

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:

174,771,919
Ordinary shares

5,800,000
Unlisted options

Directors:

Rob Rutherford
Managing Director

Russell Barwick
Chairman

Joshua Pitt
Non-executive Director

RED METAL LIMITED

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**Queensland
Explorer of the Year
2013**

**DECEMBER 2014 QUARTERLY REPORT
29 JANUARY 2015**

HIGHLIGHTS

Maronan, QLD, Silver-Lead & Copper-Gold

- Eight drill hole program completed in December 2014.
- Assay results from visible lead mineralisation in MRN14008 due shortly.
- Data compilation and level plan interpretation in progress.
- Future work programs will be designed once a full interpretation of the new data is complete.

Cannington South, QLD, Silver-Lead-Zinc

- Standout Mount Skipper bulls-eye magnetic anomaly 85 kilometres south of the Cannington Mine targeted for exploration in 2015.
- Anomaly interpreted to have comparable geological setting and geophysical response to that of the Cannington Mine and Maronan deposit.

Tennant Creek, NT, Gold-Copper

- High resolution, helicopter-borne, magnetic surveying completed over six target areas.
- Three priority anomalies prospective for Tennant Creek style gold and copper mineralisation planned for drilling in the second quarter of 2015.

MOUNT ISA INLIER - QLD

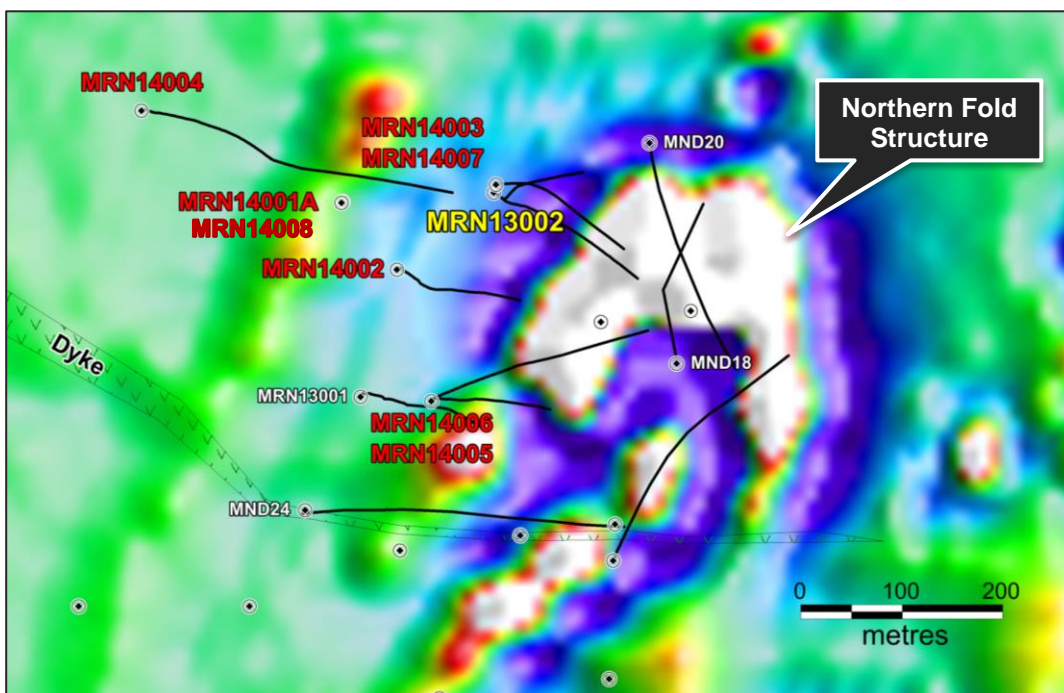
Maronan Project: Silver-Lead & Copper-Gold

Step-out drilling to evaluate the vertical and lateral continuity of the significant Cannington Mine-style lead and silver mineralisation discovered at the northern fold structure was finalised this quarter. At the end of the program a total of eight holes were completed around the strong mineralisation in drill hole MRN13002 better defining its extent, geometry and the grade variations of the lead and silver mineralisation (Figures 1 and 2).

Assay results from the visible lead mineralisation in MRN14008 and narrower intervals in MRN14004, MRN14005 and MRN14006 are due to be received shortly.

Over the next quarter Red Metal will interpret a series of level plans covering the full extent of Maronan mineralisation to determine what further potential exists. These will incorporate data from the northern fold structure, copper vein zone and southern limbs (Figure 2) and will aid assessment of the geologic and economic significance of the results.

