

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

RED METAL LIMITED

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Queensland
Explorer of the Year 2013

SEPTEMBER 2016 QUARTERLY REPORT
31 October 2016

HIGHLIGHTS

Maronan, QLD, Silver-Lead & Copper-Gold

- Data reviews and evaluation by select third parties are ongoing.

Lawn Hill, QLD, Zinc-Lead-Silver

- Significant electrical conductors targeting McArthur River style zinc-lead-silver mineralisation identified about 50 kilometres northeast of the giant Century Zinc Mine.
- The target conductors are located under shallow cover and remain untested by previous explorers.
- Recent surface lag sampling identified low levels of anomalous zinc, silver, cadmium and copper above one conductor.
- Airborne electromagnetic surveying planned.

Tennant Creek, NT, Copper-Gold-Bismuth

- Preparations underway to drill test four Tennant Creek style “bulls eye” magnetic targets.
- Anomalies offer scope for shallow, high-grade styles of copper and gold mineralisation.

Nullarbor, WA, Copper-Gold

- Red Metal secured “first mover” advantage over potential for new copper provinces interpreted under the Nullarbor Plain of Western Australia. First-pass gravity surveys are planned.

MOUNT ISA INLIER - QLD

Maronan Project: Silver-Lead & Copper-Gold

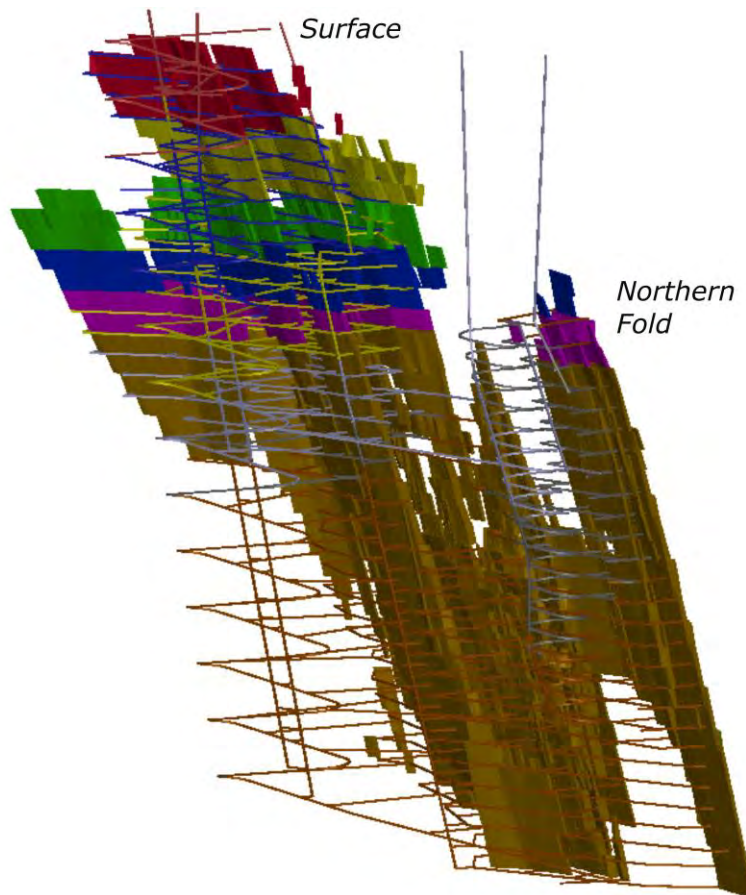
The Maronan lead-silver and copper-gold project is an emerging large base metal deposit in the world class Carpentaria Province which hosts several Tier 1 lead-zinc-silver mines including the Dugald River deposit which was recently approved for development by MMG (Figure 2).

Maronan is defined by a JORC 2012 compliant Inferred Resource of 30.75Mt @ 6.5% lead, 106g/t silver (using a 3% lead cut-off grade) and 11Mt @ 1.6% copper and 0.8g/t gold (using a 1.0% copper cut-off grade). This equates to about 2Mt of lead metal, 104.9Moz of silver plus 170,000t of copper and 300,000oz of gold. The deposit remains open down plunge.

On 8 March 2016, Red Metal announced the positive outcome of the Preliminary Mine Scoping Study which suggested the inferred resources may have scope to be viably mined.

