

**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

6,750,000  
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  
Fax: +61 2 9281 5747

info@redmetal.com.au  
[www.redmetal.com.au](http://www.redmetal.com.au)

Queensland  
Explorer of the Year 2013

**DECEMBER 2015 QUARTERLY REPORT**  
**28 January 2016**

**HIGHLIGHTS**

**Maronan, QLD, Silver-Lead & Copper-Gold**

- Maiden, JORC (2012) compliant inferred resources published.
- Preliminary mining studies in progress.
- Results expected shortly.

**Irindina, NT, Base Metals and Gold**

- Wide spaced, soil sample traverses discover a five kilometre by one kilometre multi-element base metal soil anomaly.
- Follow-up trials of ground based electromagnetic surveying identify two nearby electrical conductors.
- The most significant conductor is greater than 1.2 kilometers long and has response typical of a highly conductive, massive sulphide body.
- Drilling proposed during the 2016 field season.

**Joint Venture Activity**

- First-pass air core drilling by Chinova on the Monster prospect intersects encouraging copper values. Follow-up drilling planned in the 2016 field season.

## MOUNT ISA INLIER - QLD

### Maronan Project: Silver-Lead & Copper-Gold

Red Metal's ongoing work at Maronan has established a firm understanding of the deposit. It has significant size potential and the observed grade variations allow considerable flexibility in how its resources can be appraised. Maronan can be viewed as a large tonne but moderate grade opportunity or as offering high grade resources of more limited tonnes.

On the 27 October 2015 Red Metal announced the results of maiden, JORC (2012) compliant, resource calculations on the separate silver-lead and copper-gold deposits. Applying a range of lower cut-off grades for lead has defined an inferred resource for the fresh silver-lead mineralisation of;

- 7.0 Mt at 10.68% lead and 144 g/t silver using a  $\geq 8\%$  lead cut-off grade;
- 19.2 Mt at 7.91% lead and 114 g/t silver using a  $\geq 5\%$  lead cut-off grade;
- 30.8 Mt at 6.50% lead and 106 g/t silver using a  $\geq 3\%$  lead cut-off grade;
- 45.3 Mt at 5.05% lead and 86 g/t silver using a  $\geq 1\%$  lead cut-off grade.

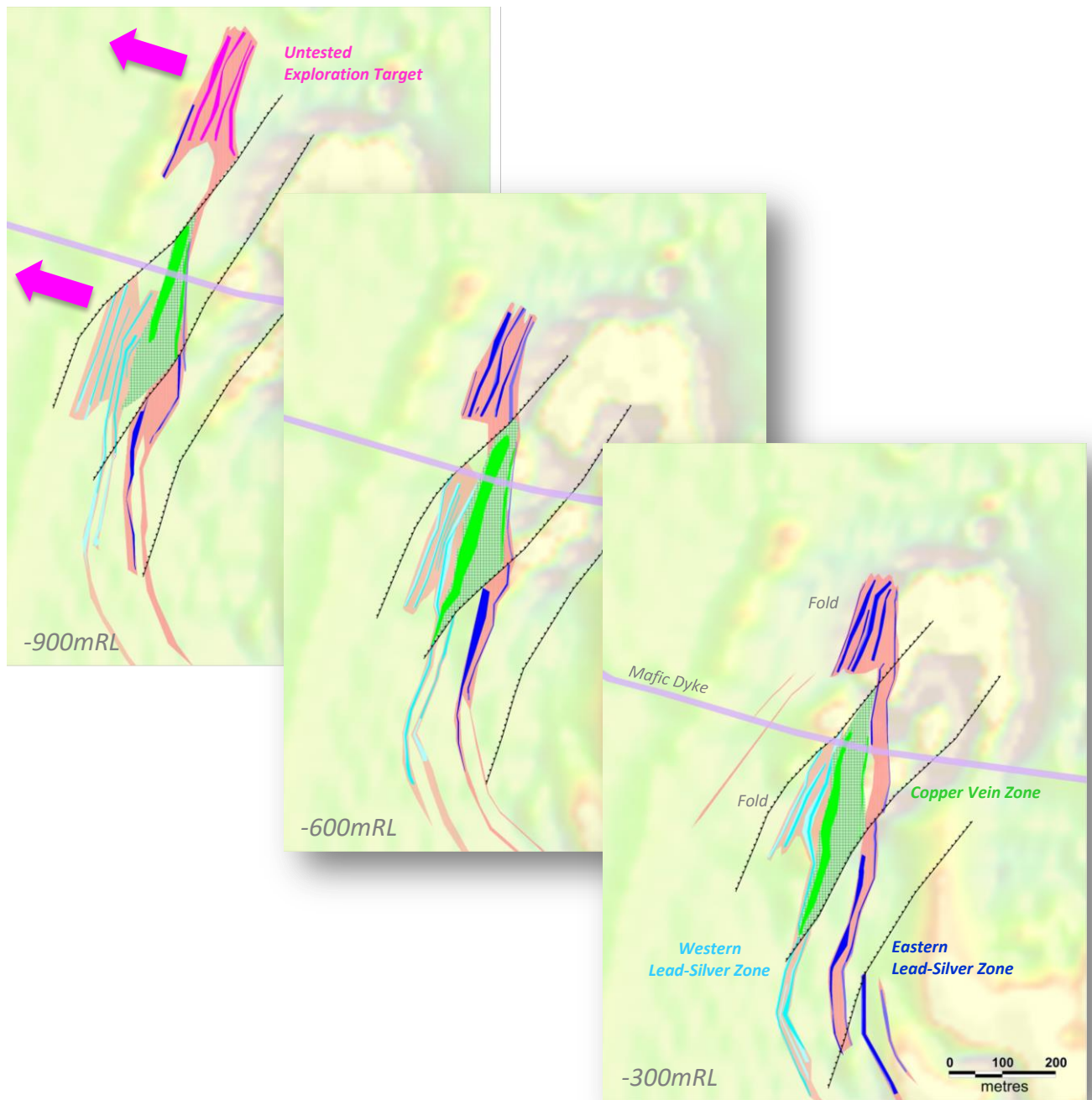
Resource estimates for the separate copper and gold deposit using a lower cut-off grade at  $\geq 0.5\%$  copper defined a total inferred resource for the fresh and weathered mineralisation of;

