

**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

5,550,000  
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

**MARCH 2016 QUARTERLY REPORT**  
**26 April 2016**

**HIGHLIGHTS**

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

- Positive outcome from preliminary mine scoping study.
- Joint venture discussions initiated.

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

- Very strong conductor targeting large, copper-cobalt massive sulphide deposit proposed for drill testing next quarter.

**Lawn Hill, QLD, Zinc-Lead-Silver**

- Large tenement holding secured over prospective zinc terrain.
- Significant conductors targeting McArthur River style zinc-lead-silver identified from historic geophysical data.
- Targets located under shallow cover and remain untested by previous explorers.

## MOUNT ISA INLIER - QLD

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

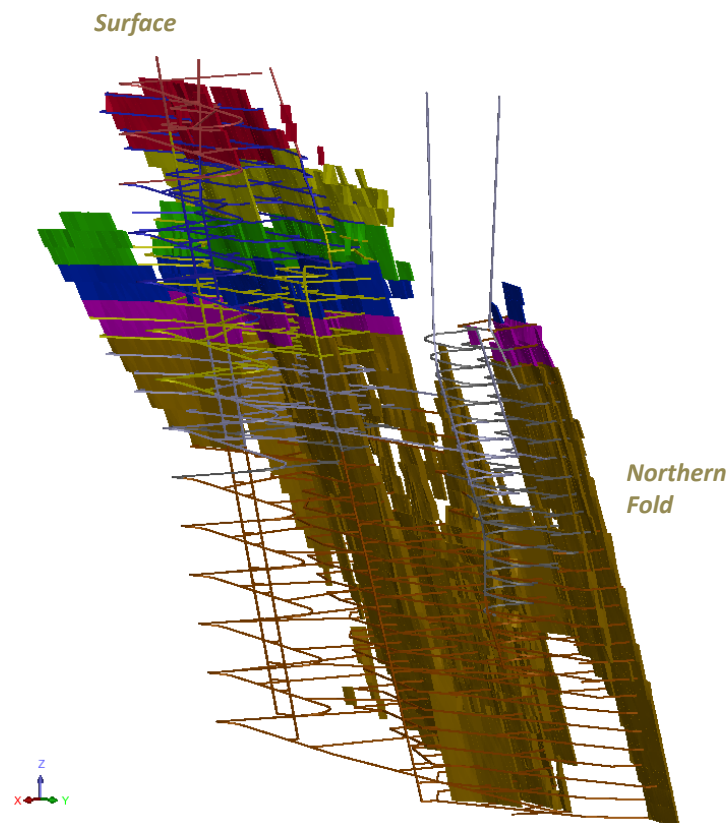
On 8 March 2016, Red Metal announced the positive outcome of the Preliminary Mine Scoping Study (Scoping Study) on the inferred lead-silver and copper-gold resources and in turn initiated discussions with third parties to seek joint venture funding.

The Scoping Study highlighted the potential to generate strong positive cash flows for either a stand-alone mining option or, one that assumes trucking ore to an off-site plant with both scenarios appearing robust using current and long term metal price forecasts.