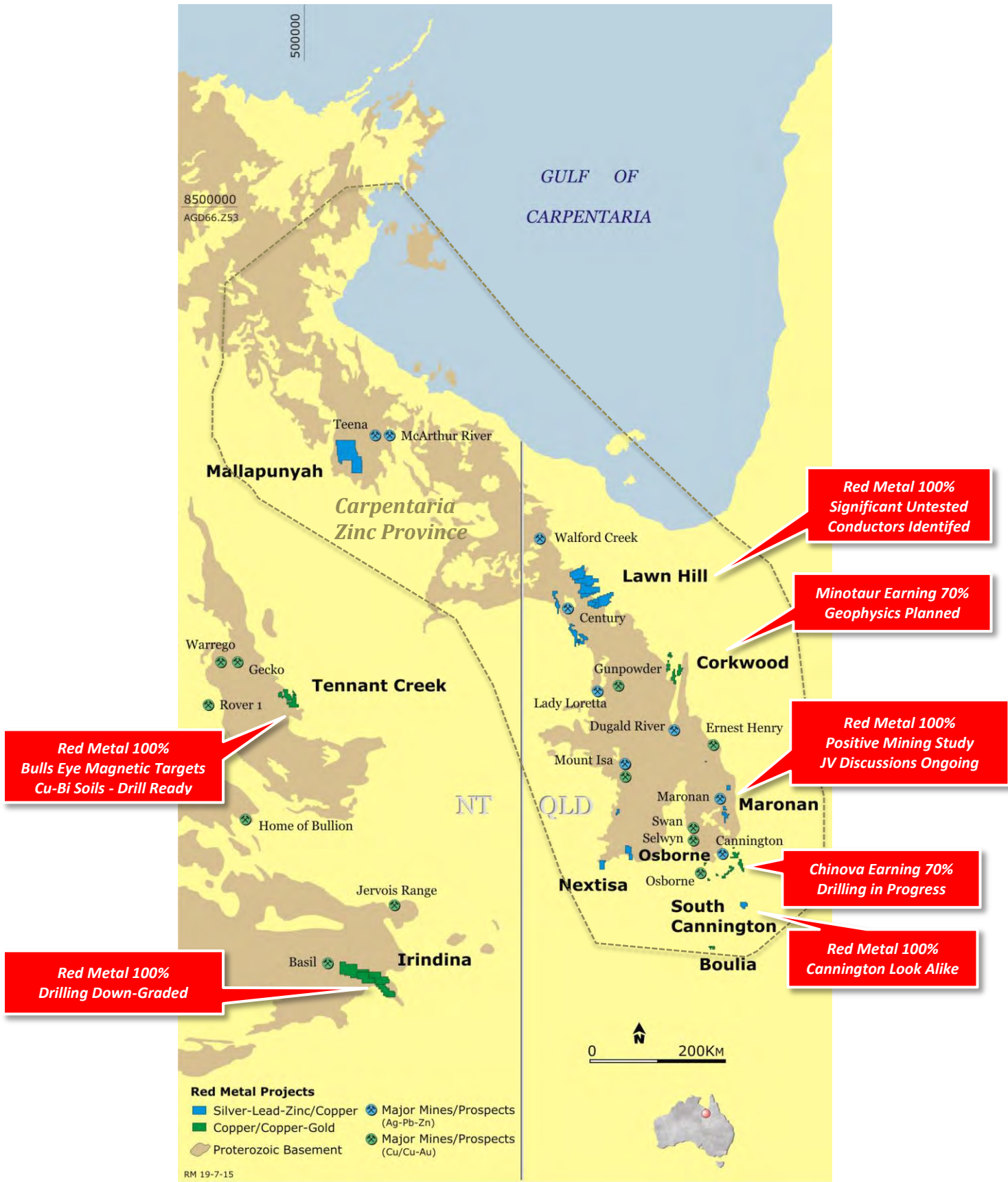
The step change in thinking about the economics for the Maronan deposit is driven by the confirmation of simple metallurgy and low grinding cost estimates. These factors have enabled reduced economic cut-off grade assumptions which translate into shallower and thicker ore block production with the consequent benefits to mine cash flow. Ore blocks in this study extend from just 90 metres below surface and have mining widths averaging about 9 metres for the multiple 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. Recent silver and lead price increases, if maintained, will enhance the project's short term development potential.



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

Red Metal continues to canvas potential interest for joint venture funding on the project from select third parties. Several companies have initiated detailed data reviews which are ongoing.



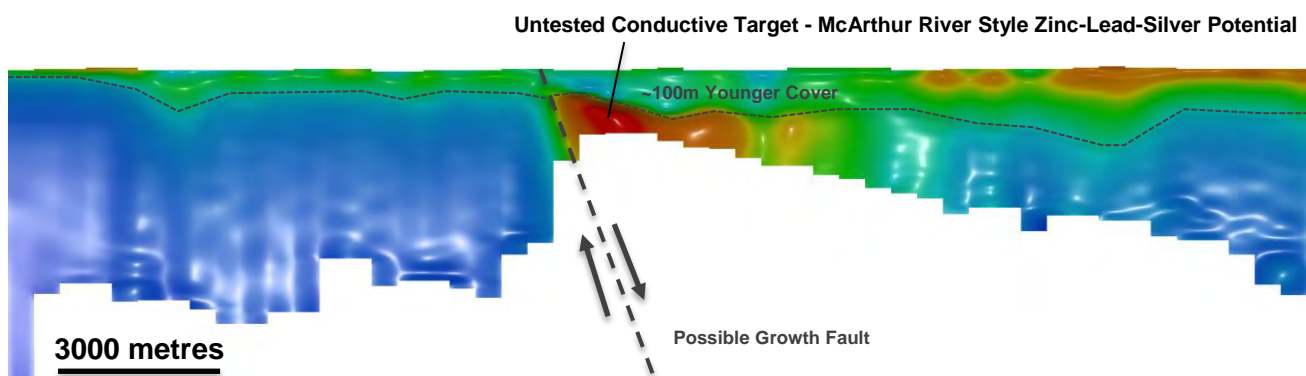
[Figure 2] Northwest Queensland and Northern Territory: Major deposits and Red Metal tenement locations.

