate and determine who will be issued Shortfall Shares.

4.11 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

4.12 Issue of Shares

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued after the Closing Date and within the period of 3 months following the date of this Prospectus. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

4.13 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.14 Enquiries

Any questions concerning the Offer should be directed to Patrick Flint, Company Secretary, on +61 2 9281 1805.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,856,952 (before costs).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Project / Category	Commodity	Full Subscription (\$)	%	Description
Lawn Hill project	Zinc-Lead-Silver	500,000	26.9	Airborne/ground electromagnetic survey, with follow-up proof of concept drill tests
Nullarbor project	Copper, Gold	250,000	13.5	Infill gravity and ground geophysics surveys and proof of concept drill tests
Tennant Creek project	Copper, Gold	150,000	8.1	Drill test on shallow Tennant Creek-style magnetic targets for high-grade styles of copper-gold
Bactrian project	Flake Graphite	80,000	4.3	Proof of concept drill tests
Maronan project	Lead-Silver-Zinc	50,000	2.7	Continue to seek joint venture funding arrangement to advance the project towards development
Other (existing and new) projects	Base Metals	400,000	21.5	Title maintenance, target generation and ongoing proof of concept geophysical or drilling tests
Administration		270,535	14.6	Continued running costs for 2017
Underwriting fees ¹		111,417	6.0	Underwriting fees
Other expenses of the Offer ¹		45,000	2.4	Other costs of the Offer including Prospectus preparation fees, share registry, ASIC and ASX fees, printing and miscellaneous expenses
Total		\$1,856,952	100.0	

Notes:

1. Refer to Section 8.9 of this Prospectus for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration

success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,700,535 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 174,771,919 as at the date of this Prospectus to 196,618,409 Shares.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 September 2016 and the unaudited pro-forma balance sheet as at 30 September 2016 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 30 September 2016	PROFORMA 30 September 2016
CURRENT ASSETS		
Cash ¹	1,369,481	3,070,016
Other current assets	37,157	37,157
TOTAL CURRENT ASSETS	1,406,638	3,107,173
NON-CURRENT ASSETS		
Trade and other receivables	113,432	113,432
Property, plant and equipment	5,831	5,831
Exploration ¹	1,000,103	1,000,103
TOTAL NON-CURRENT ASSETS	1,119,366	1,119,366
TOTAL ASSETS	2,526,004	4,226,539
CURRENT LIABILITIES		

	UNAUDITED 30 September 2016	PROFORMA 30 September 2016
Trade and other payables	72,535	72,535
Employee benefits	149,996	149,996
TOTAL CURRENT LIABILITIES	222,531	222,531
TOTAL LIABILITIES	222,531	222,531
NET ASSETS	2,303,473	4,004,008
EQUITY		
Share capital	29,977,887	31,678,422
Options Reserve	1,868,877	1,868,877
Retained loss	(29,543,291)	(29,543,291)
TOTAL EQUITY	2,303,473	4,004,008

Notes:

- The pro forma statement of financial position has been prepared in accordance with the ASIC Regulatory Guide 230 relating to Disclosing non-IFRS Financial Information. The pro forma statement of financial position is based on the unaudited statement of financial position as at 30 September 2016 that has been adjusted to reflect the issue of 21,846,490 Shares pursuant to this Prospectus to raise \$1,856,952 before costs of the Offer.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	174,771,919
Shares offered pursuant to the Offer	21,846,490
Total Shares on issue after completion of the Offer	196,618,409

Options

	Number
Options currently on issue:	
Unquoted Options exercisable at \$0.16 on or before 19 November 2016	2,000,000
Unquoted Options exercisable at \$0.05 on or before 22 November 2018	2,425,000
Total Options on issue after completion of the Offer	4,425,000

A further 2,000,000 Options (**Director Options**) will be issued to the Directors in the event that Shareholder approval is obtained for the issue of Director Options (exercisable on or before 13 November 2019 at an issue price equal to a 25% premium to the volume weighted average price of the Company's Shares for the 5 trading days prior to the date that the Options are issued). The full terms and conditions of the Director Options are set out in the Company's notice of annual general meeting dated 12 October 2016,

The capital structure on a fully diluted basis as at the date of this Prospectus would be 179,196,919 Shares and on completion of the Offer (assuming all Entitlements are accepted, the Director Options are granted and no Options are exercised prior to the Record Date) would be 201,043,409 Shares.