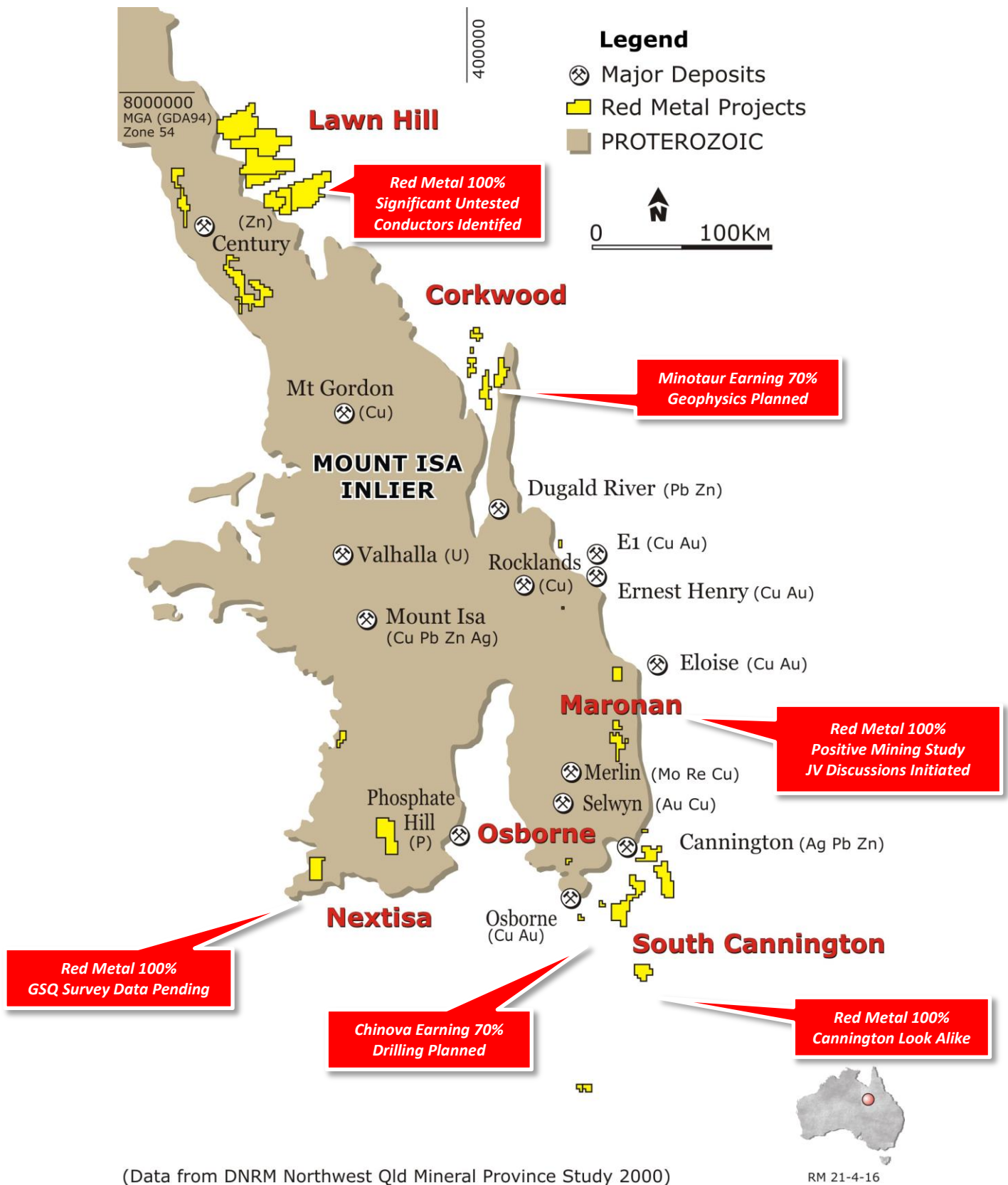
The step change in thinking about the economics for the Maronan deposit is driven by the confirmation of simple metallurgy and the lowering of grinding cost estimates. These factors have enabled reduced economic cut-off grade assumptions with the Scoping Study now applying 3.1% lead equivalent for the stand alone operation and 3.8% lead equivalent for the ore trucking and off-site processing scenario.

Using these lower economic cut-off grades, the Scoping Study ore blocks extend from just 90 metres below surface suggesting that ore production could be commenced well before decline access reaches the deeper portions of the deposit with the consequent benefits to mine cash flow. The low economic cut-off grades also increase the average mining width for the ore blocks to about 9 metres for the lead-silver horizons and about 13 metres for the copper-gold vein zone.

The positive results from the Scoping Study together with the down-plunge geological potential provide a strong economic and geological case for further infill and step-out exploration drilling as a prerequisite to firming up mining plans. Outcomes from the joint venture discussions are anticipated by the end of the next quarter.



[Figure 1] Maronan Project: 3D oblique view of mine development model.