Lawn Hill Project: Zinc-Lead-Silver, Copper

Reprocessing of widely spaced, historic ground electromagnetic data has identified two, previously untested, strong conductors in areas where the prospective zinc-lead-silver stratigraphy is buried below no more than 100 metres of younger sedimentary cover (Figure 3).

This quarter, field inspection of the terrain plus analysis of the historic ground electromagnetic data suggest airborne electromagnetic surveying will be the most cost effective tool to map the lateral extent of these anomalies. Lateritic lag sampling was trialed across the conductive anomalies and revealed low-level elevations in zinc, silver, cadmium and copper values above one of the prospective targets. The origin and significance of this low-level geochemistry is unknown but is considered encouraging given the Mesozoic sedimentary cover overlying the prospective basement rocks varies between 50 metres and 100 metres thick (Figure 4).

Airborne electromagnetic surveying is anticipated later this year or early next season.

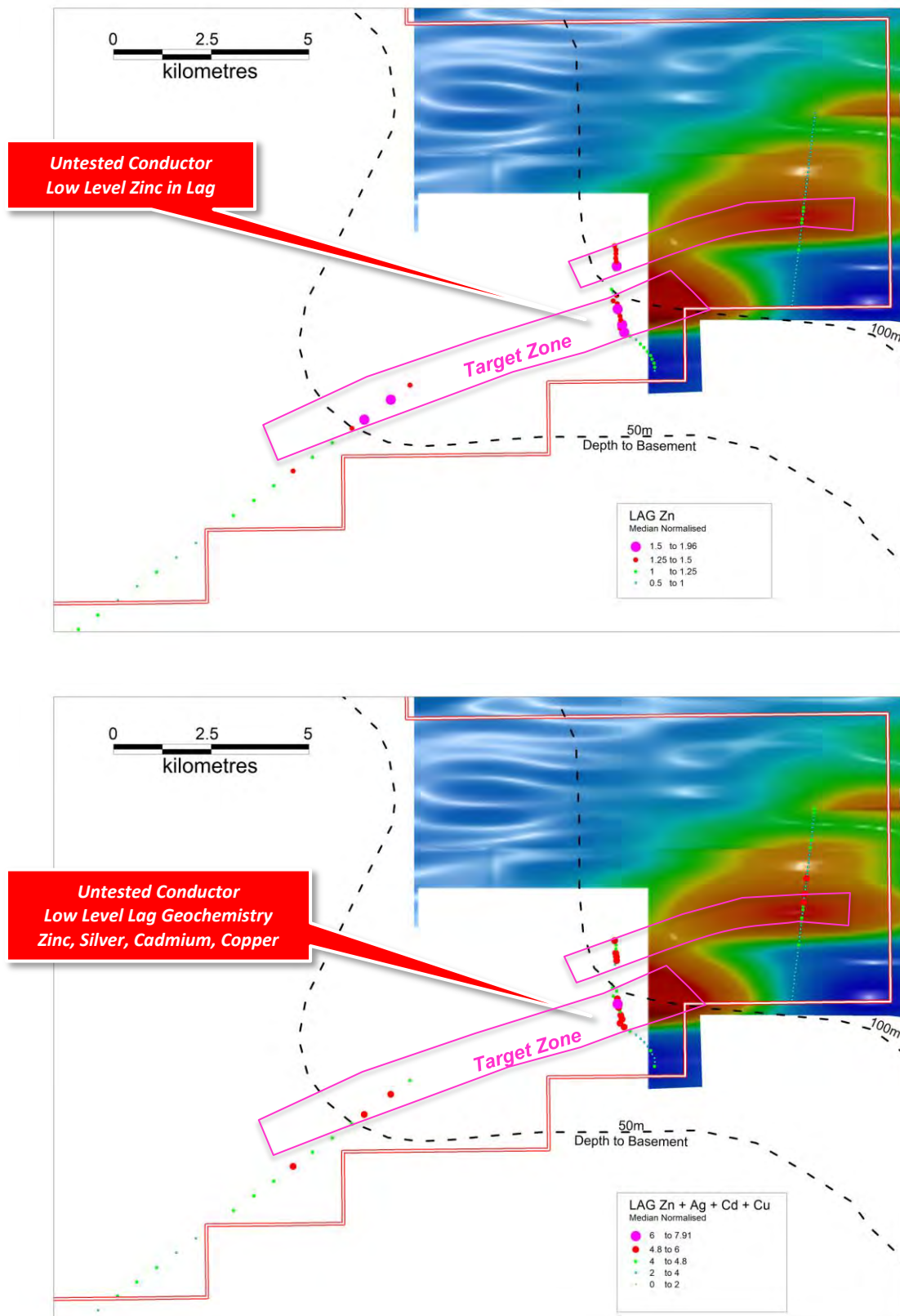


[Figure 3] Lawn Hill Project: Example of a previously untested conductivity target displayed on a conductivity depth image. Sectional view showing the vertical scale at four times the horizontal scale.

Cannington South: Silver-Lead-Zinc

The South32 Cannington mine was discovered as a standout bulls-eye magnetic target and Red Metal is prioritising the search for analogous targets.