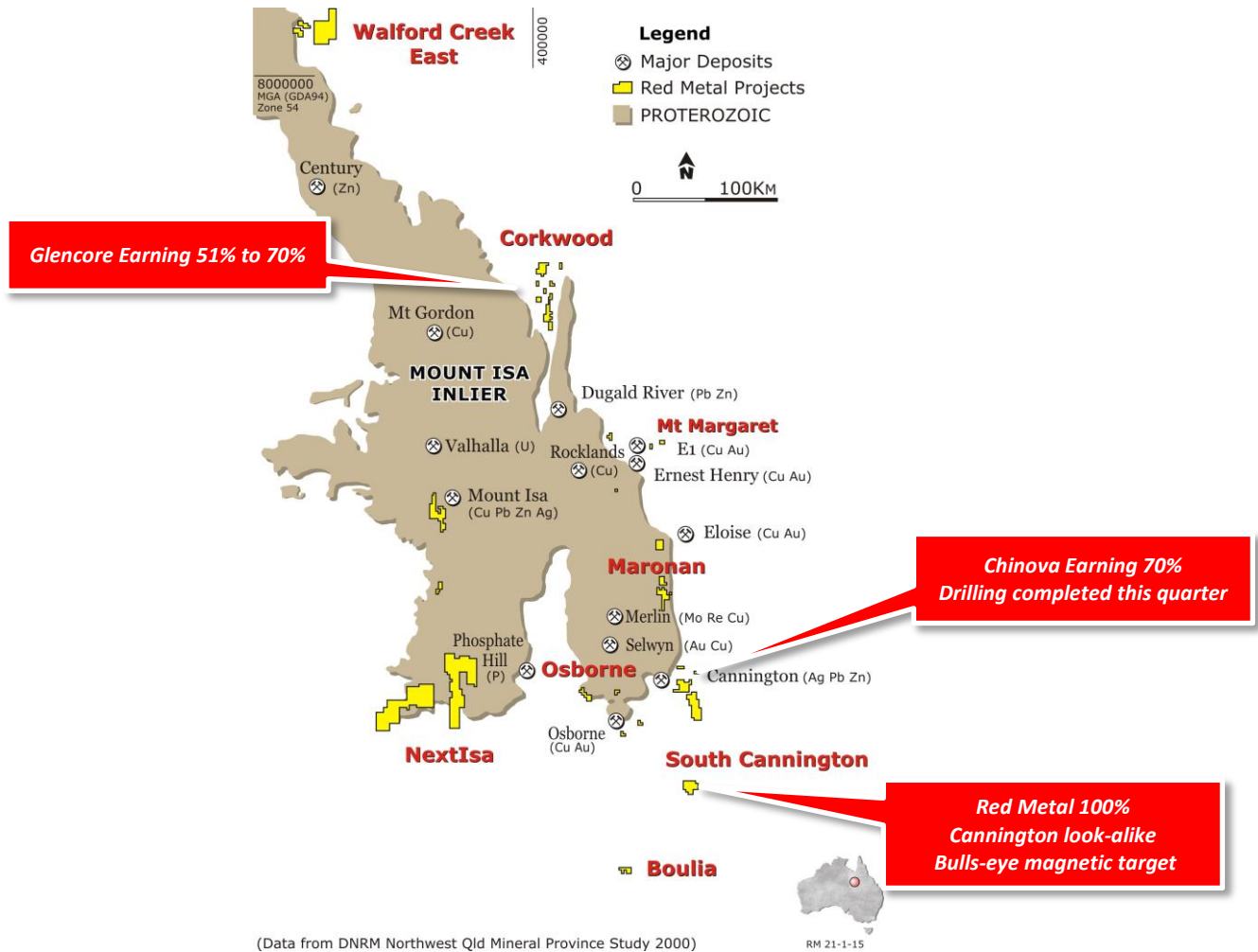
Future work programs will be designed once a full interpretation of the new data is complete.



[Figure 1] Maronan Project: Drill hole location plan showing current holes around the lead-sulphide mineralisation in MRN13002 (yellow). Drill holes MRN14001A, MRN14002, MRN14003, MRN14005, MRN14006 MRN14007 and MRN14008 are evaluating the shallower ore potential around MRN13002. MRN14004 is the first deep test targeting the down plunge extension of the northern fold structure.