- 19.2 Mt at 1.24% copper and 0.6 g/t gold.

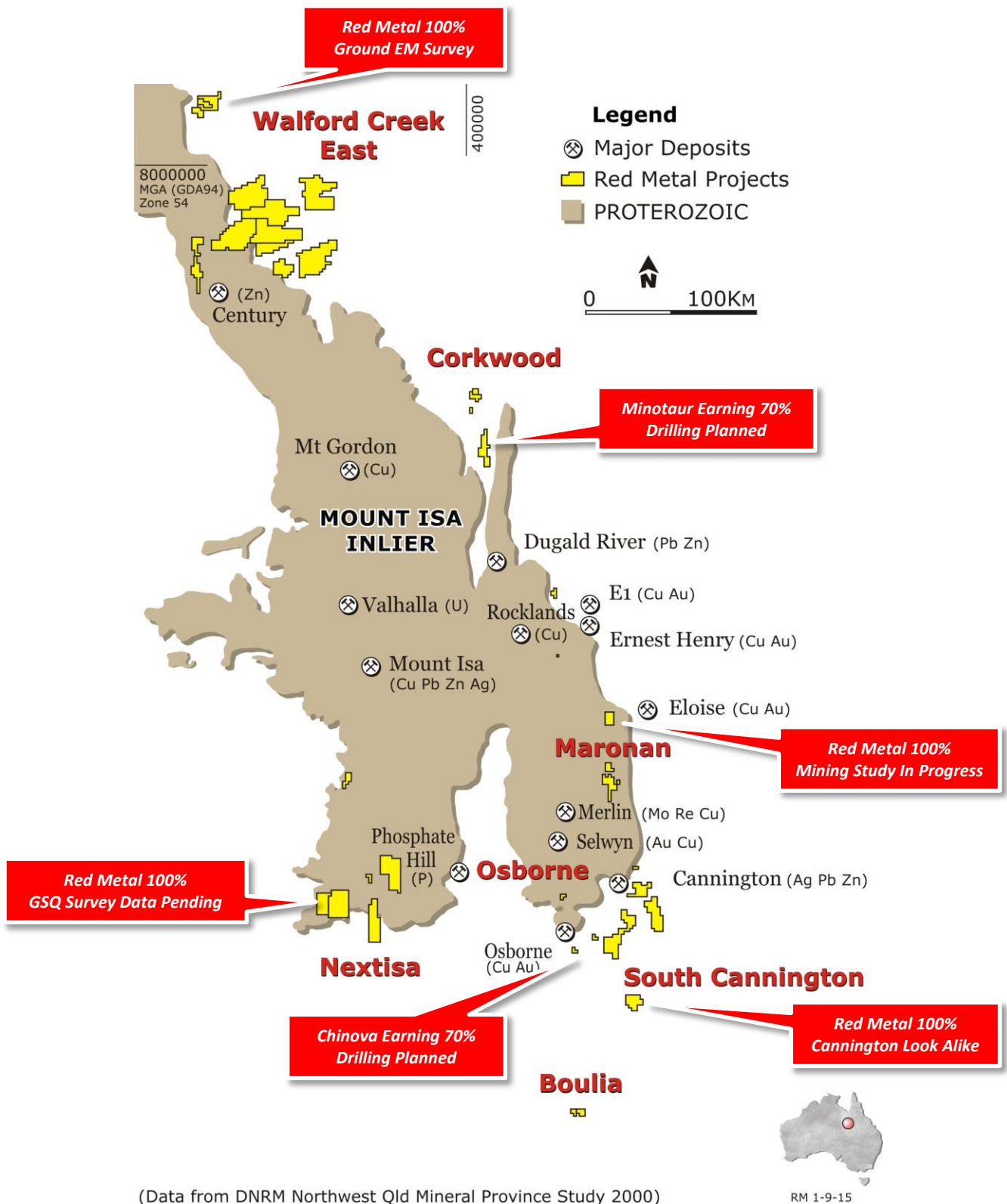
Both the silver-lead resource and copper-gold resource have steep west northwest plunges and remain open at depth (Figure 1).