This group of projects seeks giant silver-lead-zinc deposits in prospective sedimentary sequences tracked southwards from the nearby Cannington silver-lead-zinc mine (Figure 2). The effort draws upon a new Red Metal geological and geophysical interpretation based on knowledge gained from research at Maronan and a detailed review of the Cannington geology. The use of ground based gravity and electromagnetic surveying to prioritise the magnetic targets for drill testing is being evaluated.



[Figure 4] Lawn Hill Project: Image of historic ground EM overlain by a thematic presentation of median normalised zinc values (top) and zinc + silver + cadmium + copper values (bottom) from recent lateritic lag sampling. The laterite is developed on Mesozoic limestone cover which overlies the conductive basement rocks that are prospective for McArthur River style zinc mineralisation. Interpreted depth to basement shown as dashed contour lines.

Emu Creek Joint Venture: Copper-Gold

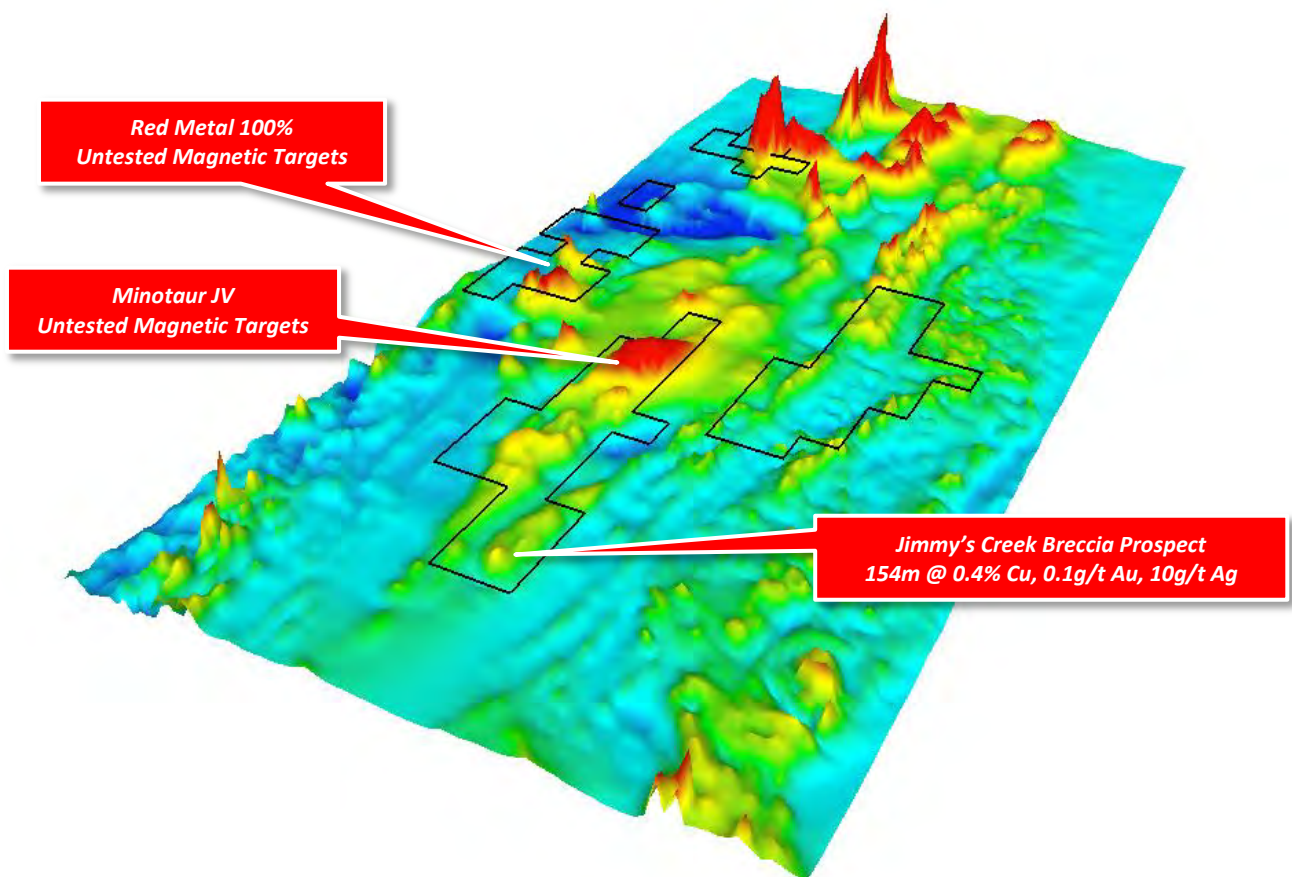
The Emu Creek farm-in agreement with Chinova Resources covers a series of geophysical and structural copper-gold targets located within trucking distance of the Osborne operation (Figure 2). Follow-up drilling on the Monster prospect is underway and electromagnetic surveys on the separate Elizabeth Springs and Sandy Creek prospects are planned for the next quarter.