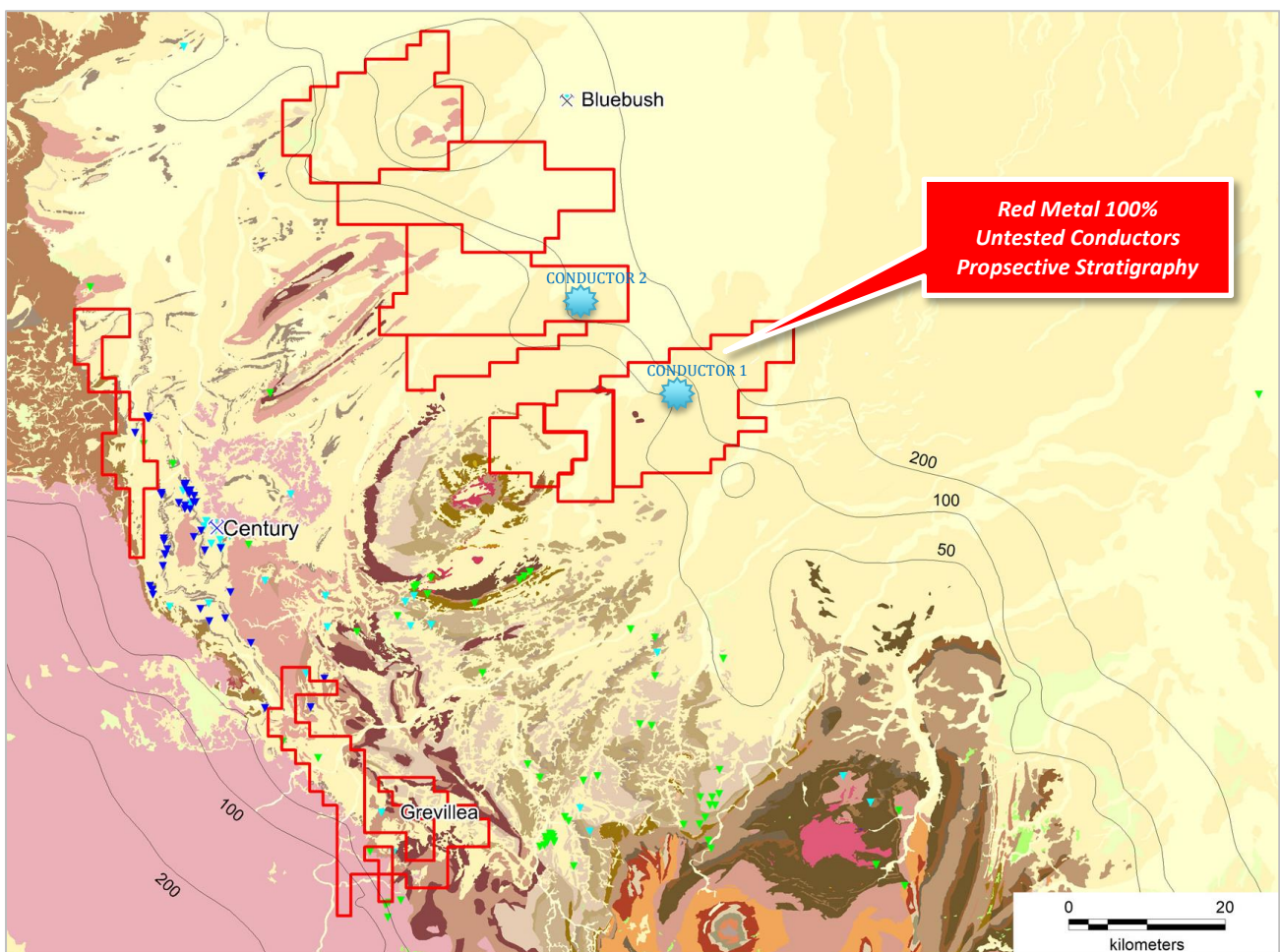
[Figure 2] Mount Isa Inlier: Major deposits and Red Metal tenement locations.

## Lawn Hill Project: Silver-Lead-Zinc, Copper

Red Metal has secured a large ground position surrounding the giant Century zinc-lead-silver deposit following a new basin-wide structural and stratigraphic analysis. This work was based on the recognition that the giant Mount Isa and McArthur River zinc-lead-silver deposit types form in unique geological time periods and are associated with growth faults and sub-basins containing highly conductive, pyritic stratigraphy. The new tenement acquisitions secure targets where prospective stratigraphy and structures are interpreted under shallow cover sequences (Figure 3).

