

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

4,425,000
Unlisted options

Directors:

Rob Rutherford
Managing Director

Russell Barwick
Chairman

Joshua Pitt
Non-executive Director

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Queensland
Explorer of the Year 2013

ASX ANNOUNCEMENT
1 November 2016

**RED METAL SECURES POTENTIAL STRIKE EXTENSION
TO THE LARGE MOUNT DROMEDARY GRAPHITE
DEPOSIT**

The large Mount Dromedary graphite deposit in the Cloncurry region of Northwest Queensland (Figures 1 and 2) is one of the higher grade flake graphite deposits in the world and is currently being evaluated for potential commercial development by Graphitecorp Limited (ASX:GRA).

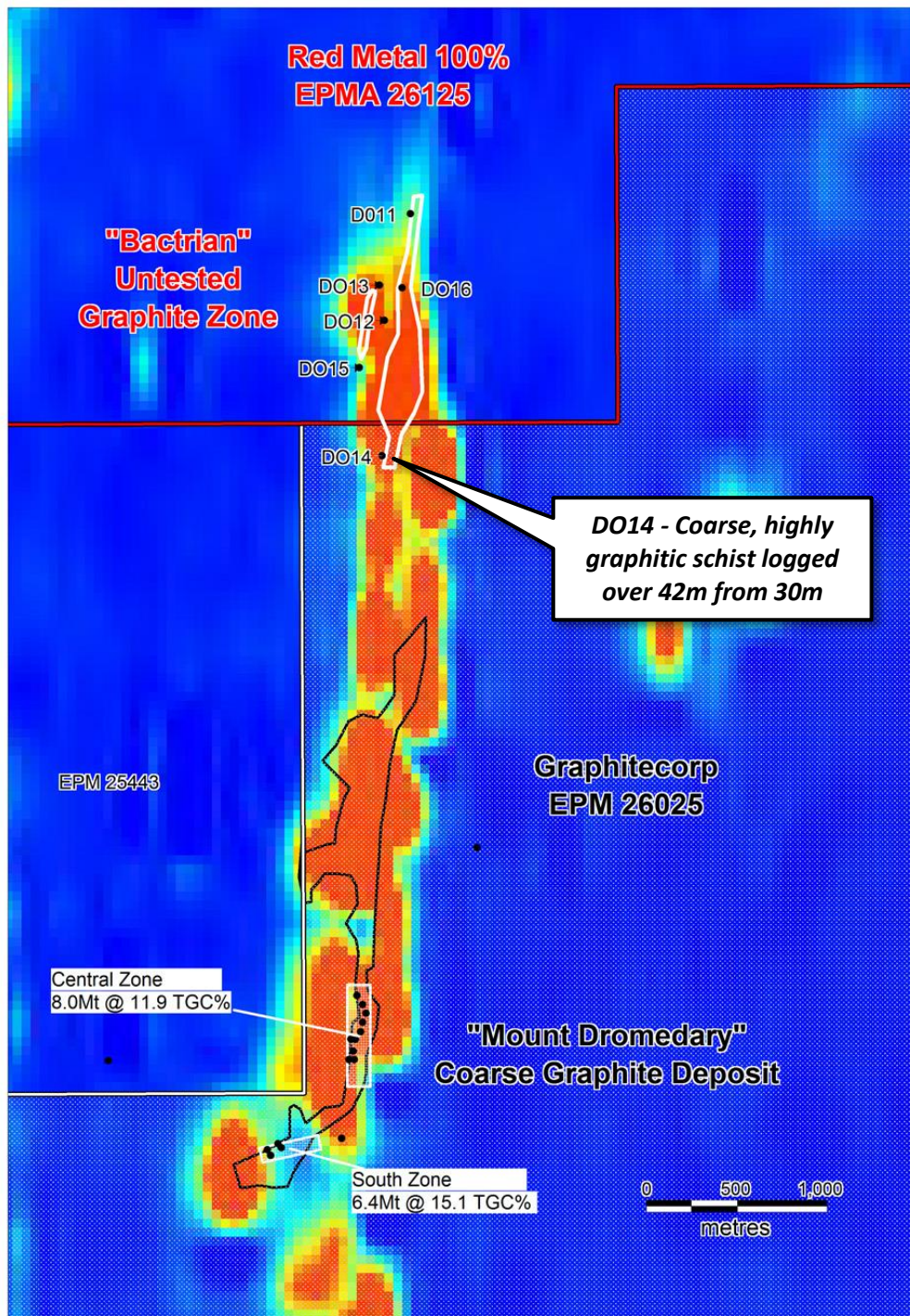
Historic airborne electromagnetic imagery maps the Mount Dromedary graphitic schists as a strong conductive trend extending north into Red Metal's exploration license application EPMA26125 (Figure 1). Here it appears to bulge and thicken and is referred to by Red Metal as the "Bactrian" prospect.