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. The area contains structurally favorable felsic volcanic rock types and numerous magnetic target zones considered prospective for repeats of these styles of mineralisation.

Past exploration on the Jimmy's Creek breccia prospect demonstrated the presence of wide zones of significant copper, gold and silver mineralisation (Figure 5).

Joint venture partner Minotaur Exploration Ltd has initiated target generation and is currently proposing a program of deep penetrating, magneto-telluric surveying in the 2016 field season.



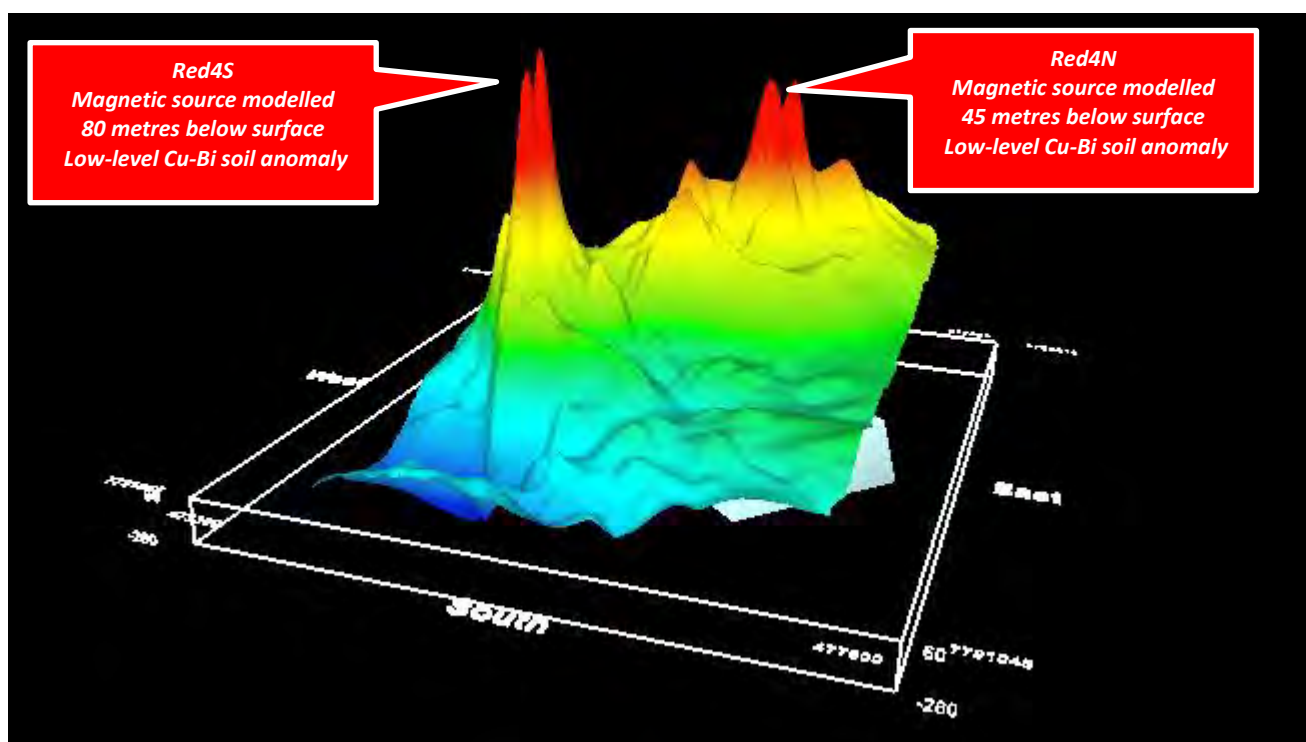
[Figure 5] Corkwood Region: Red Metal tenements on oblique 3D total magnetic image. Note the regionally significant magnetic targets which remain to be adequately drill tested.