Preliminary work has involved the reprocessing of widely spaced, historic ground electromagnetic data and has identified two strong conductors in areas where the superficial cover is estimated at no more than 100 metres. Surprisingly, these highly prospective zinc-lead-silver targets remain untested by past explorers. Follow-up electromagnetic surveying in preparation for drilling is planned.

Reviews of past exploration data and target generation are ongoing.



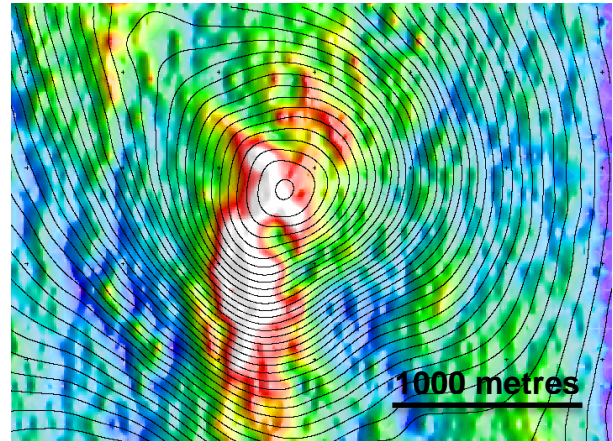
[Figure 3] New Lawn Hill Project: Regional geology, Red Metal tenements and location of two significant untested conductors considered prospective for zinc-lead-silver mineralisation. Note the depth to Proterozoic basement contours.



### 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 4). Modelling places the standout Mount Skipper anomaly at 420 metres below surface. Follow-up gravity surveying is planned in 2016.



[Figure 4] 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 (Figure 2). Assay results from first-pass air core drilling on the Monster prospect included 20 metres assaying 0.1% copper. Follow-up drilling on this prospect is planned during the 2016 field season.

### 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 where a 59 million tonnes deposit grading 0.6% copper and 0.1 grams per tonne gold is currently the subject of a definitive feasibility study. Corkwood contains numerous magnetic target zones considered prospective for repeats of these styles of mineralisation.

Joint venture partner Minotaur Exploration Ltd initiated target generation this quarter. Deep penetrating, magneto-telluric surveying is proposed over a key regional target in the 2016 field season.

## ARUNTA PROVINCE - NT

### Irindina: Copper-Cobalt

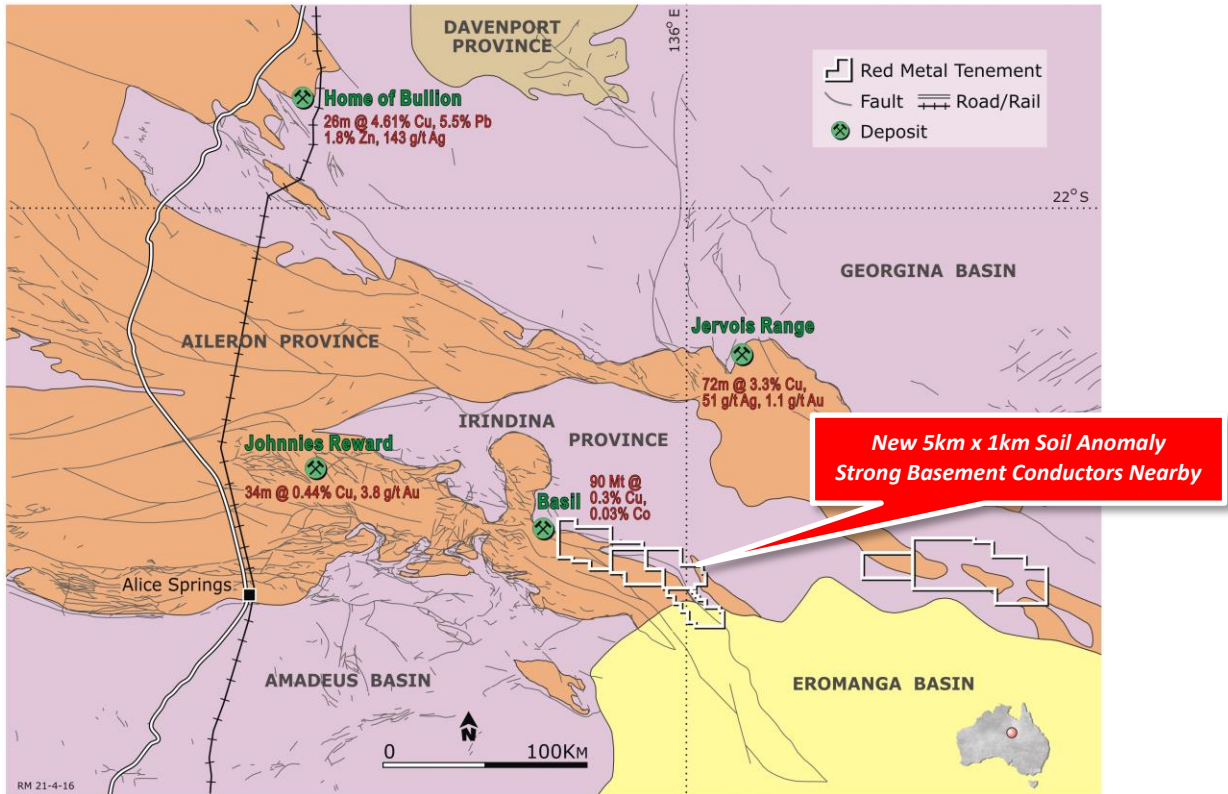
The project is situated within the highly prospective Irindina Province about 240 kilometres east of Alice Springs in a largely unexplored region of the Eastern Arunta Terrain (Figure 5) near the northern margin of the Simpson Desert. Prospective basement rocks in this remote desert region are covered by thin sequences of younger sediments and windblown sands.