Emu Creek Joint Venture: Copper-Gold

Joint venture partner Chinova Resources Limited completed one diamond drill hole this quarter testing a chargeable zone adjacent to a strong gravity and magnetic anomaly (Figure 3). No significant mineralisation was intersected however other targets within the joint venture project are being assessed for drilling during the 2015 field season.

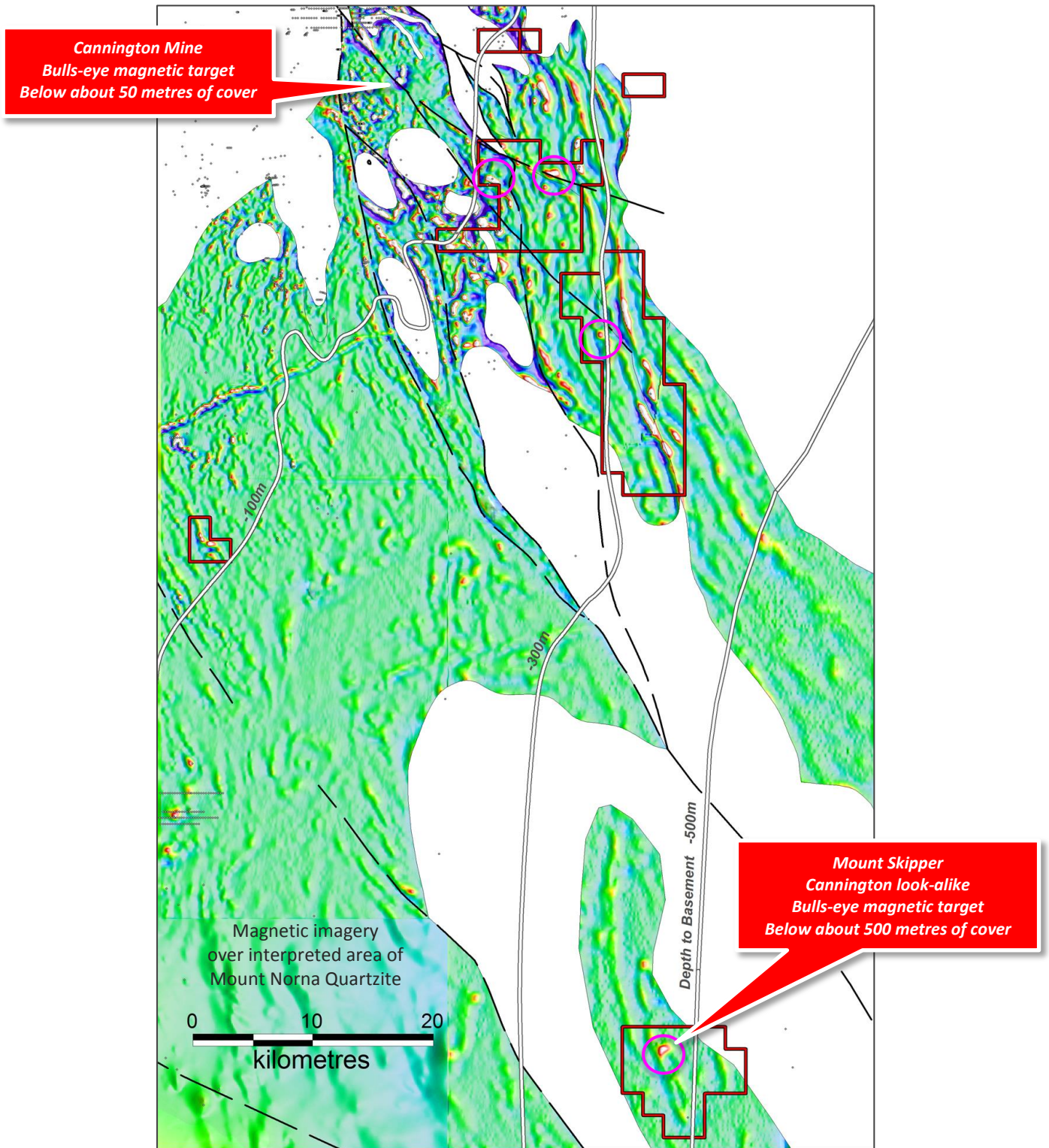


[Figure 3] Mount Isa Inlier: Major deposits and Red Metal tenement locations.

Cannington South – Silver-Lead-Zinc

This group of projects seeks giant silver-lead-zinc deposits in prospective sedimentary sequences tracked southwards from the nearby Cannington silver-lead-zinc mine (Figures 3 and 4) and draws upon a new geological and geophysical interpretation based on knowledge gained from Red Metal’s drilling at Maronan.