TENNANT CREEK PROVINCE - NT

Tennant Creek Projects: Gold-Copper-Bismuth

Preparations are under way to drill test four Tennant Creek style “bulls eye” magnetic targets which offer scope for shallow, high-grade styles of copper and gold mineralisation.

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 (Figure 2). Encouraging low-level copper and bismuth anomalism was measured in soil samples collected above three of the magnetic targets which model between 40 and 80 metres below surface (Figure 6). These shallow targets are located about 60 kilometres from rail infrastructure which also adds to their appeal.



[Figure 6] 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.

ARUNTA PROVINCE - NT

Irindina: Base Metals, Copper-Cobalt

First pass, proof-of-concept drilling on the Irindina copper-cobalt project was completed this quarter testing a very strong electromagnetic conductor and a nearby five kilometre long by one kilometre wide multi-element soil geochemical anomaly. The drilling failed to identify any significant mineralisation or validate the exploration target concept down-grading this project.

McARTHUR BASIN - NT

Mallapunyah: Zinc-Lead-Silver and Copper

Recent success on the Teena project by Teck and Rox Resources Limited has highlighted the potential for additional deposits within this fertile terrain and stimulated joint venture interest in this exciting project.

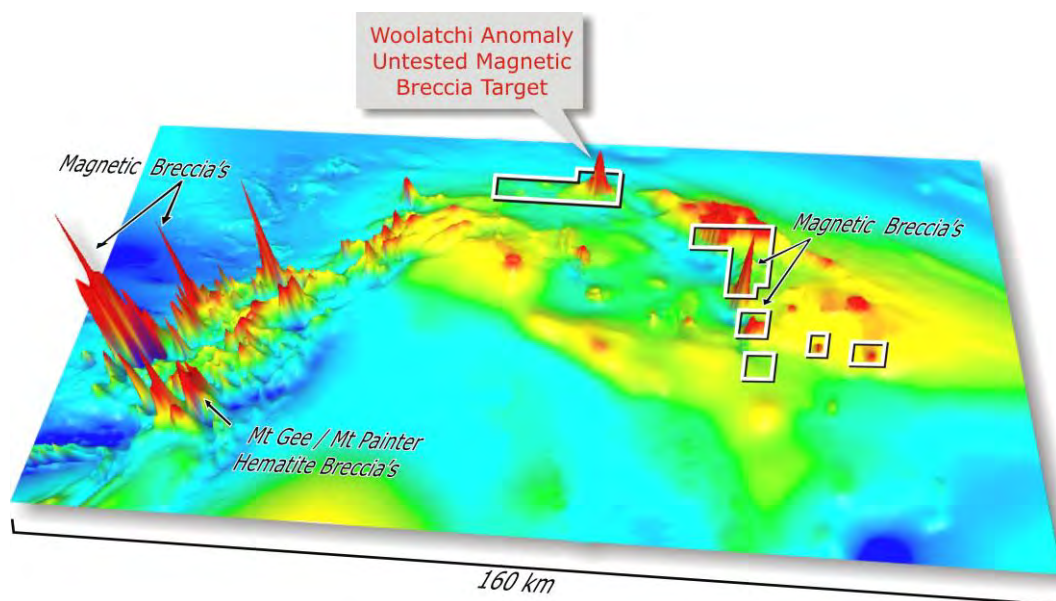
The Mallapunyah project is located within the highly prospective McArthur Basin and targets zinc-lead-silver deposits similar to the giant McArthur River and Century mines as well as sedimentary-hosted styles of copper mineralisation (Figure 2). Field access is dependent upon successful ongoing land access negotiations. Red Metal is currently negotiating a joint venture to advance this exciting project.

CURNAMONA PROVINCE – SA

Frome Joint Venture: Copper-Gold

Limited drilling directed towards high regional magnetic anomalies has intersected a number of separate, large hydrothermal breccia's which compare favorably with the geology of mineralised breccia systems in the proven Gawler Craton and Mount Isa Inlier.

The Frome joint venture targets large copper-gold deposits associated with magnetite or hematite breccia's in the basement rocks along the northern margin of the Curnamona Craton (Figure 8). Red Metal's work has defined several untested gravity and magnetic anomalies considered highly prospective for deposits of this style. Red Metal was recently awarded funding support of \$100,000 from the South Australia Government towards a drill test on the large amplitude "Woolatchi" magnetic target (Figure 7).



[Figure 7] Frome Joint Venture, Callabonna Project: 3D oblique view of total magnetic intensity highlighting the large amplitude Woolatchi breccia target which remains to be drill tested.