Initial metallurgical test work on Maronan (announced 27 July 2015) has suggested that a high quality, high grade silver-lead concentrate could be produced by implementing a relatively simple processing option. Testing also indicated the ore to be quite soft which could keep grinding energy consumption relatively low when compared with other ore types in the district.

The metallurgical data and the three dimensional block models resulting from the recent resource calculations are currently being used to facilitate underground mining studies and scenario models designed to aid assessment of the economic potential of the deposit. Results from the preliminary mining studies are anticipated shortly.



[Figure 1] Maronan Project: Interpreted geological level plans on magnetic image showing the trend of the host exhalative formation (buff polygons) and interpreted grade envelopes using a >3.0% lead cut-off grade (light blue western mineralised horizons, dark blue eastern mineralised horizons). Overprinting silica-carbonate-iron sulphide ± copper sulphide vein zone shown as light green hatching with the interpreted grade envelopes using a >0.5% copper cut-off grade shown as green with no hatching. Untested exploration target potential at the -900m RL shown in pink. Pink arrows highlight the down-plunge direction of the lead-silver and copper-gold resources.

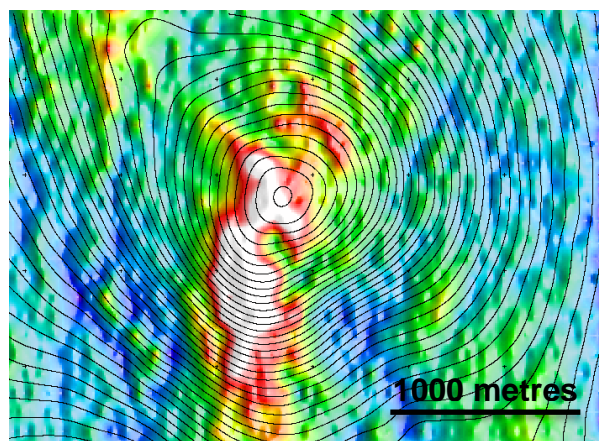


[Figure 2] Mount Isa Inlier: Major deposits and Red Metal tenement locations.

## 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 2 and 3) and draws upon a new geological and geophysical interpretation based on knowledge gained from Red Metal's drilling at Maronan.

High-resolution, helicopter-borne magnetic survey grids were completed over four bulls-eye magnetic targets this quarter better defining their resolution and internal geometry (Figure 3). Modelling places the standout Mount Skipper anomaly at 420 metres below surface. Follow-up gravity surveying is planned in 2016.



[Figure 3] Cannington South: New high-resolution vertical gradient magnetic image for the Mount Skipper target with contours of total magnetic intensity.

## Emu Creek Joint Venture: Copper-Gold

The Emu Creek farm-in agreement with Chinova Resources covers a series of geophysical and structural copper-gold targets located within trucking distance of the Osborne operation. Assay results from first-pass air core drilling on the Monster prospect included 20 metres at 0.1% copper. Follow-up drilling on this prospect is planned during the 2016 field season.

## Walford Creek East – Copper, Silver-Lead-Zinc

Ground-based, moving-loop electromagnetic surveys designed to validate the airborne anomalies detected in a past Red Metal survey were completed this quarter. Modeling of the ground survey data suggests the airborne anomalies were most likely sourced from thickness variations in the younger cover sequences. No conductors prospective for base metals were identified down-grading the project's exploration potential.