5.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Perth Capital Pty Ltd ¹	15,562,330	8.90
Freeport-McMoran Australasia Inc.	12,476,471	7.14
Robert Rutherford	10,270,002	5.88

Notes:

1. An entity controlled by current Director, Mr Joshua Pitt and his associates.

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

6.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

6.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

6.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

6.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

6.5 Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

6.6 Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

6.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

6.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6.9 Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Potential for dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 174,771,919 currently on issue to 196,618,409. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.096 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(b) Geophysical surveys, drill programs and exploration activities

There are operational risks associated with the Company's planned geophysical surveys and drill programs. No assurance can be given that the proposed surveys at the Lawn Hill and Nullarbor Projects will identify geophysical targets that warrant further exploration, and no assurance can be given that the proposed drill programs at the Tennant Creek, Lawn Hill, Nullarbor and Bactrian Projects will be successful, or that the programs will explain the nature of geophysical targets.

The primary business of the Company is exploration for, and commercial development of, mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- (i) geological conditions
- (ii) limitations on activities due to seasonal weather patterns

- (iii) unanticipated operational and technical difficulties encountered in sampling, drilling, development, production and treatment activities
- (iv) mechanical failure of operating plant and equipment
- (v) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events
- (vi) unavailability of drilling, mining, processing and other equipment
- (vii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour
- (viii) prevention of access by reason of inability to obtain regulatory or landowner consents or approvals
- (ix) terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes
- (x) delays in completing feasibility studies and obtaining development approvals
- (xi) risks of default or non-performance by third parties providing essential services.

(c) **Exploration success**

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the tenements, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(d) **Tenement applications and license renewal**

All of the tenements or licences in which the Company has an interest in are or will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each tenement or licence is usually at the discretion of the relevant government authority.

Additionally, tenements are subject to a number of government specific legislative conditions. The inability to meet these conditions could affect the standing of a tenement or restrict its ability to be renewed.

If a tenement or licence is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

(e) **Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management, which comprises a small number of key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.3 Industry specific

(a) Environmental

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(b) Mine development

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(c) **Native title and Aboriginal Heritage**

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

(d) **Changes in Government Policy**

Adverse changes in government policies or legislation concerning ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company. It is possible that the current system of exploration and mine permitting in Australia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

7.4 General risks

(a) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(b) **Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(c) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(d) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(e) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(f) **Litigation Risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
10 November 2016	Suspension from Official Quotation
8 November 2016	Trading Halt
1 November 2016	Potential Extension to Large Mount Dromedary Graphite Deposit
31 October 2016	September 2016 Quarterly Activities & Cashflow Report
12 October 2016	Notice of 2016 Annual General Meeting/ Proxy Form
12 October 2016	Response to ASX Price Query
19 September 2016	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.redmetal.com.au>.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.135	19 August 2016
Lowest	\$0.085	23 August 2016
Last	\$0.096	7 November 2016

8.4 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to conditionally underwrite the Offer for 21,846,490 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee of 2% of the total amount raised under the Offer plus an underwriting fee of 4% of the total amount raised under the Offer.