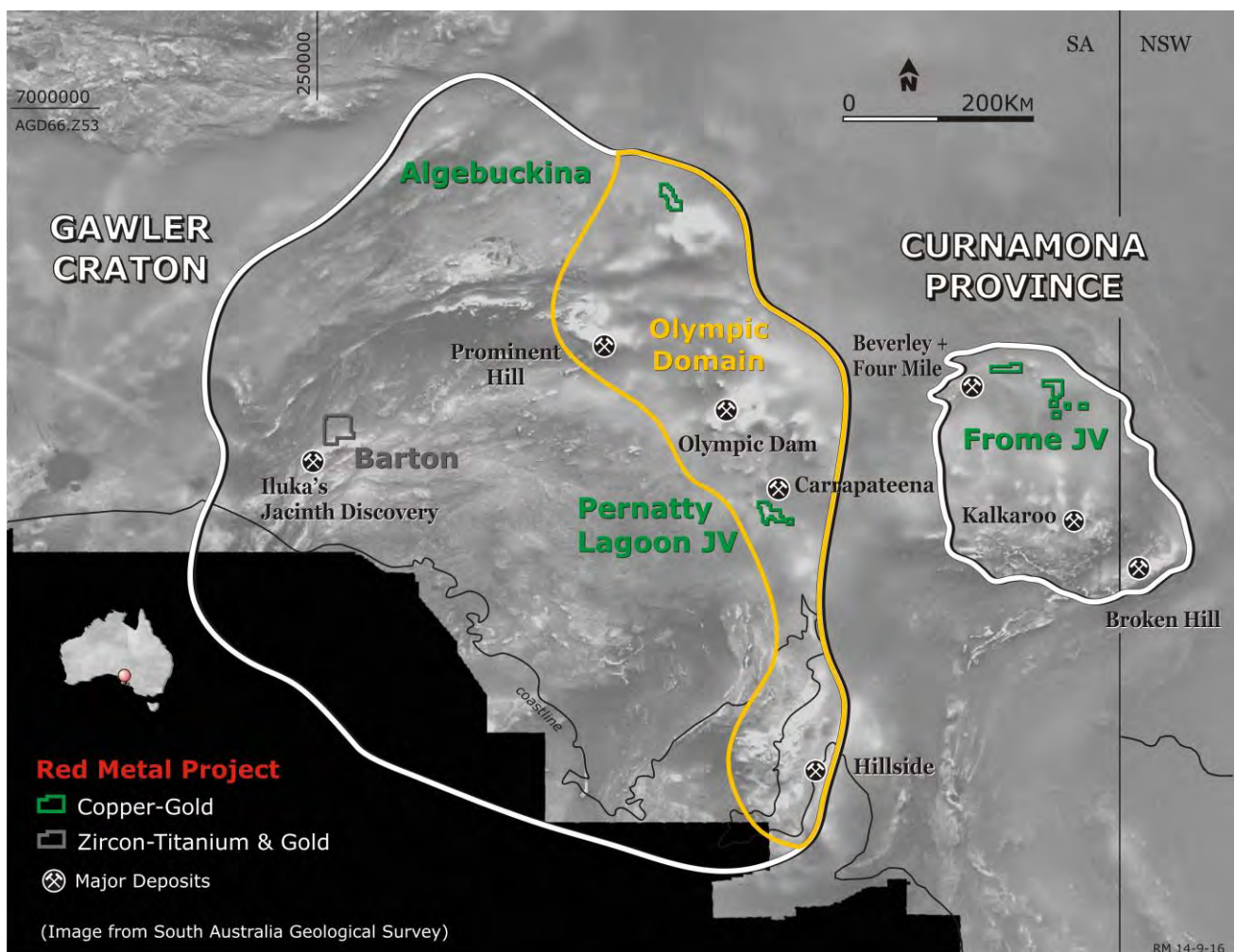
GAWLER CRATON - SA

Pernatty Lagoon Project: Copper-Gold

All cores from the project were transported to the South Australian Governments core library this quarter for detailed spectral logging. This government sponsored research seeks to map the alteration mineral assemblages in three dimensions and define possible vectors towards copper mineralisation.

The Pernatty Lagoon project is centred on a regionally significant gravity and magnetic target comparable with the regional signature over the giant Olympic Dam deposit (Figure 8). Drilling by Red Metal has recognised wide spread halo style alteration including sericite-tourmaline and siderite-chlorite-garnet mineral assemblages and a strong siderite-magnetite±hematite association with copper mineralisation in the district.

Significantly, work at Pernatty Lagoon has highlighted the copper potential of four regionally significant, untested, magnetic and gravity targets on the project.



[Figure 8] Red Metal South Australian Projects: Grey scale magnetic image with main project locations.