## Corkwood JV: Copper-Gold

The Corkwood joint venture project is situated about 100 kilometres northwest of Glencore's large Ernest Henry copper-gold mine (Figure 2) and about 60 kilometres north of Altona Mining Limited's advanced Little Eva deposit. Currently at Little Eva 59 million tonnes of ore grading 0.6% copper and 0.1 grams per tonne gold is the subject of a definitive feasibility study. Corkwood contains numerous magnetic target zones considered prospective for repeats of these styles of mineralisation.

Last quarter Red Metal executed a new exploration heads of agreement with Minotaur Exploration Ltd. The heads of agreement provides Minotaur the right to earn up to 70% of the Corkwood project by funding \$6 million towards exploration. Red Metal's equity in any discovery could vary between 49% or 30% dependent upon Minotaur's election.

## ARUNTA PROVINCE - NT

### **Irindina: Base Metals, Gold and Copper-Nickel**

First-pass, widely spaced, soil sampling traverses and follow-up ground based electromagnetic surveys have successfully discovered a five kilometre by one kilometre multi-element geochemical anomaly and two nearby conductors which warrant drill evaluation (Figures 4 to 6).

These new targets are situated about 240 kilometres east of Alice Springs along the northern margin of the Simpson Desert in a largely unexplored region of the Eastern Arunta Terrain (Figure 4). Prospective basement rocks in this remote desert region are covered by thin sequences of younger sediments and windblown sands.

The large five kilometre long geochemical anomaly is located adjacent to the regionally significant Basil Fault zone and coincident with residual gravity and magnetic responses. The geochemical responses in the sands are low in magnitude but clearly anomalous in copper, cobalt, nickel, lead, zinc, tin, barium and antimony with associated iron, manganese and clay (Figure 6).

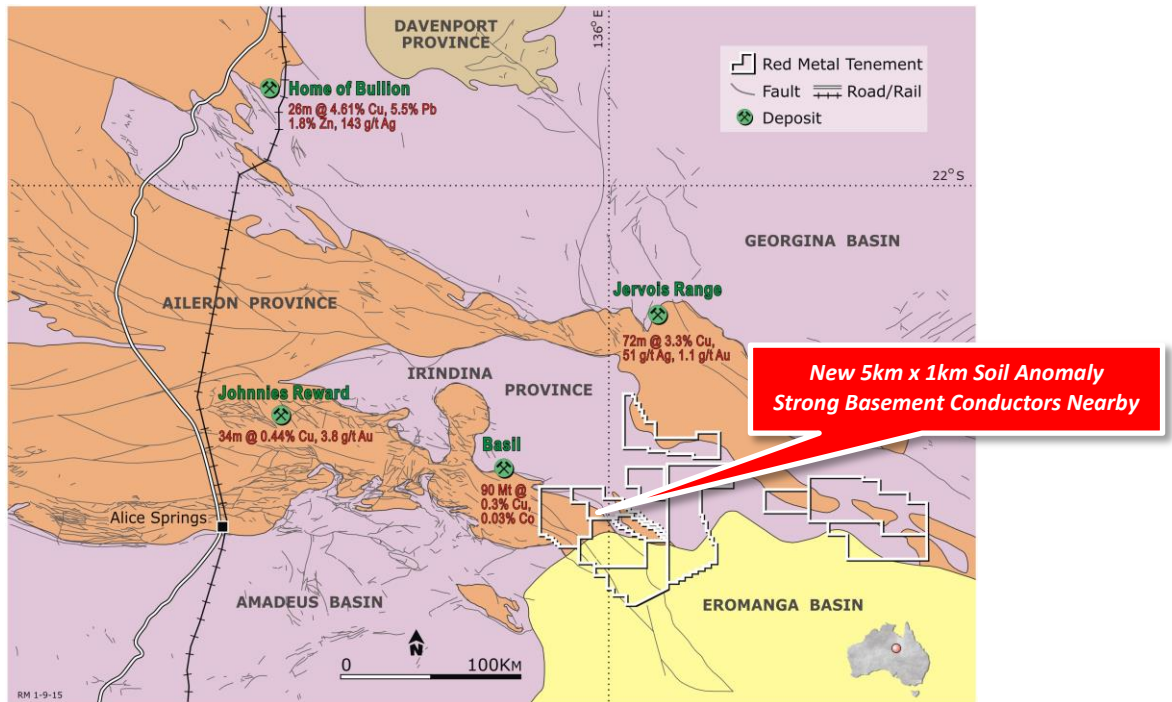
Ground based, moving-loop electromagnetic survey lines trialed across several of the regional geochemical targets identified two conductive targets near the aerially extensive soil geochemical response.