First-pass, widely spaced, soil sampling traverses and follow-up ground based electromagnetic surveys have defined a target area outlined by a five by one kilometre multi-element geochemical anomaly and two nearby geophysical conductors (Figures 5 to 7). This target area lies adjacent to the Basil Fault and 60 kilometres along trend from the large Basil massive sulphide deposit (Figure 5). The Basil deposit contains about 90 million tonnes at 0.3% copper and 0.03% cobalt and is hosted within semi-massive iron and copper sulphide bodies which are highly conductive.

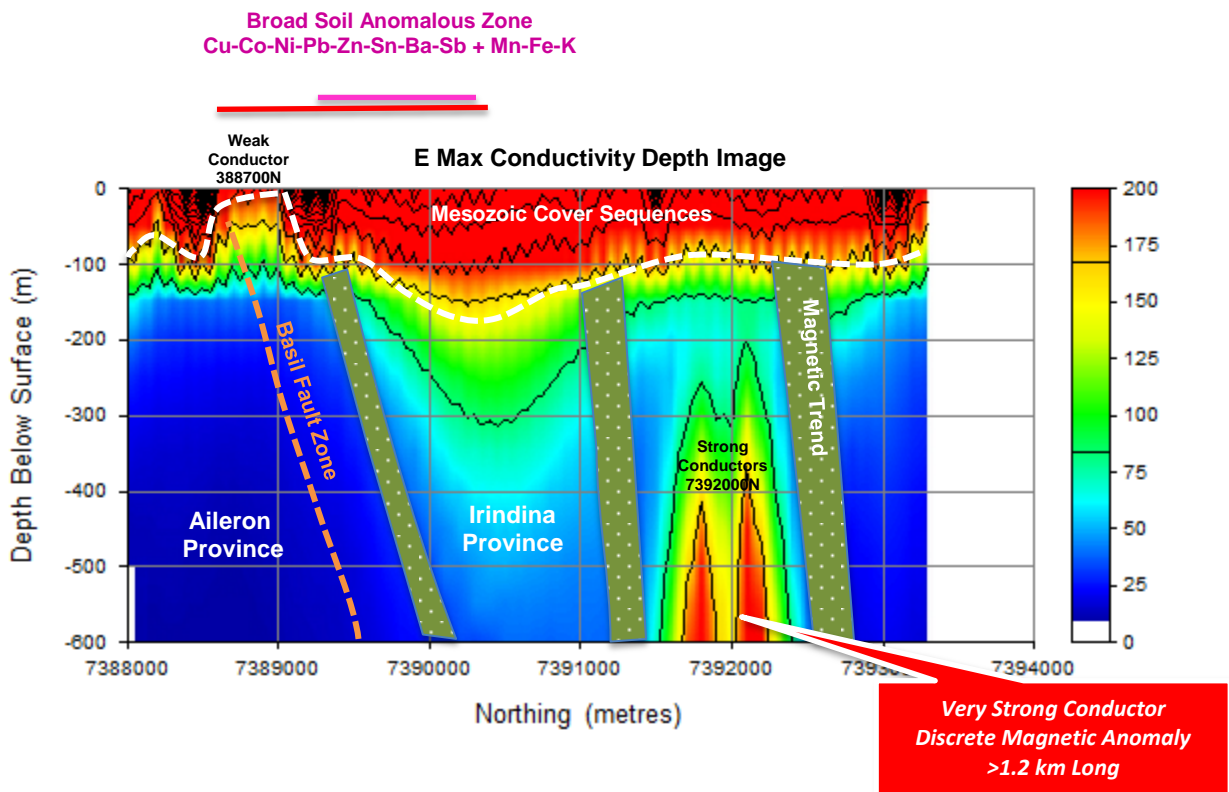
The recently defined Red Metal geochemical anomaly is coincident with residual gravity and magnetic responses. The geochemical anomalism in the sands are of low level but clearly anomalous in copper, cobalt, nickel, lead, zinc, tin, barium and antimony with associated iron, manganese and clay (Figure 7).