A standout target from this interpretation is the Mount Skipper bulls-eye magnetic anomaly which is interpreted to have a comparable geological setting and geophysical response to that of the Cannington Mine and Maronan deposit (Figure 4). The Mount Skipper anomaly is located about 85 kilometres south of Cannington and remains untested by past exploration. Plans for first pass ground geophysics and possibly drilling during the 2015 season are progressing.



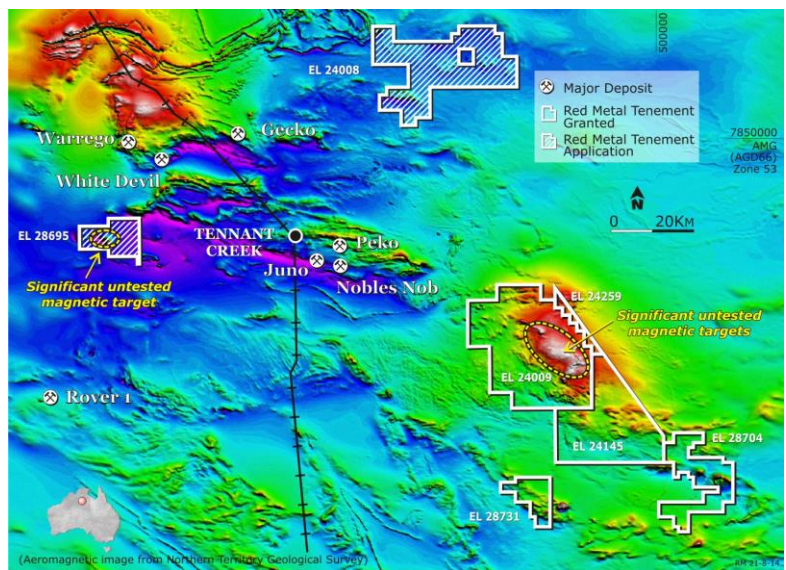
[Figure 4] Cannington South: Regional vertical gradient magnetic image for the interpreted region of Mount Norna Quartzite sequence, which hosts the Cannington deposit, with historic drill holes and Red Metal tenements. The Mount Skipper anomaly is interpreted to have a similar geological setting and geophysical response to that of the Cannington and Maronan deposits. This target remains untested by historic drilling. Plans for first pass ground geophysics and possibly drilling during the 2015 season are progressing.

TENNANT CREEK PROVINCE - NT

Tennant Creek Projects – Gold-Copper

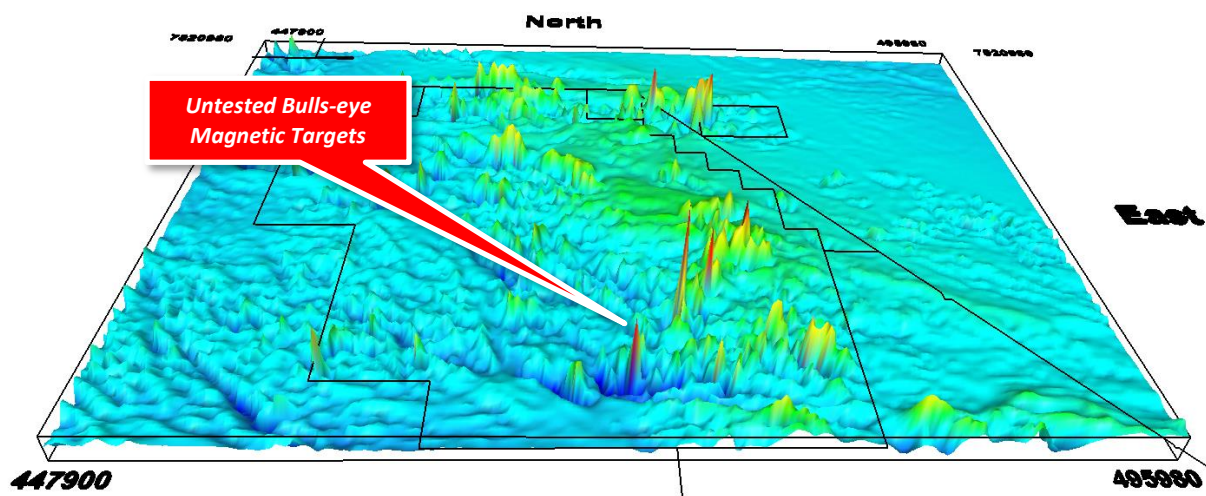
The Tennant Creek Goldfield has produced over 5 million ounces of gold and 500,000 tonnes of copper to date and represents one of Australia’s top five goldfields (Figure 5). High-grade deposits of copper and gold mineralisation are generally associated with magnetite and/or hematite bearing ironstones which have a strong magnetic and/or gravity response. One such ironstone at Metals X Limited’s Rover 1 prospect has outlined a high-grade gold and copper resource containing the equivalent of over 1.2 million ounces of gold (Figure 5). Recent stunning drill results from Rover 1 such as 20.9 metres at 14.5g/t gold and 6% copper further underline the geological potential of this terrain.

