



25 May 2005

Company Announcements Office  
Australian Stock Exchange Limited  
Level 6, 20 Bridge Street  
Sydney NSW 2000

**Re: Encouraging Drilling Results from Wombat Copper Prospect – South Australia**

Attached please find an announcement released today by Red Metal Limited in relation to positive results achieved from aircore drilling at the Wombat Copper Prospect located on the Gawler Craton near Wallaroo, South Australia.

The results detailed by Red Metal Limited are encouraging to the extent that a follow-up diamond drilling program is planned for late June to test the primary zone beneath the recently discovered copper-bearing gossanous ironstone.

The Wombat Copper Prospect is located on Exploration Licence 2885 which is owned by Adelaide Resources Limited. The Red Metal Limited/Phelps Dodge Australasia, Inc. Alliance is currently earning a 70 per cent interest in the tenement through the Moonta Wallaroo Joint Venture by spending \$4 million.

Keith Yates  
Executive Chairman

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by K R Yates, who is a Fellow of the Australasian Institute of Mining and Metallurgy, and qualifies as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*

*For further information please contact Keith Yates on (08) 8271 0600*

# NEWS RELEASE

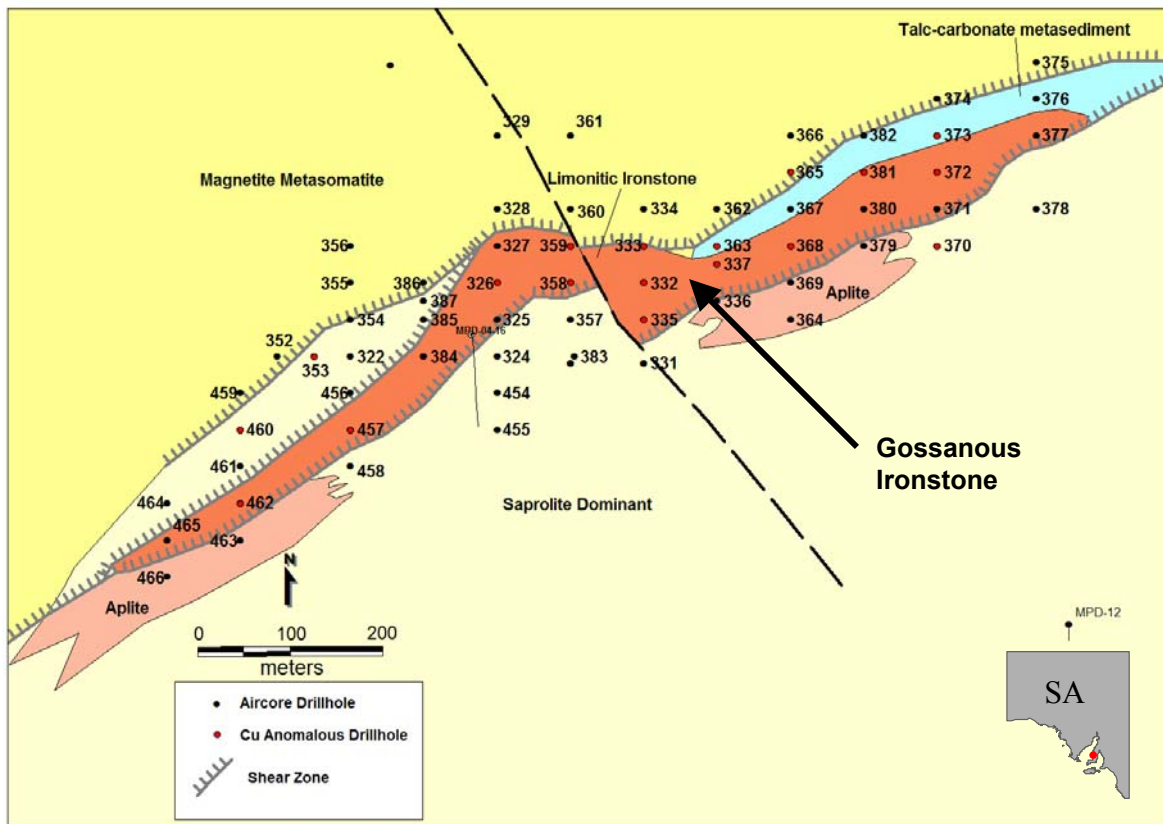
For Immediate Release  
25 May, 2005

## Positive results from new “Wombat” copper prospect

*Moonta Project*

*Gawler Craton, South Australia*

In the March 2005 quarter, Red Metal Limited (Red Metal) reported the discovery of a previously unrecognised ferruginous and gossanous ironstone at *Target 81* (renamed the “*Wombat*” prospect) which contained significant copper mineralisation. Recent shallow aircore drilling testing its strike extent has mapped the gossanous and copper mineralised ironstone over about 1000 metres. Best grades from the follow-up program include 30 metres at 0.52% copper from 24 metres including 8 metres at 0.93% copper from 46 metres to the end of hole (see Figure 1 and Table 1 for a summary of results).



[Figure 1] Moonta Project : Target 81 (or “Wombat” prospect), geological interpretation and aircore drill hole location plan. Note all aircore holes are drilled vertically and range from about 10 metres to 60 metres in depth.