The two geophysical conductors were defined by moving-loop electromagnetic survey lines trialed across several of the regional geochemical targets. The stronger of the two conductors, while not directly relating to the soil geochemical anomaly, 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.

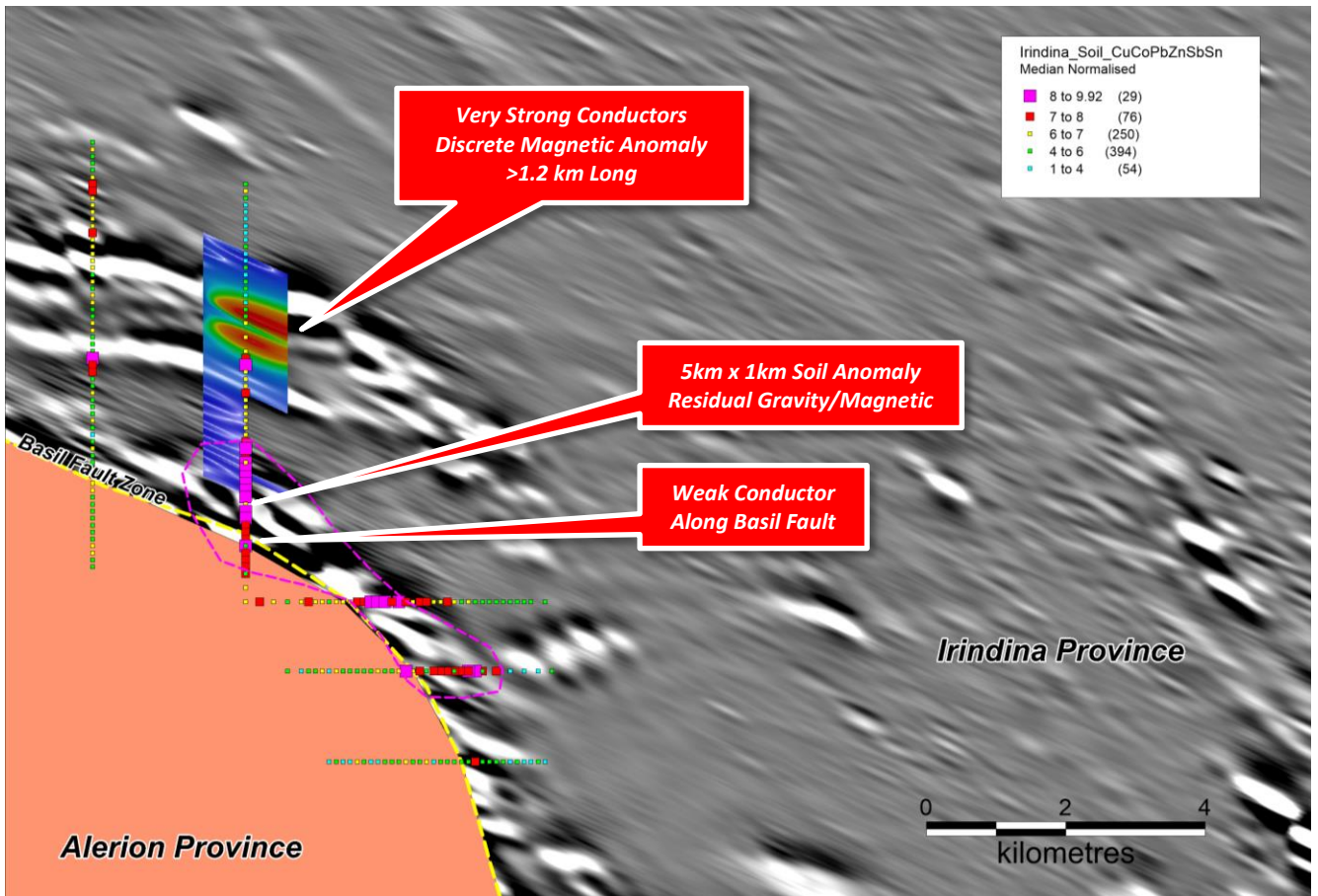
Drilling is proposed for the June 2016 quarter to test this target area in the hope of outlining a large deposit comparable with Basil but of higher grade.



