

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:

245,591,743
Ordinary shares

10,975,000
Unlisted options

Directors:

Rob Rutherford
Managing Director

Russell Barwick
Chairman

Joshua Pitt
Non-executive Director

RED METAL LIMITED

Level 15
323 Castlereagh Street
Sydney NSW 2000

Ph: +61 2 9281 1805

info@redmetal.com.au
www.redmetal.com.au

ASX ANNOUNCEMENT
15 MARCH 2021

RED METAL TO SPIN OUT AND IPO
MARONAN PROJECT

- Red Metal Limited (ASX: RDM) (**Red Metal**) proposes to spin out the Maronan Project through the listing on the ASX of its wholly owned subsidiary, Maronan Metals Limited (ACN 156 269 993) (**MMA**), subject to shareholder and regulatory approvals.
- The Maronan Project is a large lead-silver and copper-gold deposit located near Cloncurry in Queensland. With over 100 million ounces of contained silver, the Maronan Project is one of the largest undeveloped silver resources in Australia¹.
- MMA to raise up to \$36 million to fund resource drill-out and feasibility programs. Veritas Securities Limited will act as Lead Manager to the Capital Raising.
- Red Metal shareholders will receive a priority entitlement to subscribe under MMA's IPO.
- Red Metal to retain approximately 50% of MMA, delivering increased shareholder value for Red Metal shareholders.
- Red Metal will continue to focus on exploring its highly prospective Yarrie, Three Ways, Gulf and Lawn Hill projects in alliance with OZ Minerals while advancing its 100% owned copper and nickel projects including Corkwood, Pernatty, Pardoo and Nullarbor.

¹ Refer to Table 1 and Table 2 below for further details

Red Metal is pleased to announce its proposed non-standard partial spin out (Spin Out) and initial public offering (IPO) of Maronan Metals Limited (MMA), its wholly owned subsidiary. MMA holds a 100% legal and beneficial interest in the Maronan lead-silver copper-gold project (**Maronan Project**).

The Spin Out and related IPO will facilitate fast-tracking of the Maronan Project, including completion of the drill-out of the shallower inferred resources to higher confidence levels, testing for extensions of known mineralisation, including deeper higher-grade potential, and carrying out feasibility work. With MMA focussed solely on advancement of the Maronan Project, Red Metal will focus on its highly prospective Yarrie, Three Ways, Gulf and Lawn Hill projects in alliance with OZ Minerals while advancing its 100% owned copper and nickel projects including Corkwood, Pernatty, Pardoo and Nullarbor.

Red Metal will retain a significant shareholding in MMA and is not planning an in-specie distribution of its MMA shareholding in the near term.

This announcement contains a summary of the proposed Spin Out and IPO. For further details, please refer to the Notice of Meeting released to ASX today.

Proposed Maronan Metals Board

It is proposed the Board of Maronan Metals will initially comprise two representatives of Red Metal in Non-Executive roles, a Managing Director and an Independent Non-Executive Director. The representatives of Red Metal will be:

Russell Barwick, Non-Executive Chairman. Russell is a mining engineer with extensive technical, operational, managerial and corporate experience in the mining industry across a wide range of commodities and jurisdictions. He is currently Non-Executive Chairman of Red Metal Limited, and also a Non-Executive Director of ASX-listed companies Mount Gibson Iron Limited, Regis Resources Limited and Lithium Power International Limited.

Robert Rutherford, Non-Executive Director. Rob is a geologist with over 30 years Australian and international exploration experience and has been involved in generative, feasibility and management roles in the copper, gold and base metal exploration industry. Rob is Managing Director of Red Metal Limited.

The Company is well advanced in the process of selecting the candidates for the positions of Managing Director and Independent Non-Executive Director, and further information will be provided when the relevant appointments are finalised.

Key Terms and Conditions of Proposed Spin Out and IPO

MMA holds 100% of the Maronan Project and is currently a wholly owned subsidiary of Red Metal Limited. The key terms of the proposed Spin Out and IPO are:

- At completion of the Spin Out (and pursuant to the settlement of loan arrangements between the companies) Red Metal will hold 120 million shares and 20 million performance shares in MMA. These securities will be subject to ASX escrow conditions.
- Red Metal will receive a \$2 million cash payment from MMA upon completion of the IPO as partial reimbursement for expenditure incurred by Red Metal in developing the Maronan Project.
- MMA to issue 100 million Maronan Shares at an issue price of \$0.30 per Maronan Share to raise \$30 million (**Minimum Subscription**), with an ability to accept oversubscriptions for up to an additional 20 million Maronan Shares at an issue price of \$0.30 to raise up to an additional \$6 million (**MMA Capital Raising**). Veritas Securities Limited will act as Lead Manager to the MMA Capital Raising.
- Red Metal shareholders with a registered address in Australia on the record date (set out in the indicative timetable below) will be entitled to subscribe for up to 33,333,333 shares (\$10 million) of the MMA Capital Raising under a priority offer.

The Spin Out and IPO are subject to a number of standard conditions including:

- Red Metal obtaining shareholder approval of the Spin Out (the subject of the Notice of Meeting released to ASX today); and
- MMA receiving applications for at least the Minimum Subscription under the MMA Capital Raising, and successful completion of the IPO.