The most significant of these conductors is situated two kilometres north of the large soil anomaly (Figures 5 and 6). It was detected on 3 separate lines 600 metres apart and shows an increase in strength towards the east where it remains open. Modelling of fixed-loop data interprets the conductor as steep north dipping situated about 220 metres below surface. This conductor has a very large decay constant greater than 100 milliseconds which models to a body with a conductance of about 6000 siemens. Such a strong response is typical of highly conductive, massive sulphide bodies.

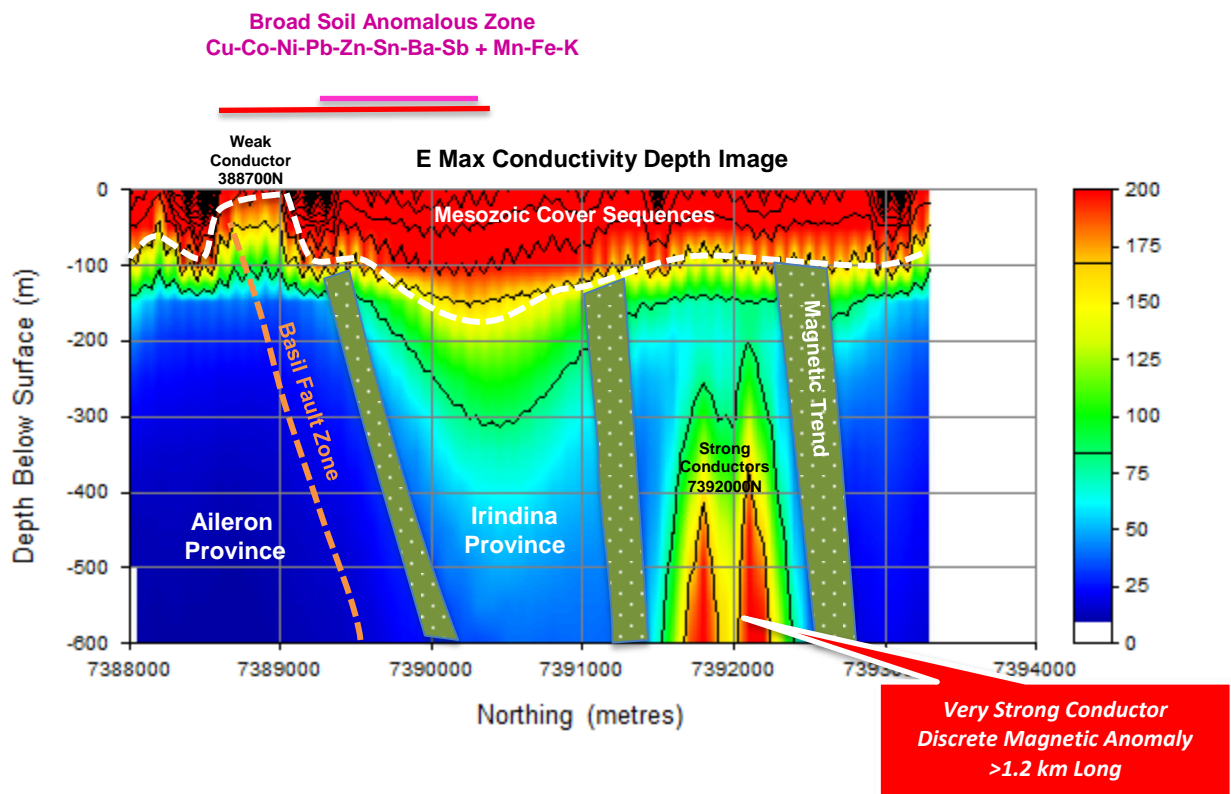
A second weak conductor was also identified above the interpreted Basil Fault zone (Figure 6).

Importantly, the large soil anomaly and conductive basement targets occur within the prospective Irindina Province adjacent to the Basil Fault and are located 60 kilometres along trend from the large Basil massive sulphide deposit (Figure 4). The Basil deposit contains about 90Mt at 0.3% copper and 0.03% cobalt and is hosted within semi-massive iron and copper sulphide bodies.