[Figure 5] 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 6] 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.



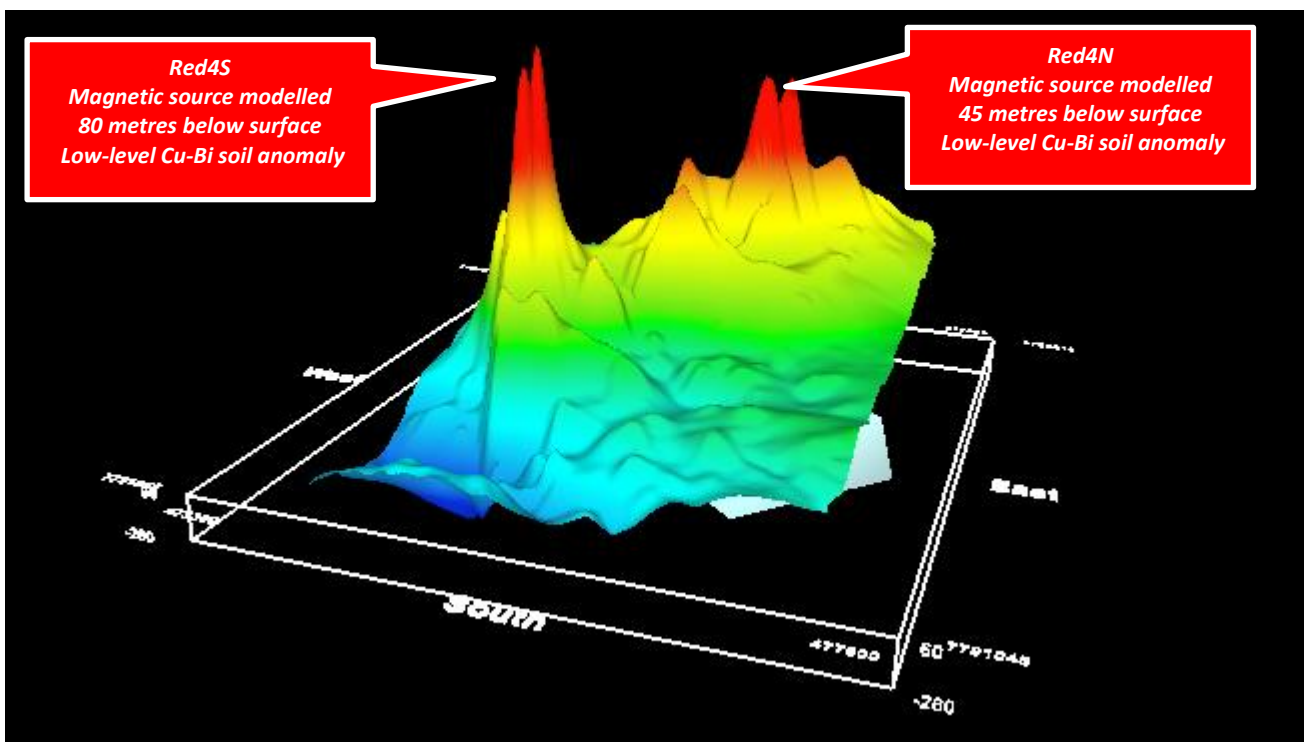
[Figure 7] Irindina Project: Residual magnetic image of the Irindina Province and regional soil traverses with thematic presentation showing the sum of median normalised values for copper, cobalt, lead, zinc, antimony and tin. The presentation highlights regions of strong coincident multi-element response (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 targets situated under a thin blanket of transported sands and located 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 8). The targets are ready for drill testing.