Copper grades in the *Wombat* ironstone are considered significant because they increase at depth and are depleted near surface which is typical of a leached, weathering profile developed above copper sulfide mineralisation. Most aircore holes drilled into the ironstone terminated in copper mineralisation. A diamond core drilling program designed to test the true width and grade of the copper mineralisation at depth is scheduled to begin in late June 2005.

[Table 1] Moonta Project : Target 81 (renamed "Wombat" prospect), summary of aircore (MPDAC) and diamond core (MPD) assay data (EOH = end of hole). See figure 1 for drill hole locations.

Hole ID	From	To	Interval (m)	Cu %	Au g/t
MPD-04-16	111	163	52	0.16	0.05
Incl	131	146	15	0.18	0.11
Plus	186	193	7	0.05	0.27
Plus	219	245	26	0.10	0.04
MPDAC-326	44	51 (EOH)	7	0.13	-
MPDAC-332	42	44	2	0.21	-
MPDAC-333	42	46 (EOH)	4	0.46	-
MPDAC-335	2	14	12	0.18	-
And	18	47 (EOH)	29	0.44	0.1
Incl	32	36	4	0.54	0.4
MPDAC-337	4	32 (EOH)	28	0.20	-
MPDAC-353	48	53 (EOH)	5	0.43	0.05
MPDAC-358	54	60 (EOH)	6	0.46	-
Incl	58	60 (EOH)	2	0.83	-
MPDAC-359	30	33 (EOH)	3	0.11	-
MPDAC-363	30	32	2	0.11	-
MPDAC-365	16	22.5 (EOH)	6.5	0.12	-
MPDAC-368	24	54 (EOH)	30	0.52	-
Incl	46	54 (EOH)	8	0.93	-
MPDAC-370	24	30	6	0.10	-
MPDAC-372	42	45 (EOH)	3	0.10	-
MPDAC-373	48	51 (EOH)	3	0.11	-
MPDAC-381	18	30 (EOH)	12	0.10	-
MPDAC-457	18	28 (EOH)	10	0.16	-
MPDAC-460	24	34 (EOH)	10	0.46	0.06
MPDAC-462	18	48 (EOH)	30	0.30	-

The Alliance between Red Metal and Phelps Dodge Australasia Inc. can earn 70% of the project with Red Metal's share being 21%. Adelaide Resources Limited retain a 30% equity.

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

Phone +61 (0)2- 9281 1805

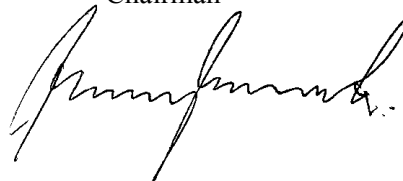
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Rob Rutherford  
Managing Director



Russell Barwick  
Chairman



*The Information in this report that relates to Exploration Results is based on information compiled by Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Robert Rutherford is a director of the Company. Robert Rutherford has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code).*