

14 November 2016

Dear Shareholder,

Entitlement Offer – Letter to Ineligible Shareholders

We are writing 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”) to raise approximately \$1,856,952. The Rights Issue will be open to existing shareholders of RDM (“Shareholders”) with registered addresses in Australia or New Zealand as at 16 November 2016 (the “Record Date”).

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.

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. The Prospectus contains further information regarding the rights and liabilities attaching to the new Shares.

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.

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).

Ineligible Shareholders

In accordance with ASX Listing Rule 7.7.1(a), the Company has determined that the Offer will not be extended to Shareholders with registered addresses outside Australia and New Zealand, as the Company has decided that it would be unreasonable to extend the Offer to Shareholders in other countries having regard to:

1. the number of Shareholders outside Australia and New Zealand as a proportion of the total Shareholders of the Company;
2. the number and value of securities to be offered to Shareholders outside of Australia and New Zealand; and
3. the costs of complying with the legal requirements and requirements of regulatory authorities in other overseas jurisdictions.

Accordingly, as you are a Shareholder whose registered address is outside Australia and New Zealand, the Offer will not be extended to you, you will not be sent a copy of the Prospectus and you will not be entitled to participate in the Offer.

We do appreciate your support for Red Metal to date and we regret that you are unable to participate in this Offer. If you have any questions, 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