

RED METAL LIMITED

A.C.N. 103 367 684

INTERIM FINANCIAL REPORT 31 DECEMBER 2015

CONTENTS

	Page
Directors' Report	1
Auditor's Independence Declaration	4
Condensed Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Statement of Financial Position	6
Condensed Statement of Changes in Equity	7
Condensed Statement of Cash Flows	8
Notes to the Condensed Financial Statements	9
Directors' Declaration	11
Independent Auditor's Review Report	12

RED METAL LIMITED

DIRECTORS' REPORT

The directors present the financial report of Red Metal Limited for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

R C Barwick (Non-Executive Chairman)
R A Rutherford (Managing Director)
J N Pitt (Non-Executive Director)

Results

The result for the half-year ended 31 December 2015 was a loss after tax of \$1,051,727 (2014: \$2,792,224).

Subsequent Events

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of Red Metal Limited, the results of those operations, or the state of affairs in future financial years.

Review of Operations

Red Metal's ongoing work at the Maronan Silver-Lead and Copper-Gold Project has established a firmer 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 tonnage but moderate grade opportunity, or potentially offering higher grade resources with a more limited tonnage.

In October 2015 Red Metal announced the results of maiden, JORC (2012) compliant, resource calculations on the separate silver-lead and copper-gold deposits. 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.

High-resolution, helicopter-borne magnetic survey grids were completed over four bulls-eye magnetic targets at the Cannington South Silver-Lead-Zinc Project better defining target resolution and internal geometry. Modelling places the standout Mount Skipper anomaly at 420 metres below surface. Follow-up gravity surveying is planned in 2016.

The Emu Creek Copper-Gold farm-in agreement with joint venture partner Chinova Resources covers a series of geophysical and structural copper-gold targets located within trucking distance of the Osborne operation. Chinova completed initial percussion and aircore drilling on the Emu Creek and Monster prospects. 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.

RED METAL LIMITED

DIRECTORS' REPORT (Continued)

Review of Operations (Continued)

At the Company's Walford Creek East Base Metal Project ground-based, moving-loop electromagnetic surveys designed to validate the airborne anomalies detected in a past Red Metal survey were completed. 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 downgrading the project's exploration potential.

Red Metal advanced the Corkwood Copper-Gold Project with the execution of 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.

At the Tennant Creek Copper-Gold Project 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. The targets are ready for drill testing.

First-pass, widely spaced, soil sampling traverses and follow-up ground based electromagnetic surveys at the Irindina Copper Project have successfully discovered a five kilometre by one kilometre multi-element geochemical anomaly and two nearby conductors which warrant drill evaluation.

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. 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.

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. Drilling tests on these exciting targets are proposed during the 2016 field season.

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 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.

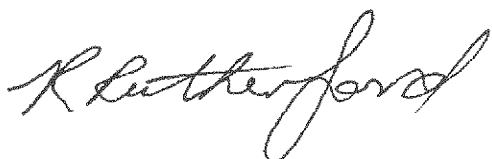
RED METAL LIMITED

DIRECTORS' REPORT (Continued)

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires the lead auditor for the review undertaken by HLB Mann Judd to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'R Rutherford', is written in a cursive style.

R Rutherford

Director

Dated this 26th day of February 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Red Metal Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Red Metal Limited and the entities it controlled during the period.



Sydney, NSW
26 February 2016


M D Muller
Partner

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

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RED METAL LIMITED

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Note	31 Dec 2015 \$	31 Dec 2014 \$
Revenue from continuing operations			
Interest income		38,228	83,330
Expenses from continuing operations			
Exploration expenditure written off		(828,929)	(2,616,461)
Employee and consultant expenses (administration)		(148,148)	(126,840)
Depreciation		(1,262)	(642)
Occupancy expenses		(59,068)	(59,282)
Shareholder expenses		(35,912)	(57,057)
Other expenses		(16,636)	(15,272)
Loss before income tax benefit		(1,051,727)	(2,792,224)
Income tax benefit		-	-
Net loss for the period from continuing operations		(1,051,727)	(2,792,224)
Other comprehensive income		-	-
Total comprehensive loss attributable to members of the Company	6	(1,051,727)	(2,792,224)
		Cents	Cents
Basic and diluted (loss) per share		(0.6)	(1.6)

The accompanying notes form part of these financial statements.

RED METAL LIMITED**CONDENSED STATEMENT OF FINANCIAL POSITION****As at 31 December 2015**

	31 Dec 2015	30 Jun 2015
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,271,301	3,341,670
Trade and other receivables	52,035	52,794
TOTAL CURRENT ASSETS	2,323,336	3,394,464
NON-CURRENT ASSETS		
Receivables	101,937	101,937
Property, plant and equipment	5,264	2,201
Exploration, evaluation and development expenditure	1,000,103	1,000,103
TOTAL NON-CURRENT ASSETS	1,107,304	1,104,241
TOTAL ASSETS	3,430,640	4,498,705
CURRENT LIABILITIES		
Trade and other payables	90,851	136,801
Employee benefits	203,125	201,626
TOTAL CURRENT LIABILITIES	293,976	338,427
TOTAL LIABILITIES	293,976	338,427
NET ASSETS	3,136,664	4,160,278
EQUITY		
Issued capital (note 7)	29,977,887	29,977,887
Option reserve	1,856,250	1,828,137
Accumulated losses (note 6)	(28,697,473)	(27,645,746)
TOTAL EQUITY	3,136,664	4,160,278

The accompanying notes form part of these financial statements.