In the December quarter, high resolution, helicopter-borne, magnetic survey grids were flown over six separate targets on Red Metal’s project. Subsequent processing and modelling has identified three higher priority anomalies considered prospective for shallow, high-grade, gold and copper deposits comparable to those mined in the Tennant Creek mineral field (Figure 6). These targets are covered by a thin blanket of younger sedimentary sequences and remain untested by historic explorers or using modern techniques because of land access restrictions since about 1987.



[Figure 5] Tennant Creek Projects: Regional magnetic image with main gold and copper deposits (top).

Red Metal’s successful land access negotiations have proved timely given the current high Australian dollar gold price. Planning for drilling in the second quarter of 2015 is underway.



[Figure 6] Tennant Creek Projects: Three dimensional view of vertical gradient magnetic image highlighting strong bulls-eye magnetic targets (red peaks) which have a similar magnetic response to that over high-grade copper and gold deposits in the known mineral field.

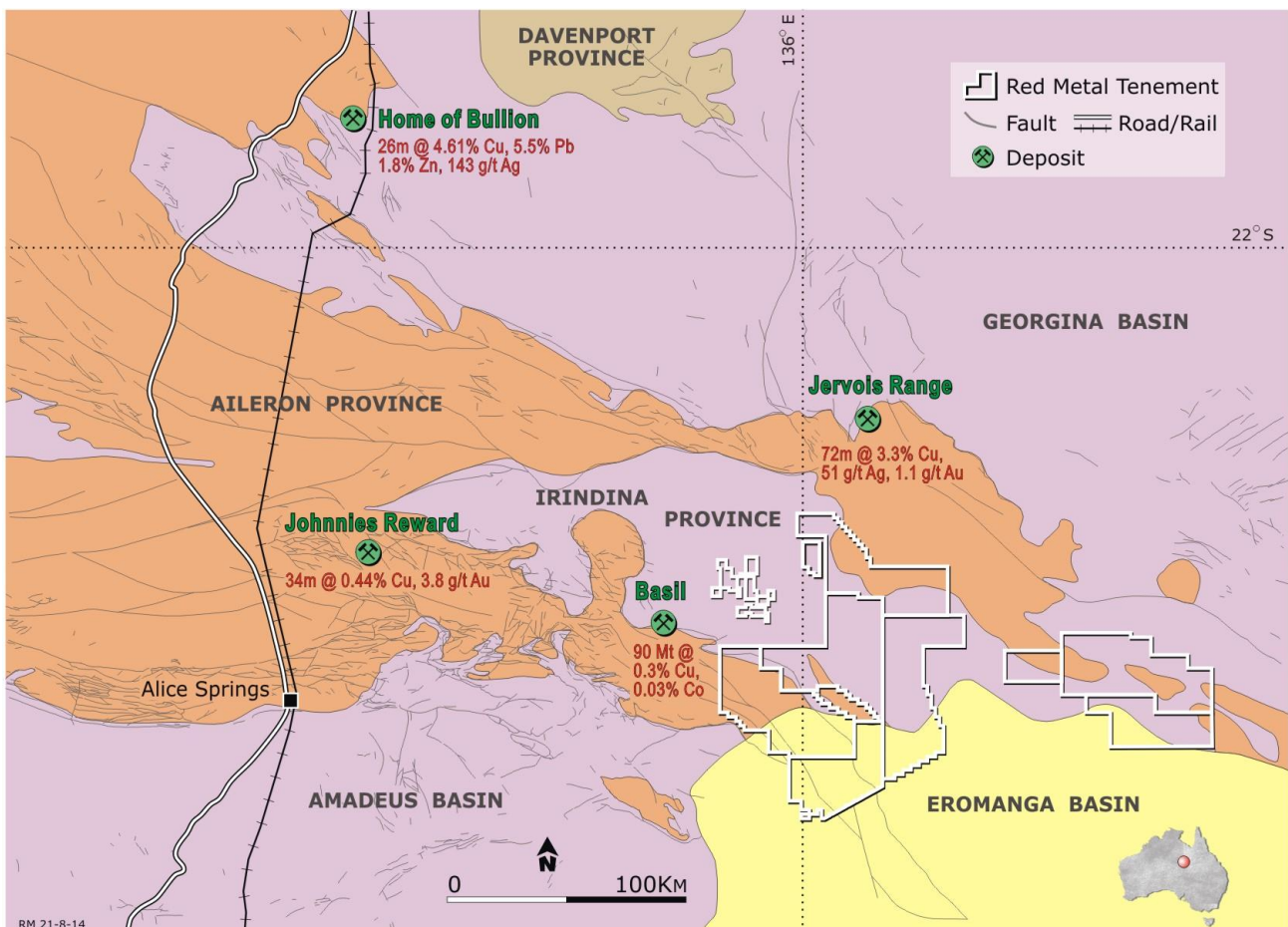
ARUNTA PROVINCE - NT

Irindina Project: Copper, Gold and Copper-Nickel

Terms for an access agreement were executed last year paving the way for grant of the exploration licenses and initiation of exploration in 2015.