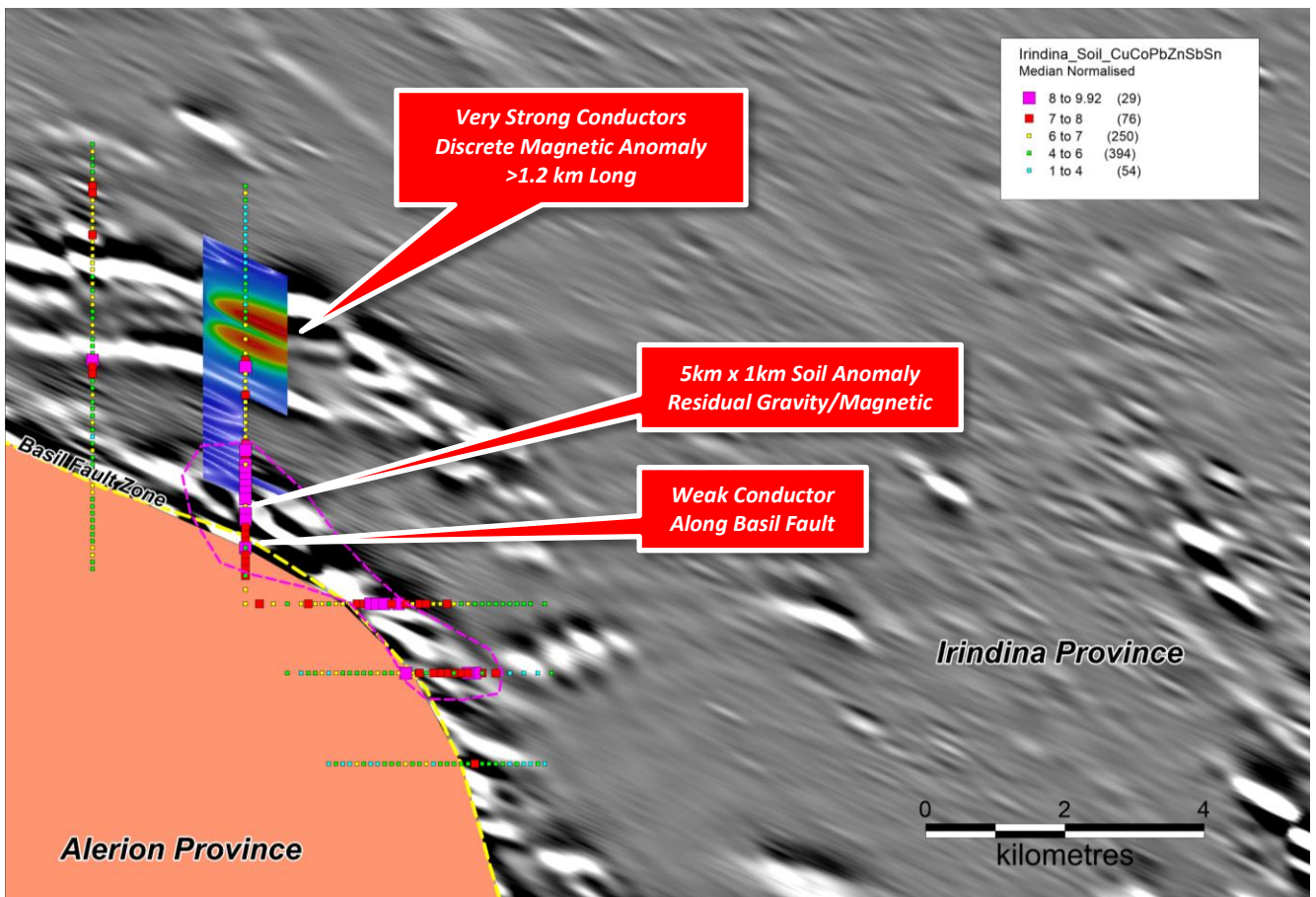
Red Metal's exploration is targeting large, copper-rich variants of the Basil deposit type and results from the 2015 field programs have identified clear drill targets to test this concept. Drilling is proposed during the 2016 field season.



[Figure 4] 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, base metal rich deposits may exist within the Irindina project.



[Figure 5] Irindina Project: Conductivity depth image for the ground based moving-loop electromagnetic traverse located across the aerially extensive soil geochemical anomaly showing interpreted geological elements.