The Underwriting Agreement is subject to customary conditions precedent and rights of termination in favour of the Underwriter. The Underwriter may terminate its obligations under the Underwriting Agreement in certain circumstances, including but not limited to, where:

- (a) the Underwriter forms the opinion, acting reasonably, that:
 - (i) a statement contained in the Prospectus, Entitlement and Acceptance Forms and any supplementary prospectus (**Offer Materials**) is or becomes misleading or deceptive or likely to mislead or deceive;
 - (ii) a matter is omitted from the Offer Materials that is required to be included in that document (having regard to the provisions of the Corporations Act, the Listing Rules and any other applicable legal requirements);
 - (iii) the Offer Materials do not comply with the Corporations Act, any ASIC Class Order or modification of the Corporations Act which is applicable to the Offer or the Offer Materials; or
 - (iv) corrective action is required to be taken by the Company under the Corporations Act, and the Company fails to take that action to the reasonable satisfaction of the Underwriter; and
- (b) on any particular trading day during the term of the Underwriting Agreement, any of:
 - (i) the S&P/ASX Small Resources Index (XSR.ASX); or
 - (ii) the United States dollar denominated spot price for Gold (SPTGLD.FX, defined as one troy oz));
 - (iii) the LME US\$ Denominated Copper Grade A Cash Contract Price (IRESS code: COPP.LME),

(each as quoted on IRESS, respectively an **Index**), is for a period of at least one day, more than 10% below that Index as at the close of normal trading on the trading day immediately preceding the date of formation of the Underwriting Agreement.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options ¹	Entitlement	\$
Russell Barwick	4,500,000	800,000	562,500	47,813
Robert Rutherford	10,455,002	1,600,000	1,306,876	111,084
Joshua Pitt ²	15,562,330	800,000	1,945,292	165,350

Notes:

1. Subject to receipt of Shareholder approval at the Company's annual general meeting to be held on 14 November 2016, Messrs Russell Barwick, Robert Rutherford and Joshua Pitt will be issued 500,000 Director Options, 1,000,000 Director Options and 500,000 Director Options (respectively). Refer to the Company's notice of annual general meeting dated 12 October 2016 for the material terms and conditions of the Options and further information.
2. Mr Pitt and his associates control Wythenshawe Pty Ltd and Perth Capital Pty Ltd, which collectively hold 15,562,330 Shares in the Company.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

Remuneration

Mr Barwick receives a non-executive chairman's fee of \$48,000 per annum inclusive of statutory superannuation. In the previous two financial years ending 30 June, Mr Barwick received total fixed remuneration of \$96,000, and has been

granted 300,000 Options (exercisable at 5 cents and expiring on 22 November 2018) as part of his remuneration package.

Mr Pitt receives a non-executive director's fee of \$24,000 per annum inclusive of statutory superannuation. In the previous two financial years ending 30 June, Mr Pitt received total fixed remuneration of \$48,000, and has been granted 300,000 Options (exercisable at 5 cents and expiring on 22 November 2018) as part of his remuneration package.

Mr Rutherford receives a Managing Director's fee of \$239,810 per annum inclusive of statutory superannuation. Mr Rutherford can also receive an annual bonus of up to 25% of the annual remuneration (excluding the statutory superannuation) upon the achievement of certain performance criteria. In the previous two financial years ending 30 June, Mr Rutherford received total fixed remuneration of \$479,620, and has been granted 600,000 Options (exercisable at 5 cents and expiring on 22 November 2018) as part of his remuneration package.

8.6 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

8.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Veritas Securities Limited will be paid an underwriting fee of approximately \$74,278 together with a \$37,139 management fee in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Veritas Securities Limited has received no fees from the Company.

8.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Veritas Securities Limited has given its written consent to being named as underwriter to the Offer in this Prospectus, in the form and context in which it is named.

8.9 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$156,417 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,350
ASX fees	8,000
Underwriting fees	111,417
Legal fees	8,000
Printing and distribution	25,000
Miscellaneous	1,650
Total	156,417

8.10 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 2 9281 1805 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.redmetal.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.13 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

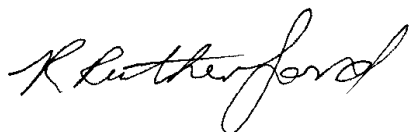
You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'R Rutherford', written in a cursive style.

Robert Rutherford
Managing Director
For and on behalf of
Red Metal Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Red Metal Limited (ACN 103 367 684).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Director Options has the meaning set out in Section 5.4.

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder has the meaning set out in Section 4.1.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

EST means Eastern Standard Time as observed in Sydney, New South Wales.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.10 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.