RED METAL LIMITED

CONDENSED STATEMENT OF CHANGES IN EQUITY For the half-year ended 31 December 2015

	Issued Capital \$	Accmd Losses \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2014	25,196,363	(24,440,736)	1,786,700	2,542,327
Loss attributable to members of the Company	-	(2,792,224)	-	(2,792,224)
Shares issued during the period	5,100,000	-	-	5,100,000
Transaction costs	(318,476)	-	-	(318,476)
Share based payments	-	-	41,437	41,437
Balance at 31 December 2014	29,977,887	(27,232,960)	1,828,137	4,573,064
Balance at 1 July 2015	29,977,887	(27,645,746)	1,828,137	4,160,278
Loss attributable to members of the Company	-	(1,051,727)	-	(1,051,727)
Share based payments	-	-	28,113	28,113
Balance at 31 December 2015	29,977,887	(28,697,473)	1,856,250	3,136,664

The accompanying notes form part of these financial statements.

RED METAL LIMITED**CONDENSED STATEMENT OF CASH FLOWS****For the half-year ended 31 December 2015**

	31 Dec 2015 \$	31 Dec 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	-	8,443
Cash payments in the course of operations	(257,315)	(215,127)
Income tax refund received	-	-
Interest received	37,733	87,340
NET CASH (USED IN) OPERATING ACTIVITIES	(219,582)	(119,344)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for exploration and evaluation	(846,462)	(1,965,522)
Purchase of property, plant and equipment	(4,325)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(850,787)	(1,965,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	5,100,000
Payments for share issue costs	-	(318,476)
NET CASH FROM FINANCING ACTIVITIES	-	4,781,524
NET INCREASE / (DECREASE) IN CASH HELD	(1,070,369)	2,696,658
Cash at the beginning of the financial period	3,341,670	1,674,202
CASH AT THE END OF THE FINANCIAL PERIOD	2,271,301	4,370,860

There were no non-cash financing and investing activities during the period.

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

1. Reporting entity

Red Metal Limited ("the Company") is a company domiciled in Australia. The annual financial report of the Company for the year ended 30 June 2015 is available upon request from the Company's registered office or at www.redmetal.com.au.

2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Red Metal Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

This interim financial report was approved by the Board of Directors on 26 February 2016. The Directors have the authority to amend and reissue the interim financial report.

3. Statement of significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2015.

4. Individually significant items

	31 Dec 2015	31 Dec 2014
	\$	\$
Exploration expenditure written off	(828,929)	(2,616,461)
Interest income	38,228	83,330

5. Subsequent Events

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of Red Metal Limited, the results of those operations, or the state of affairs in future financial years.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015 (Continued)

6. Accumulated losses

	31 Dec 2015	31 Dec 2014
	\$	\$
Accumulated losses at the beginning of the half-year	(27,645,746)	(24,440,736)
Net loss attributable to members of the Company	(1,051,727)	(2,792,224)
Accumulated losses at the end of the half-year	(28,697,473)	(27,232,960)

7. Issued capital

	31 Dec 2015	30 Jun 2015
	\$	\$
Issued and paid-up share capital		
174,771,919 (June 2015: 174,771,919) ordinary shares, fully paid	29,977,887	29,977,887
Ordinary shares		
Shares issued:		
Balance at the beginning of the period	29,977,887	25,196,363
30 million shares issued for cash pursuant to share placement	-	5,100,000
Share issue costs	-	(318,476)
Balance at the end of the period	29,977,887	29,977,887

Share Options

Exercise Period	Exercise Price	Balance 1 Jul 2015 No.	Options Issued No.	Options Expired No.	Balance 31 Dec 2015 No.
On or before 30 Nov 2015	\$0.33	1,475,000	-	(1,475,000)	-
On or before 31 Jan 2016	\$0.33	1,200,000	-	-	1,200,000
On or before 1 Oct 2016	\$0.16	1,125,000	-	-	1,125,000
On or before 19 Nov 2016	\$0.16	2,000,000	-	-	2,000,000
On or before 22 Nov 2018	\$0.05	-	1,225,000	-	1,225,000
On or before 22 Nov 2018	\$0.05	-	1,200,000	-	1,200,000
		5,800,000	2,425,000	(1,475,000)	6,750,000

8. Segment Reporting

During the period the Company operated predominantly in the mining industry in Australia.

DIRECTORS' DECLARATION

In the opinion of the directors of Red Metal Limited ("the Company"):

1. The financial statements and notes set out on pages 5 to 10 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2015 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



R Rutherford
Director

Sydney
26 February 2016

RED METAL LIMITED

ACN 103 367 684

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Red Metal Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Red Metal Limited ("the Company"), which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

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RED METAL LIMITED

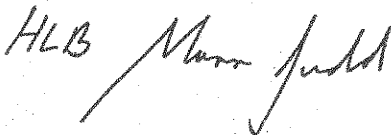
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**INDEPENDENT AUDITOR'S REVIEW REPORT
(continued)**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Metal Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB Mann Judd
Chartered Accountants**



**M D Muller
Partner**

**Sydney, NSW
26 February 2016**