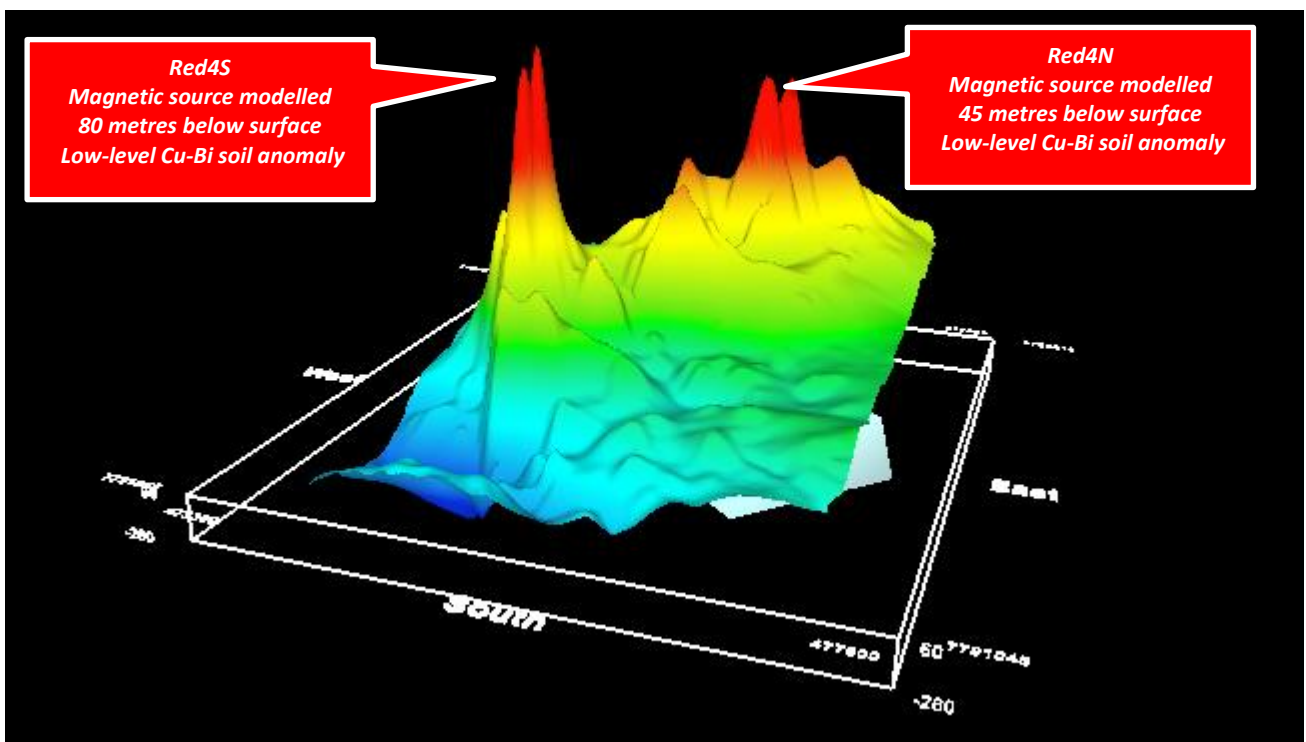
[Figure 6] Irindina Project: Residual magnetic image of the Irindina Province and regional soil traverses with thematic presentation showing the sum of median normalised values for copper, cobalt, lead, zinc, antimony and tin. The presentation highlights regions of strong coincident multi-element response (purple and red). The anomalous regions are also associated with elevated iron, manganese and clay. The aerially extensive anomaly is located within the Irindina Province adjacent to the Basil Fault and is associated with residual gravity and magnetic responses. Moving loop electromagnetic surveying trialled along several anomalous geochemical lines has identified two conductors below and adjacent to the large soil anomalous region.



## TENNANT CREEK PROVINCE - NT

### Tennant Creek Projects – Gold-Copper-Bismuth

Red Metal has used airborne magnetic data to define a variety of possible copper-gold-bismuth targets situated under a thin blanket of transported sands about 90 kilometres southeast of the Tennant Creek Goldfield. Clay-fraction soil sampling was trialed above nine targets with the aim of ranking magnetic anomalies for drilling using path finder elements. Encouraging low-level copper and bismuth anomalism was measured in soil samples collected above three blind magnetic targets which model between 40 and 80 metres below surface (Figure 7). The targets are ready for drill testing.



[Figure 7] Tennant Creek Projects: Three dimensional view of high resolution magnetic image over the Red 4N and Red4S targets highlighting strong bulls-eye magnetic anomalies (red peaks). Encouraging low level copper and bismuth anomalism is measured in clay fraction soils collected above the blind magnetic targets.

## OTHER PROJECTS

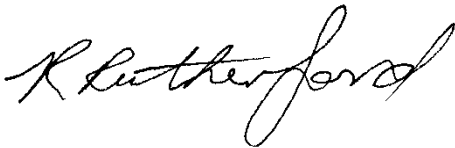
Red Metal continues to rationalize its exploration portfolio concentrating on its highest priority base metal targets. Key projects are briefly summarised below in Table 1.