[Figure 8] 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

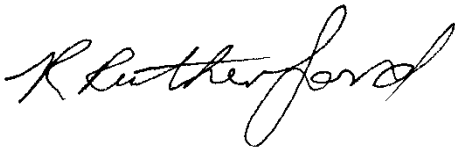
Red Metal continues to rationalise its exploration portfolio concentrating on its highest priority base metal targets. Key projects are briefly summarised below in Table 1.

[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.
<b>NORTHERN TERRITORY</b>		
<u>Mallapunyah</u> <i>Cu Ag-Pb-Zn</i>	Prospective sedimentary sequences in McArthur Basin with district scale silver anomalism.	Advanced JV discussions in progress. 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:

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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 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, 27 October 2015 and 8 March 2016. 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, 27 October 2015 and 8 March 2016 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 lead equivalent values determined by AMDAD for the Preliminary Mine Scoping Study mine modelling are based on the following parameters*

- *Metal prices of \$US2200 per tonne lead, \$US16.50 per ounce silver, \$US6200 per tonne copper, and \$US1050 per ounce gold, from Citi Group long term forecasts.*
- *Processing recoveries provided by the CORE Group were 95% for lead and 93% for silver, based on initial metallurgical test results*
- *90% for copper and 75% for gold, based on typical recoveries in the Cloncurry belt.*
- *Conceptual realisation costs, covering concentrate transport, smelting, refining, deductions, insurance and royalty, provided by Red Metal, equating to A\$8.32/10kg lead, A\$0.054/g silver, A\$15.44/10kg copper, and A\$2.10/g gold, using an exchange rate of US\$0.75/A\$*
- *Net recovered values of A\$19.97/10kg lead, A\$0.62/g silver, A\$60.50/10kg copper, and A\$38.62/g*
- *Lead equivalent multipliers of 0.0311 for silver, 3.02 for copper and 1.93 for gold*
- *The lead equivalent percentage value is calculated as follows: lead equivalent% = lead% + (silver ppm x 0.0311) + (copper% x 3.02) + (gold ppm x 1.93)*

*These values will vary depending on metal prices assumed, and when metallurgical test work is completed for copper and gold, and further test work is completed for lead and silver. It is Red Metal's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.*

*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.

## ADDENDUM TO MARCH 31 2016 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	100	
Walford Creek	EPM 18182	100	
Lawn Hill	EPMs 25902, 25904, 25905, 25907, 25912, 25985, 26116		
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.
Tennant Creek	ELs 24009, 24259, 30417	100	
Irindina	ELs 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 March 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	(329)	(1,176)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	18	56
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>(409)</b>	<b>(1,475)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(1)	(5)
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>(1)</b>	<b>(5)</b>
1.13 Total operating and investing cash flows (carried forward)	(410)	(1,480)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(410)	(1,480)
	<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>	(410)	(1,480)
1.20	Cash at beginning of quarter/year to date	2,272	3,342
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,862	1,862

**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 \$43,000 in the three months to March 2016 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	300
4.2	Development	-
4.3	Production	-
4.4	Administration	100
<b>Total</b>		<b>400</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	112	122
5.2 Deposits at call	1,750	2,150
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,862</b>	<b>2,272</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	18164 Granted tenements	100	0
6.2	Interests in mining tenements acquired or increased	EPM25985, EPM26116 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>	1,125,000 2,000,000 1,225,000 1,200,000	- - - -	Exercise Price 16 cents 16 cents 5 cents 5 cents	Expiry Date 01.10.2016 19.11.2016 22.11.2018 22.11.2018
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	1,200,000	-	33 cents	31.1.2016
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: April 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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