red metal limited

ACN 103 367 684

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:

210,233,409
Ordinary shares

8,725,000
Unlisted options

Directors:

Rob Rutherford
Managing Director

Russell Barwick
Chairman

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Non-executive Director

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Queensland
Explorer of the Year 2013

ASX ANNOUNCEMENT
18 June 2018

NEW "THREE WAYS" ZINC PROJECT SECURED ALONG TREND FROM THE LARGE DUGALD RIVER ZINC-LEAD-SILVER MINE

Red Metal has secured three new exploration license applications 130 kilometres along trend from MMG's recently commissioned Dugald River zinc-lead-silver mine in the Mount Isa region of Northwestern Queensland (Figures 1 and 2).

A regional data review by Red Metals exploration team lead to the discovery of historic magneto-telluric (MT) data that has provided key evidence as to the zinc potential of this under explored region.

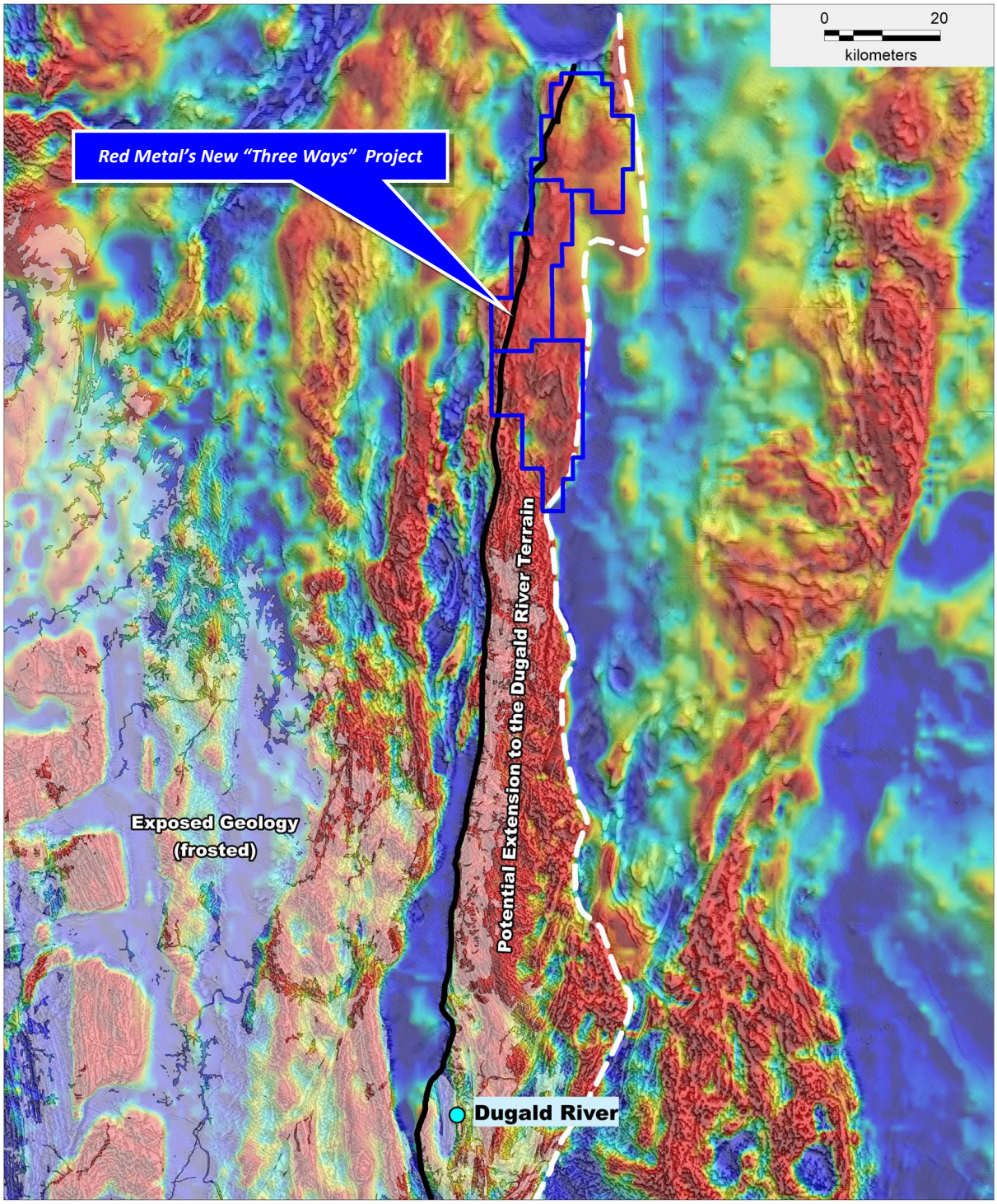
Modelling of the MT data has enabled Red Metal to interpret a thick, highly conductive sedimentary sequence located below 300 to 500 metres of younger cover which has the potential to host giant stratiform lead-zinc-silver deposits (Figure 3). The prospective sequence is interpreted over 60 kilometres of strike and has never been drill tested.