Red Metal confirms that its capital structure will not be impacted by the proposed Spin Out. The capital structure of MMA at completion of the Spin Out and IPO (and Red Metal's interest in MMA) is as follows:

MMA Capital Structure	Minimum Subscription	Red Metal's interest in Maronan (Minimum)	Maximum Subscription	Red Metal's interest in Maronan (Maximum)
Shares held by Red Metal	120,000,010	54.55%	120,000,010	50.00%
Capital Raising	100,000,000	45.45%	120,000,000	50.00%
Total MMA Shares on issue	220,000,010	-	240,000,010	-

In addition, it is proposed that MMA will issue 20 million performance shares to Red Metal and subject to approval of Red Metal's shareholders (the subject of the Notice of Meeting released to ASX today) 4 million options to Mr Rutherford and Mr Barwick. Red Metal notes that MMA incentive options may also be issued to the incoming Managing Director and Independent Non-Executive Director (once appointed).

Maronan Project

The Maronan Project comprises EPM 13368 and is located in Cloncurry region of Northwest Queensland approximately 60 kilometres south-east of the town of Cloncurry and 156 kilometres from Mt Isa. The deposit is located approximately 130 kilometres along mostly sealed road from the large Cannington silver-lead-zinc mine (3,200,000 tonne per annum mill) and about 16 kilometres along unsealed road from the Eloise copper and gold mine (600,000 tonne per annum mill). Some six kilometres of good gravel road and 65 kilometres of sealed bitumen road provide access to rail infrastructure at Cloncurry.

The Maronan lead-silver and copper-gold deposit is an emerging large base metal deposit in the world class Carpentaria Province which hosts several Tier 1 lead-zinc-silver mines and is also the most productive zinc terrain in the world. These large lead-zinc-silver deposits form within a unique geological time period and contain about 1.7Bn tonnes of lead-zinc-silver ore comprising greater than 120Mt of zinc, 84Mt of lead and 5.36Boz of silver.

The Maronan deposit consists of two separate styles of mineralisation, bedded lead-silver mineralisation which is partially overprinted by structurally controlled, copper-gold mineralisation. The deposit comprises multiple ore horizons with steep dipping planar geometries and excellent hanging wall and footwall ground conditions. Importantly, the lead and silver mineralisation is soft, coarse grained, and returned recoveries of between 92-96% for the lead and 91-94% for the silver from preliminary metallurgical testing. Sulphide mineralisation comes to within approximately 90 metres of the surface.

The Maronan Project has JORC 2012 compliant Inferred Resources of 30.8Mt @ 6.5% lead with 106 g/t silver (using a 3% lead cut-off grade) plus 11Mt @ 1.6% copper with 0.8 g/t gold (using a 1.0% copper cut-off grade). Refer Tables 1 and 2 below and to RDM announcement dated 27 October 2015 for further details. With over 100 million ounces of contained silver, Maronan is also one of the largest undeveloped silver resources in Australia.

[Table 1] Maronan Project: JORC (2012) compliant inferred resource estimate for the fresh bedded silver-lead mineralisation style (galena) at 3% lead cut-off grade

Cut-off Lead %	Million Tonnes Mt	Grade Lead %	Grade Silver g/t	Contained Lead Million Tonnes	Contained Silver Million Oz
3%	30.75	6.5	106	2.00	104.91

[Table 2] Maronan Project: JORC (2012) compliant inferred resource estimate for the fresh (chalcopyrite) copper-gold mineralisation style) at 1% copper cut-off grade

Cut-off Copper %	Million Tonnes Mt	Grade Copper %	Grade Gold g/t	Contained Copper 1000 Tonnes	Contained Gold 1000 Oz
1%	11.13	1.56	0.84	170.3	299.7

A preliminary mine scoping study with respect to the Maronan Project was announced to Red Metal's ASX platform on 8 March 2016. The scoping study examined the possible underground mining and processing options and their potential economic benefit in order for Red Metal to optimise planning for a potential project development. The scoping study provides a strong case for further infill and step-out exploration drilling to upgrade the resource status and seek extensions as a prerequisite to firming up mining plans.

Red Metal has also deduced vectors from analysing the drilling to date that suggest the possibility of a large, higher grade Cannington style silver-lead-zinc deposit and enriched copper-gold system existing at depth below the presently outlined resources.

The funds from the MMA Capital Raising will primarily be used to:

- drill-out the shallower inferred resources to higher confidence levels;
- test for extensions of known mineralisation, including deeper higher-grade potential; and
- advance feasibility work.

Indicative Timetable

The below timetable is a summary of the dates relevant to the Spin Out and future dates are indicative only and subject to change:

Event	Date
Lodgement of Red Metal Notice of Meeting	15 March 2021
Lodgement of MMA Capital Raising prospectus	6 April 2021
Record date for priority offer	6 April 2021
Shareholder Approval – Red Metal General Meeting	13 April 2021
Opening of MMA Capital Raising offer	13 April 2021
Completion of MMA Capital Raising and MMA's admission to the Official List	Q2 2021

This announcement was authorised by the Board of Red Metal.

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:

Phone +61 (0)2 9281-1805

www.redmetal.com.au



Rob Rutherford
Managing Director



Russell Barwick
Chairman

The information in this report that relates to Exploration Results and estimates of Mineral Resources for the Maronan Project was previously reported by the Company in compliance with JORC 2012 in various market releases with the last one being dated 27 September 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier market announcements and, in the case of the estimate of Mineral Resources all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.