The Irindina project is located in the Eastern Arunta province which is emerging as a highly prospective district for high-grade massive copper sulphide deposits. Recent success from shallow drilling by KGL Resources Limited on their Jervois deposits and the Basil discovery of Mithril Resources Ltd reinforces this view (Figure 7). Mithril's early exploration also identified encouraging copper-nickel sulphide mineralisation hosted within mafic/ultramafic intrusive rocks and potential for larger deposits of this style are an attractive exploration target concept.

Red Metal's large tenement holding over this prospective base metal terrain is covered by a thin veneer of younger sedimentary cover sequences and remains largely unexplored using modern exploration techniques. Red Metal aims to be the first to apply airborne electromagnetic technology to identify shallow covered massive sulphide deposits over this exciting base and precious metal project.

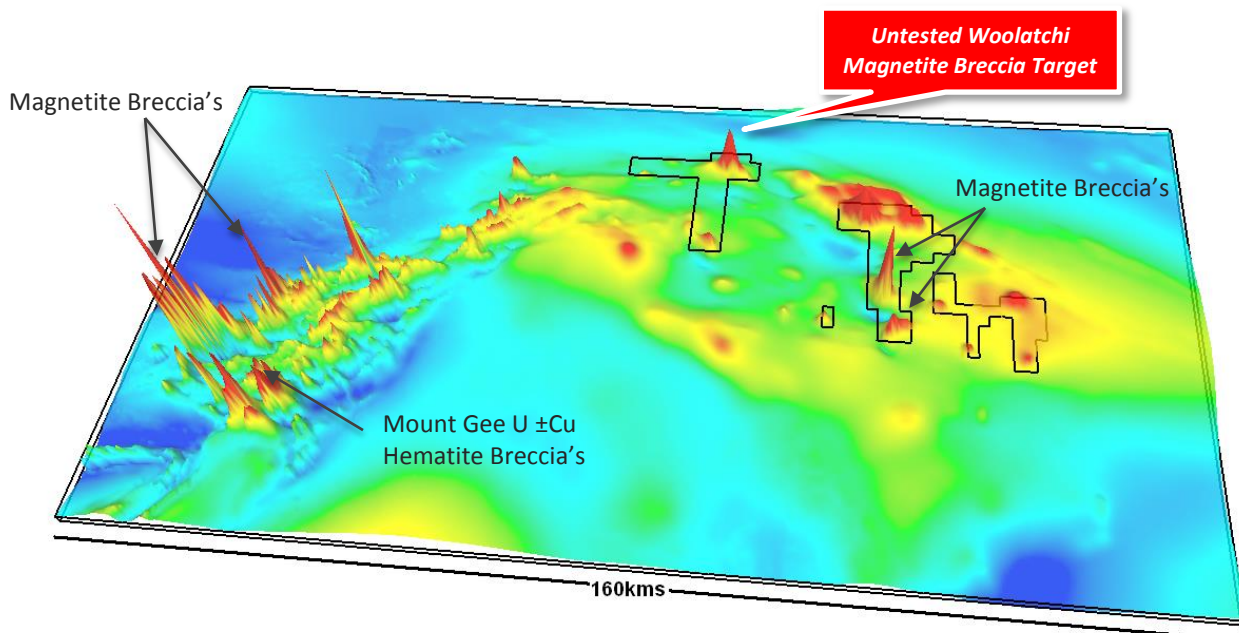


[Figure 7] Irindina Project: Regional geological setting, significant known copper mineralisation in the belt and location of Red Metal's Irindina exploration tenements. Note the high-grade potential shown at Jervois, Home of Bullion and Johnnies Reward and the large tonnage potential of the Basil prospect. Red Metal speculates that large, copper-rich deposits may exist within the Irindina project.