Red Metal believes the broad geological and geophysical setting at Three Ways compares favorably with that of fertile sub-basins hosting giant zinc deposits elsewhere in the province (Figures 3 and 4).

The nearby Dugald River deposit (53Mt @ 12.5% zinc, 1.9% lead, 36 g/t silver), as well as the giant Mount Isa, Hilton-George Fisher and McArthur River zinc-lead silver deposits (Figure 2) are hosted in thickened, highly conductive, sequences of carbonaceous and iron sulphide-enriched sedimentary rock types. These sedimentary style deposits are mostly found in second order sub-basins adjacent to major regional faults that were active during sedimentation. The zinc prospective host sequences are highly conductive and often associated with a low magnetic response - making them detectable with combined magnetic and electromagnetic geophysical techniques (Figure 4).

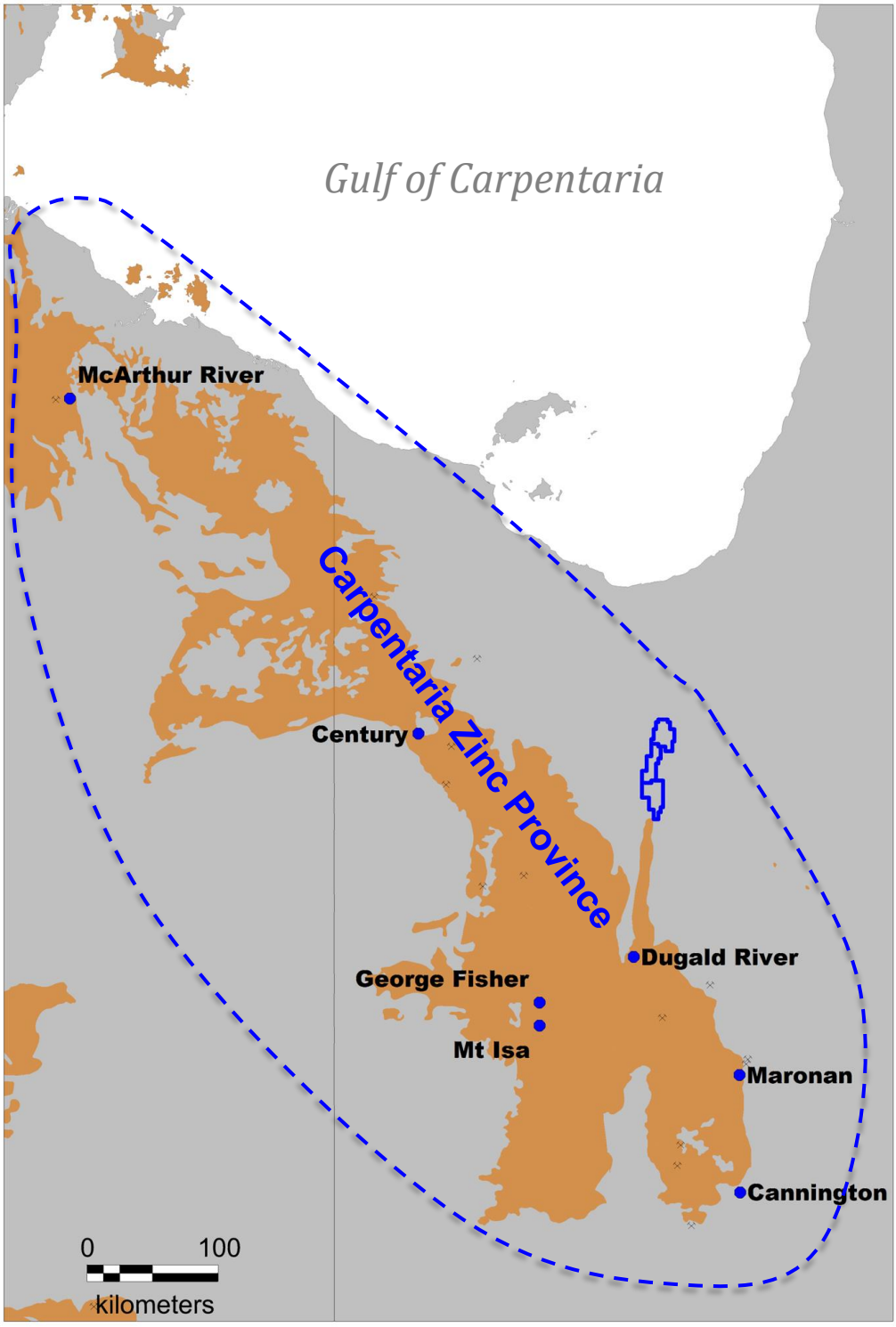
By comparison, the thick conductive sequence identified at Three Ways has a low-magnetic response (Figures 3 and 4) and is situated adjacent to a major basin-scale fault along strike from Dugald River (Figure 1). Inversion modelling suggests the conductive sequence is about 500-1000 metres thick and dips steeply towards the east (Figure 3).