Logs from historic copper exploration drilling located south and north of the Bactrian conductive trend record highly graphitic intervals of schist including 42 metres of coarse graphite from 30 metres in drill hole DO14 (see Figure 1 and Table 1).

The conductive zone within Red Metal's tenure appears to extend for about 600 metres and remains to be evaluated for its coarse graphite potential.

Graphitecorp's nearby Mount Dromedary graphite deposit is reported to contain large zones of high-grade graphite schist averaging 18.8% total graphitic carbon (TGC) with a large flake size distribution including 43% as jumbo to large. Localised drilling along the extensive graphite schist trend has outlined a Total Mineral Resource of 14.3 Mt @ 13.3% TGC for 1,908,000t of contained graphite. Preliminary metallurgical test work suggests the Mount Dromedary graphite can be easily concentrated to 94%+ via simple flotation, and also confirmed the graphite flake could be purified to 99.93%+ suitable for advanced battery and other markets. Graphitecorp's vision is to produce 50,000 tonnes of high value graphite product per year.

Red Metal's Bactrian prospect was secured in the course of the Company's ongoing base metal exploration in the Mount Isa Inlier and represents a valuable, low cost exploration opportunity to be drill tested once granted in the year ahead.



[Figure 1] Mount Dromedary North Project: Historic airborne electromagnetic imagery showing the highly conductive zones (red and yellow) associated with the Mount Dromedary graphitic schist trend mostly located within Graphitecorp's EPM26025 but extending into Red Metals EPMA26125. Mapped graphite schist shown as a black polygon. Note the small lateral extent of the published coarse graphite resources. The untested "Bactrian" target zone in Red Metal's EPMA26125 is shown as a white polygon at the northern end of the Mount Dromedary conductive trend. Refer to Table 1 for a summary of graphite recorded in historic base metal exploration holes surrounding the Bactrian conductive trend.

[Table 1] Mount Dromedary North Project: Summary of graphite recorded in historic CRA Exploration Pty Ltd drill logs surrounding the “Bactrian” conductive trend.

<i>Hole ID</i>	<i>Graphite in Logs</i>	<i>Interval Metres</i>	<i>East GDA94</i>	<i>North GDA94</i>
DO11	Graphitic schist from 4m to 30m	26	418569	7835757
DO12	Missing - no log in historic records	No log	418426	7835170
DO16	Mixed graphitic and biotite schist from 30 to 54m	24	418396	7835341
DO14**	Coarse graphitic schist from 30m to 72m	42	417410	7834422
DO15*	No graphitic schist logged	None	418287	7834911
DO13*	Graphitic schist from 36m to 40m	4	417520	7835346

* Drill hole appears to be positioned too far west to intersect the targeted “Bactrian” conductor.

** Drill hole located in GRA’s adjacent tenement (see Figure 1).



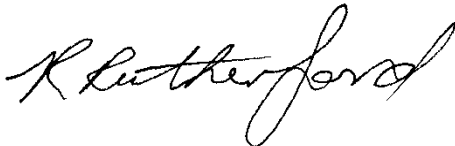
[Figure 2] Northwest Queensland and Northern Territory: Major deposits and Red Metal tenement locations including the Bactrian graphite target.

For further information concerning Red Metal's operations and plans for the future please refer to the recently updated web site or contact Rob Rutherford, Managing Director at:

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Rob Rutherford
Managing Director



Russell Barwick
Chairman

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Mr Rutherford is the Managing Director of the Company. Mr Rutherford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Rutherford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

[Table 2] Mount Dromedary North Project: JORC 2012 sampling techniques and data

Criteria	JORC 2012 Explanation	Commentary
Sampling Techniques	Nature and quality of sampling	Between 1990 and 1999 CRA Exploration Pty Ltd completed 6 reverse circulation exploration drill holes targeting copper mineralisation near and along strike of the “Bactrian” conductive target. Coarse graphitic schist is recorded in some geological logs (see summary in Table 1)
	Aspects of the determination of mineralisation that are Material to the Public Report.	Historic drill hole DO14 at the southern end of the “Bactrian” conductor records 42m interval of coarse graphitic schist. No modern sampling for coarse graphite mineralisation has been undertaken however the prospect is situated along a strongly conductive trend, 3km north of the Mount Dromedary graphite resource currently being evaluated by Graphitecorp Limited (ASX:GRA)
Drilling Technique	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	Reverse circulation open hole
Drill Sample Recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	None recorded
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	None recorded
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	None recorded
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Qualitative descriptive hand written geological logs by CRA Exploration Pty Ltd geologist.
	Whether logging is qualitative or quantitative in nature.	
	Core photography	None
	The total length and percentage of the relevant intersections logged.	Logs are available for all holes except DO12 which was not submitted in the historic records (see summary in Table 1)
Sub-sampling techniques and sample preparation		No recorded sampling for graphite
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	No recorded assaying for graphite
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used to determine conductors position
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	Historic drill logs have been visually verified by the Managing Director and a Senior Geologist.