CURNAMONA PROVINCE - SA

Frome Joint Venture: Copper-Gold-Uranium

Red Metal's work on the basement rocks has defined several untested gravity and magnetic targets along the northern margin of the Curnamona Craton considered highly prospective for copper, gold and uranium (Figure 8). Limited drilling directed towards high regional magnetic anomalies has intersected a number of separate, large hydrothermal breccia's which compare favorably with the geology of breccia systems in the proven Gawler Craton and Mount Isa Inlier. Nearby low-magnetic, high-gravity anomalies indicative of possible copper-bearing, hematitic breccia phases are being assessed. Detailed gravity grids were completed over six priority targets last quarter. Processing and depth modelling of the anomalies are in progress.



[Figure 8] Northern Curnamona Province: 3D view facing north of total magnetic intensity for northern margin of the Curnamona Province with Red Metal tenement outline. Image highlights high amplitude magnetic anomalies (red peaks) in the exposed Mount Painter Inlier (left) and those within the Frome joint venture areas (right). Limited drilling on these standout magnetic features has intersected encouraging magnetite-bearing hydrothermal breccia's some with copper and gold mineralisation. Gravity surveying has also identified nearby density anomalies considered prospective for possible copper-bearing, hematite breccia phases.

OTHER PROJECTS

Red Metal continues to rationalize its exploration portfolio concentrating on its highest priority base metal targets. Key projects are briefly summarised below in Table 1.

[Table 1] Red Metal Limited: other key projects.

Project	Description	Status
QUEENSLAND		
<u>Nextisa</u> <i>Cu Ag-Pb-Zn</i>	Targeting Isa-type copper and stratabound lead-zinc in potential shale basins interpreted along the southward extensions to the Mount Isa fault. AMT surveying being used to map prospective conductive stratigraphy.	Government funded regional AMT survey in progress.
<u>Walford Creek East</u> <i>Cu-Pb-Zn</i>	Targeting Isa-type copper and stratabound lead-zinc and silver east from significant base metal mineralisation on the historic Walford Creek project. Airborne electromagnetic conductors located adjacent to major transfer faults have been identified.	Ground based follow-up of significant AEM targets dependent upon obtaining site access.
NORTHERN TERRITORY		
<u>Mallapunyah</u> <i>Cu-Pb-Zn-Ag</i>	Prospective sedimentary sequences in McArthur Basin with district scale silver anomalism.	Land access negotiation underway.
SOUTH AUSTRALIA		
<u>Pernatty Lagoon</u> <i>Cu-Au</i>	Standout magnetic/gravity targets near Carrapeteena deposit in the Gawler Craton. Extensive sericite, tourmaline, siderite, garnet, chlorite alteration. Magnetite-siderite-hematite copper association.	Drill ready targets model at 500m, 1000m and 1600m depth range.
<u>Algebuckina</u> <i>Cu-Au</i>	Magnetite-associated copper-gold potential in Gawler Craton, Prospective magnetic targets defined under shallow cover.	Drill ready, seeking third party funding.
<u>Ooldea-Barton JV</u> <i>Zircon, Titanium</i>	Joint venture with Cristal Mining Australia Limited. Large tonnage, low-grade heavy mineral sand deposit discovered in Eucla Basin near Iluka's Ambrosia zircon mine.	Drilling postponed until mid-2015
COLORADO USA		
<u>Colorado Potash</u>	Potash salt beds recognised in historic oil wells within the Paradox Basin. Vast tonnage potential, solution mineable depths and grades.	Economic study in progress

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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Fax +61 (0)2 9281-5747
www.redmetal.com.au



Rob Rutherford
Managing Director



Russell Barwick
Chairman

The information in this report that relates to the Maronan Project was previously reported by the Company in compliance with JORC 2012 in market releases dated 28 January 2014 and 21 November 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements dated 28 January 2014 and 21 November 2014.