Red Metal is proposing to utilize a modern, deep penetrating, electromagnetic technique, such as MT surveying, to map and prioritize highly conductive zones within the prospective stratigraphy for drill testing.

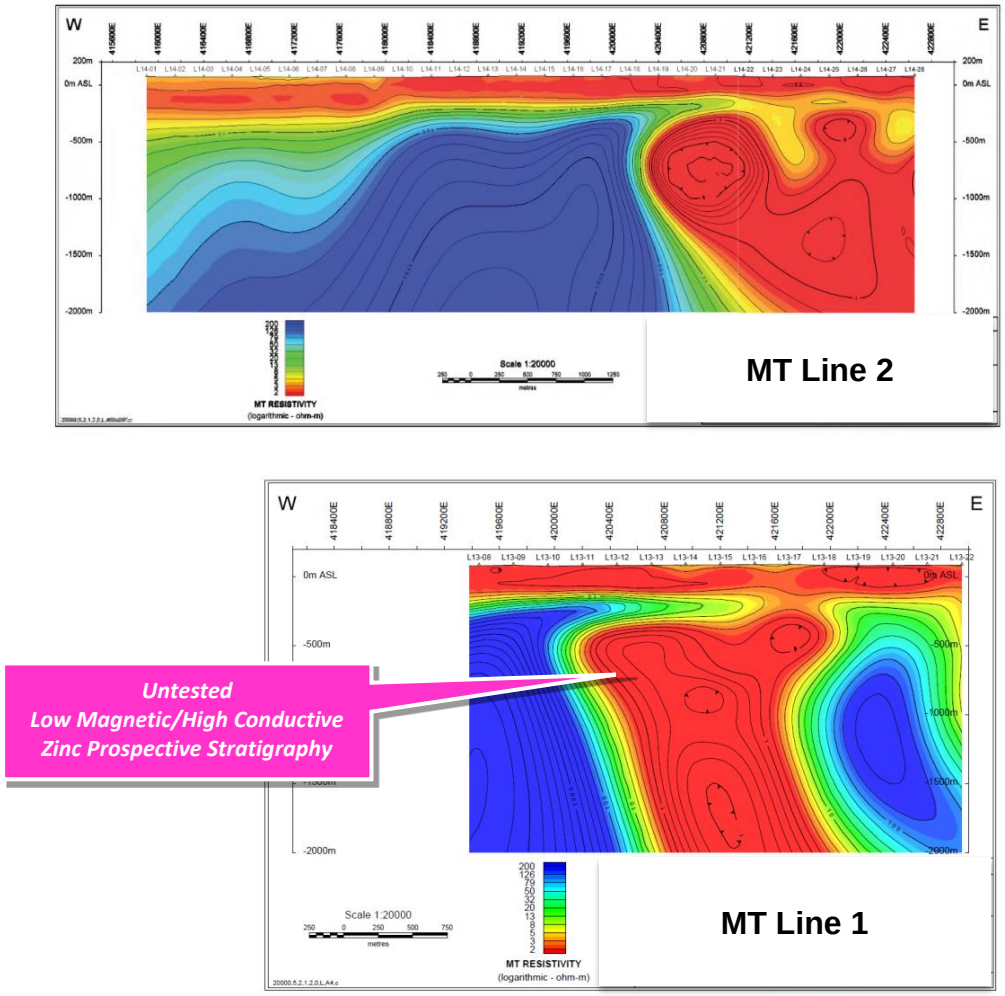


Colour gravity image on greyscale vertical gradient magnetic imagery

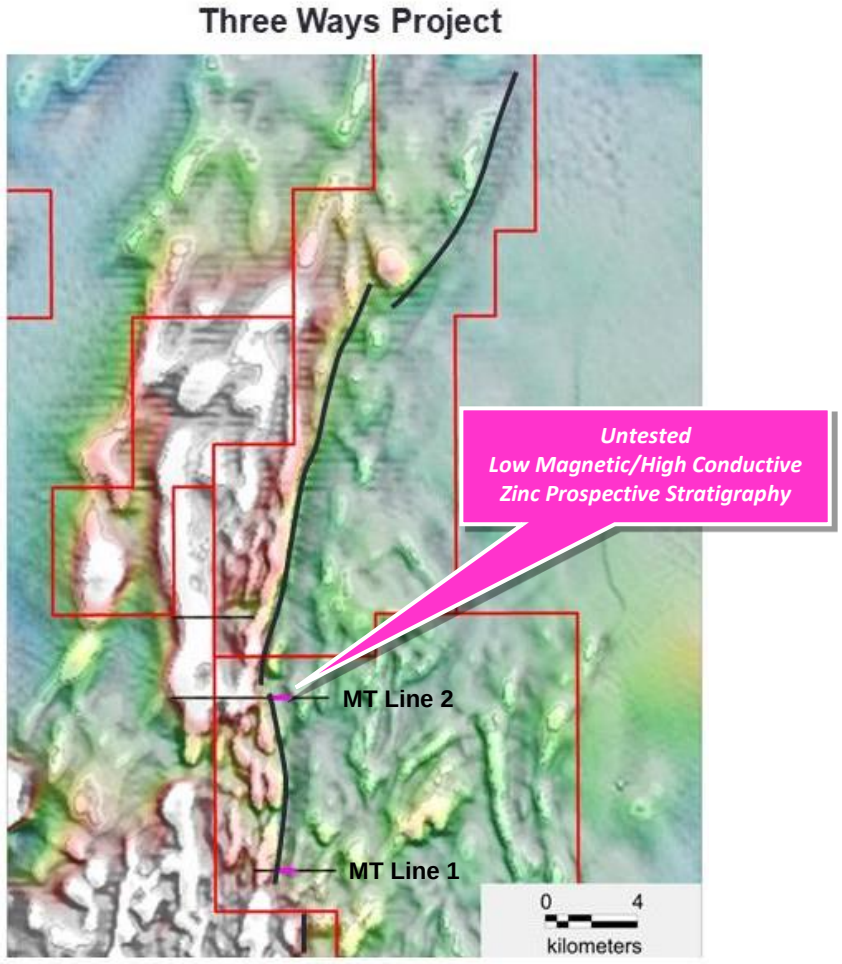
[Figure1] New "Three Ways" Project: Colour gravity image on greyscale vertical gradient magnetic imagery with the Dugald River Mine and Red Metal's new Three Ways tenement applications (blue line). The combined gravity and magnetic imagery highlights the potential extension to the Dugald River terrain under cover. Regions of exposed geology are frosted white. Note the basin-scale fault (solid black line) linking the Dugald River area with the Three Ways region which is located below 300 to 500 metres of younger sedimentary cover.



[Figure 2] New "Three Ways" Project: Regional location showing Three Ways applications relative to other large and giant zinc-lead-silver deposits in the highly productive Carpentaria Zinc Province with exposed Proterozoic geology (brown) and covered prospective terrains (grey).