Criteria	JORC 2012 Explanation	Commentary
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	<i>Magellan 5000 portable GPS to about 10m</i>
	<i>Specification of the grid system used.</i>	<i>AMG_66_Zone54 coordinates.</i>
	<i>Quality and adequacy of topographic control.</i>	<i>No data</i>
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	<i>Historic RC holes are spaced about 200 metres to 400 metres along the "Bactrian" trend (see Figure 1)</i>
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	<i>The drill pierce point spacing is not of sufficient density or properly targeted to evaluate the graphite potential of the "Bactrian" conductor and is not of sufficient spacing and distribution to infer a Mineral Resource.</i>
	<i>Whether sample compositing has been applied.</i>	<i>No sample compositing has been applied</i>
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	<i>The graphite schists at Mount Dromedary some 3km to the south appear to dip towards the west at about 70 degrees. Controls on the distribution of coarse flake graphite are unknown at this stage.</i>
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	<i>Lateral and vertical variations of the graphite grade and thickness have not been resolved because of the wide spacing of the historic drilling and because historic drilling was targeted towards copper mineralisation and not graphite.</i>
Sample security	<i>The measures taken to ensure sample security.</i>	<i>Not relevant</i>
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	<i>No external audits have been undertaken at this early stage.</i>

[Table 3] Mount Dromedary North Project: JORC 2012 reporting of exploration results

Criteria	JORC 2012 Explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<i>The "Bactrian" prospect is located within EPMA 26125 situated in the Cloncurry region of north-west Queensland. EPMA 26125 is owned 100% by Red Metal Limited. No material ownership issues or agreements exist over the tenement. Standard exploration access agreements are being established with the native title claimants the pastoral lease holder. The Bactrian prospect is outside but about 1kilometre south and west of the Bullen-Bullen Nature Refuge. Although the terrain falls in an endangered regional ecosystem classification 1.3.7 there are no obvious impediments to exploration.</i>
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	<i>The tenement is an application pending grant. There is no competing application lodged over the area.</i>

Criteria	JORC 2012 Explanation	Commentary
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	The extent of graphitic schist logged at “Bactrian” has been defined by 6 RC percussion holes drilled by CRA Exploration Pty Ltd in 1990-1999 and its continuity is inferred from a regional GEOTEM airborne electromagnetic surveying completed by BHP in 1996.
Geology	Deposit type, geological setting and style of mineralisation.	The graphitic schist at Mount Dromedary occurs in graphitic metasedimentary horizons of the Corella Formation. The schist displays a strong foliation defined by graphite and fine white mica. Coarse in situ flake graphite occurs within en-echelon tension gash calcite-siderite veins and quartz-calcite-graphite stockwork veinlets. The schists generally contain between 10-35% graphite, composed of 10-850micron sized graphite and 10-300micron sized muscovite (10-20%) set in a matrix of quartz and calcite.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of survey information for all Material drill holes:	Refer to Table 1 for a summary of drill hole collar survey data for the “Bactrian” prospect.). All holes were drilled to azimuth 090 degrees at a dip of 60 degrees. Figure 1 highlights the continuity of the conductive graphite schists on a channel 4 (early time) GEOTEM conductivity image.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).	No dip information is available from historic drilling at the “Bactrian” prospect. Geological surface maps suggest foliation and bedding dips steep 60-90 degrees to the west south-west.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to Figures 1 and Table 1
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Refer to Table 1 for a summary of drill logs.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	The “Bactrian” conductor is situated about 3km north along the same conductive trend that hosts the large Mount Dromedary graphite deposit. The Mount Dromedary graphite deposit is reported by Graphitecorp (ASX:GRA) to contain large zones of high-grade graphite schist averaging 18.8% total graphitic carbon (TGC) with a large flake size distribution including 43% as jumbo to large. Localised drilling along the extensive graphite schist trend has outlined an Inferred Resource of 14.3 Mt @ 13.3% TGC for 1,908,000t of contained graphite. Preliminary metallurgical test work suggests the Mount Dromedary graphite can be easily concentrated to 94%+ via simple flotation, and also confirmed the graphite flake could be purified to 99.93%+ suitable for advanced battery and other markets. Graphitecorp’s vision is to produce 50,000 tonnes of high value graphite product per year.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).	Once granted, drill test the “Bactrian” conductive trend and evaluate its coarse graphite potential