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

Project	Description	Status
<b>QUEENSLAND</b>		
<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 is being trialled as a tool to map prospective conductive stratigraphy.	Government funded regional AMT survey in progress.
<u>Kamarga Uplift</u> <i>Cu Ag-Pb-Zn</i>	New tenement applications secured surrounding the Century deposit and Bluebush prospect seeking giant Mount Isa style silver-lead-zinc and copper.	Detailed historic review and target generation in progress.
<b>NORTHERN TERRITORY</b>		
<u>Mallapunyah</u> <i>Cu Ag-Pb-Zn</i>	Prospective sedimentary sequences in McArthur Basin with district scale silver anomalism.	Land access negotiation underway.
<b>SOUTH AUSTRALIA</b>		
<u>Pernatty Lagoon JV</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/gravity targets defined under shallow cover.	Drill ready, seeking third party funding.
<u>Callabonna JV</u> <i>Cu-Au</i>	Large known hydrothermal magnetite breccias, nearby low-magnetic, high-gravity anomalies indicative of possible copper-bearing, hematitic breccia phases are being assessed	Three drill-ready targets modelled at 500-600m depths
<u>Ooldea-Barton JV</u> <i>Zircon, Titanium &amp; Au</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. Gold potential in underlying basement shear zones remains untested.	Drilling time-frame dependent upon heritage clearances
<b>USA</b>		
<u>Colorado Potash</u> <i>KCl</i>	Multiple beds of probable potassium chloride (sylvite) over good widths and grades along the axis of the Dolores Anticline. Vast tonnage potential. Positive outcomes from an economic review have reinforced the upside potential of this significant, previously untested, potash target concept.	Seeking JV funding

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



Rob Rutherford  
Managing Director



Russell Barwick  
Chairman

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*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 market releases dated 28 January 2014, 21 November 2014, 3 February 2015, 29 July 2015 and 27 October 2015. 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, 21 November 2014, 3 February 2015, 29 July 2015 and 27 October 2015 and, in the case of the estimate of Mineral Resources all material assumptions and technical parameters underpinning the estimates in the market announcement of 27 October 2015 continue to apply and have not materially changed.*

*The information in this report that relates to the Colorado Potash Project was previously reported by the Company in compliance with JORC 2012 in a market release dated 31 March 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement dated 31 March 2015.*

*The information reported above (other than in respect of the Maronan Project and Colorado Potash 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 and Colorado Potash 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.*

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## ADDENDUM TO DECEMBER 2015 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, 25842	100	
Chinova JV	EPMs 15385, 16251, 18303, 13318, 13321	100	Refer note 4.
Nextisa	EPMs 25430, 25692, 25693, 25694	100	
Maronan	EPM 13368	100	
Corkwood	EPMs 13376, 13380, 15633	100	Refer note 5.
Cloncurry	EPMs 14293, 18164	100	
Walford Creek	EPM 18182	100	
Ooldea JV	ELs 5492, 4777,	100	Refer note 3.
Algebuckina	EL 5404	100	
Callabonna JV	EL 5360	-	Refer note 1.
Pernatty Lagoon JV	EL 5107	85.1	Refer note 2.
Lakes Project	EL 4614	100	
Tennant Creek	ELs 24009, 24145, 24259, 30417	100	
Irindina	ELs 27090, 27264, 27265, 27267, 30756	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 30%) and Chinova Resources (Osborne) Pty Ltd (earning 70%). No change in interest during the quarter.
5. Joint venture between Red Metal (diluting to 30%) and Minotaur Exploration Limited (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 2015

### 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	(433)	(847)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	13	38
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid / refund received		
1.7 Other		
<b>Net Operating Cash Flows</b>	<b>(533)</b>	<b>(1,066)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	(4)
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)		
<b>Net investing cash flows</b>	<b>-</b>	<b>(4)</b>
1.13 Total operating and investing cash flows (carried forward)	(533)	(1,070)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(533)	(1,070)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(533)	(1,070)
1.20	Cash at beginning of quarter/year to date	2,805	3,342
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>2,272</b>	<b>2,272</b>

**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

Chinova Resources incurred expenditure totalling approximately \$176,000 in the three months to December 2015 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
3.2 Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

	\$A' 000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	100
<b>Total</b>	<b>350</b>

### 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	122	205
5.2 Deposits at call	2,150	2,600
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,272</b>	<b>2,805</b>

### 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	EL's 24145, 27090, 27264, 4614.	Granted tenements	100	0
6.2 Interests in mining tenements acquired or increased	EPM's 25902, 25904, 25905, 25907, 25912	Granted tenements	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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital				
7.3 <b>+Ordinary securities</b>	174,771,919	174,771,919		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital				-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,200,000	-	Exercise Price 33 cents	Expiry Date 31.01.2016
	1,125,000	-	16 cents	01.10.2016
	2,000,000	-	16 cents	19.11.2016
	1,225,000	-	5 cents	22.11.2018
	1,200,000	-	5 cents	22.11.2018
7.8 Issued during quarter	1,225,000	-	5 cents	22.11.2018
	1,200,000	-	5 cents	22.11.2018
7.9 Exercised during quarter				
7.10 Expired during quarter	1,475,000	-	33 cents	30.11.2015
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 2016  
(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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