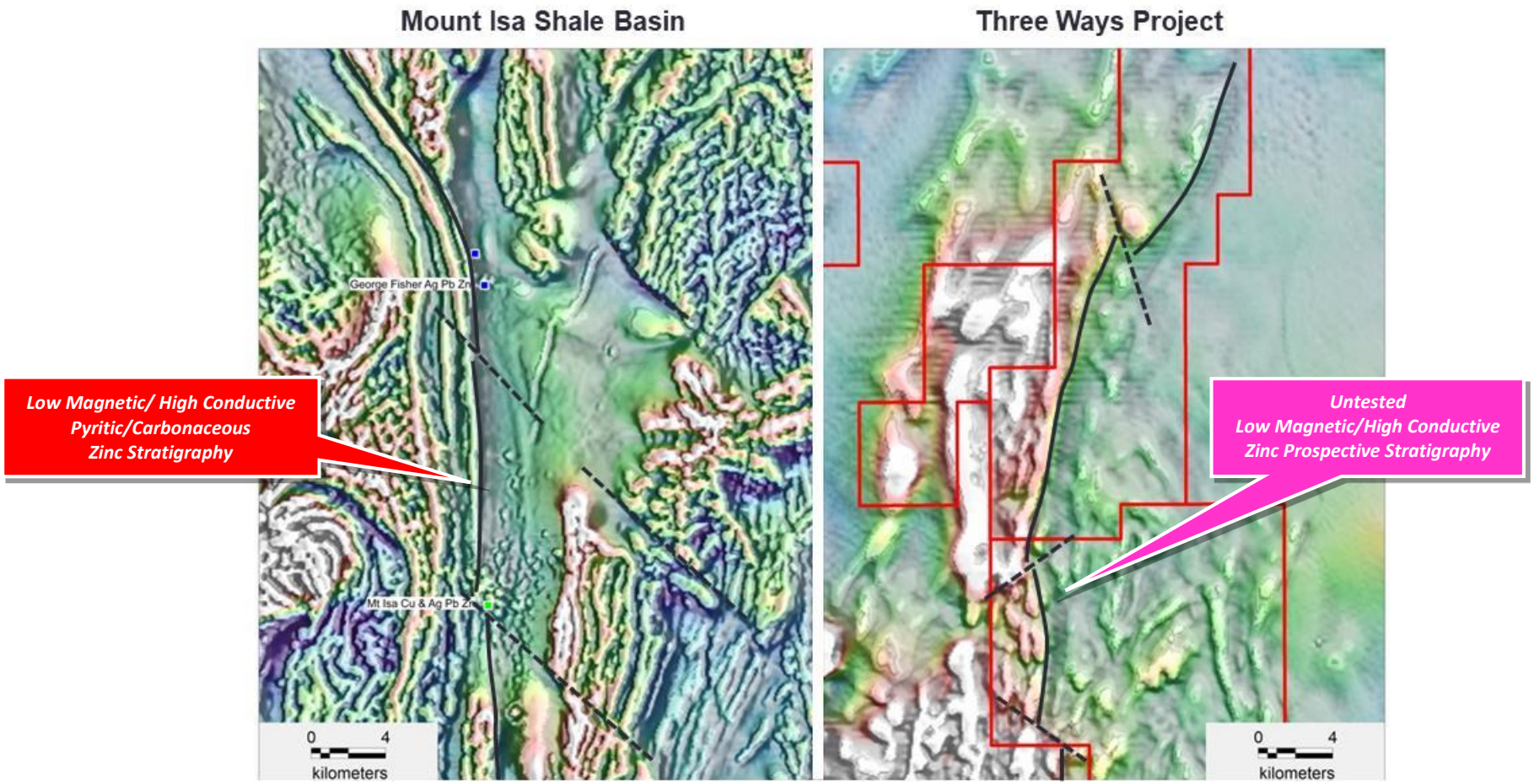


MT Resistivity Depth Inversion Profiles



Total Magnetic Intensity on Vertical Greyscale Gradient Magnetic Image

[Figure 3] Three Ways Project: Magnetic imagery (right) showing magneto-telluric survey (MT) lines (fine black lines) and zones of low resistivity (high conductivity) in pink. MT resistivity depth inversion profiles (left) highlight steep east dipping conductors (low resistors) in red which Red Metal speculates may be prospective for stratiform zinc mineralisation.



Total Magnetic Intensity on Vertical Greyscale Gradient Magnetic Image

[Figure 4] Three Ways Project: Magnetic imagery comparing the response over the giant Mount Isa and George Fisher zinc deposits with the magnetic response on Red Metals new Three Ways prospect. Note the low-amplitude, flat textured magnetic response associated with the conductive, pyritic and carbonaceous siltstones that host the zinc at Mount Isa. Note the low magnetic, conductive trend at Three Ways (at the same scale as the Mount Isa image). Red Metal speculates that Three Ways may be a new, zinc prospective sub-basin. The conductive trend at Three Ways remains untested by past explorers.

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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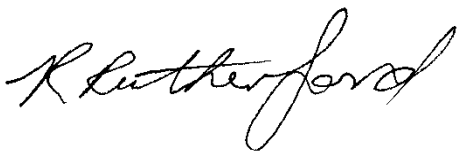

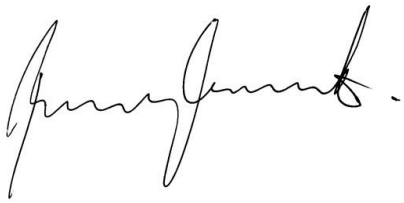

Rob Rutherford
Managing Director

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.