The information reported above (other than in respect of the Maronan Project) relating to Exploration Results was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Exploration Results (other than in respect of the Maronan Project) 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Rutherford consents to the form and context in which the Exploration Results and supporting information are presented in this report.

All mineralised intervals have been length weighted. No top-cuts have been applied. A nominal 1% lead and 0.5% copper lower cut-off grade is applied.

ADDENDUM TO DECEMBER 2014 QUARTERLY ACTIVITIES REPORT

Granted Exploration tenements held are as follows:

Project / Location	Tenement Reference	Company Interest %	Comment
Western Isa	EPM 12653	100	
Cannington South	EPMs 19230, 19232, 19531,	100	
Osborne	EPMs 17111, 19076	100	
Chinova JV	EPMs 15385, 16251, 18303, 13318, 13321	100	Refer note 5.
Nextisa	EPMs 25430, 25461, 25363, 25513	100	
Maronan	EPM 13368	100	
Corkwood JV	EPMs 13376, 13380, 15632, 15643, 15644, 15633, 18179	100	Refer note 4.
Corkwood	EPMs 18178, 18709	100	
Cloncurry	EPMs 14293, 16519, 18164	100	
Walford Creek	EPM 18182	100	
Sybella	EPMs 18951-52, 18988, 19315, 19417	100	
Ooldea JV	ELs 4245, 4777,	100	Refer note 3.
Algebuckina	ELs 4481, 5404	100	
Callabonna JV	EL 5360	-	Refer note 1.
Pernatty Lagoon JV	EL 5107	85.1	Refer note 2.
Lakes Project	ELs 4614	100	
Tennant Creek	ELs 24009, 24145, 24259	100	
Irindina	ELs 27389, 27407,	100	
Colorado Potash	Potash Prospecting Permits COC 73567, 73569, 73572, 73574, 73576	100	

Notes:

1. Joint venture between Red Metal (earning 70%) and PlatSearch NL (diluting to 30%). No change in interest during the quarter.
2. Joint venture between Red Metal (85.1%) and Havilah Resources NL (14.9%). No change in interest during the quarter.
3. Joint venture between Red Metal (diluting to 49%) and Cristal Mining Australia Limited (earning 51%). No change in interest during the quarter.
4. Joint venture between Red Metal (diluting to 49%) and Glencore (earning 51%). No change in interest during the quarter.
5. Joint venture between Red Metal (diluting to 30%) and Chinova Resources Osborne Pty Ltd (earning 70%). No change in interest during the quarter.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

RED METAL LIMITED

ABN

34 103 367 684

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,499)	(1,966)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	68	87
1.5 Interest and other costs of finance paid		
1.6 Other	2	8
Net Operating Cash Flows	(1,540)	(2,086)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(1,540)	(2,086)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,540)	(2,086)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	5,100
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (costs)	-	(318)
	Net financing cash flows	-	4,782
	Net increase (decrease) in cash held	(1,540)	2,696
1.20	Cash at beginning of quarter/year to date	5,910	1,674
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4,370	4,370

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	78
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors remuneration

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Glencore incurred expenditure totalling approximately \$236,000 in the three months to December 2014 in respect of the Corkwood Joint Venture. Chinova Resources incurred expenditure totalling approximately \$143,000 in the three months to December 2014 (for total expenditure to date of approximately \$396,000) in respect of the Emu Creek Joint Venture.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil

+ See chapter 19 for defined terms.

3.2 Credit standby arrangements	Nil	Nil
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Estimated cash outflows for next quarter

	\$A' 000
4.1 Exploration and evaluation	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	1,100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A' 000	Previous quarter \$A' 000
5.1 Cash on hand and at bank	870	710
5.2 Deposits at call	3,500	5,200
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4,370	5,910

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPM15334, EPM19251, EPM18080, EL5044, EL4535, EL4615, EL4616, EL4617, EL28704, EL28731, EL28747	Granted tenements	100	0
6.2 Interests in mining tenements acquired or increased	EPM25513	Granted tenement	0	100

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital				
7.3 +Ordinary securities	174,771,919	174,771,919		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital				-
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases				
7.7 Options <i>(description and conversion factor)</i>	1,325,000 1,475,000 1,200,000 1,125,000 2,000,000	- - - - -	Exercise Price 18 cents 33 cents 33 cents 16 cents 16 cents	Expiry Date 23.01.2015 30.11.2015 31.1.2016 01.10.2016 19.11.2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	1,000,000	-	18 cents	18.10.2014
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: January 2015
(Company secretary)

Print name: PATRICK FLINT

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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