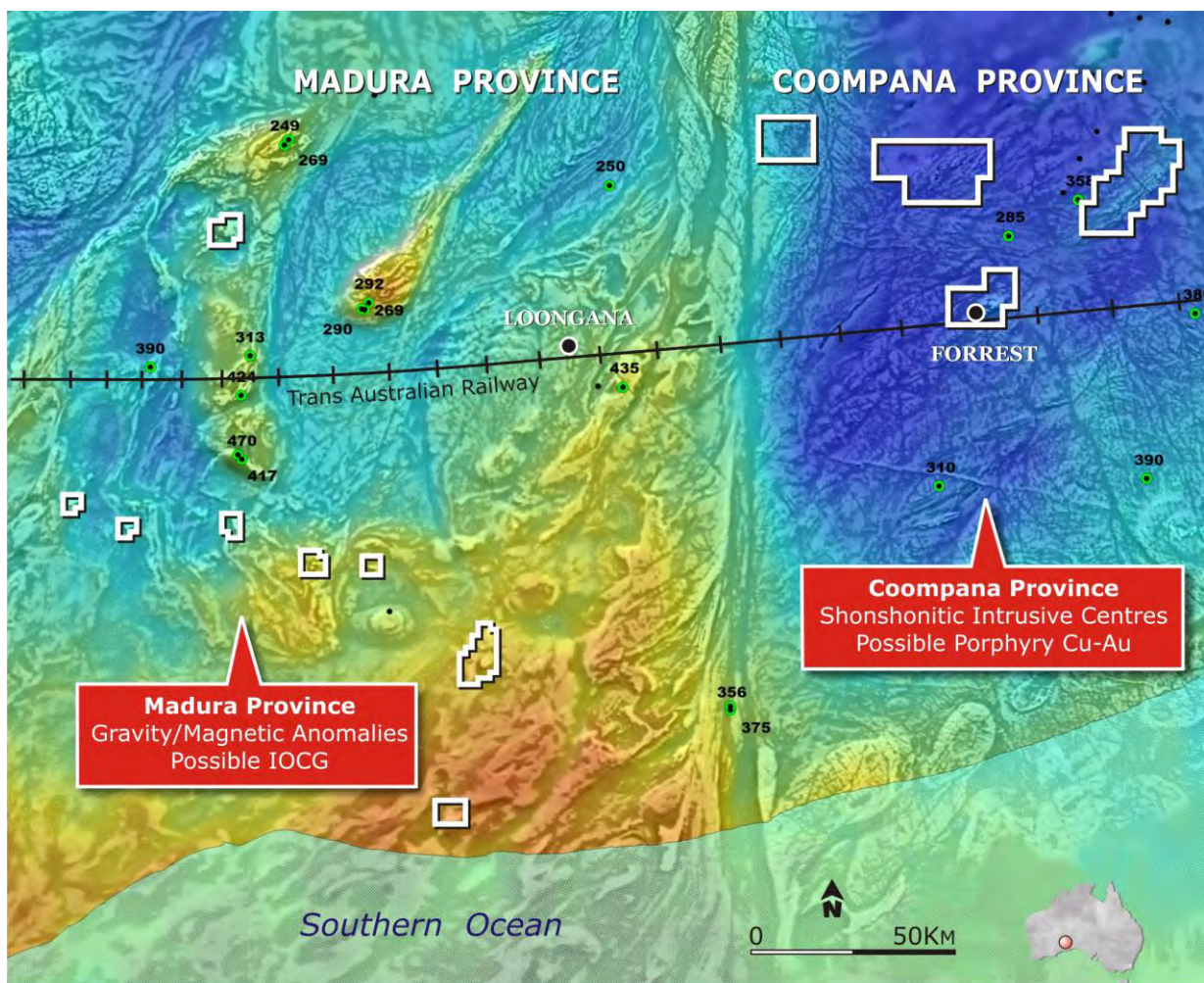
COOMPANA AND MADURA PROVINCES - WA

Nullarbor Projects: Copper-Gold

Red Metal moved quickly to secure key geophysical targets following new data released by the Geological Survey of Western Australia (GSAWA) outlining what could be exciting new copper-gold provinces under the Nullarbor Plain of Western Australia (Figure 9).

New seismic data, high resolution magnetic and gravity surveys plus recent stratigraphic holes drilled by GSWA and Geoscience Australia have significantly advanced knowledge of the mineral potential in two new geological provinces.

Stratigraphic holes in the more eastern Coompana Province intersected high-magnesium, high-potassium, shoshonitic intrusive rocks some with minor visible copper and molybdenite mineralisation. These unusual rock types have geochemistry indicative of fertile magmas prospective for porphyry copper-gold mineralisation and compare favorably with intrusive rocks found in the MacQuarrie Arc in New South Wales which hosts the large Cadia and Goonumbla porphyry copper-gold mines.



[Figure 9] Red Metal Nullarbor Projects: Total magnetic intensity image with main project locations and existing drill hole locations showing those that intersected basement rocks as green labelled with the depth to basement (metres)

New age dates from GSWA on the more western Madura Province identified subduction-related, mafic intrusive rocks dated at about 1440 million years while stratigraphic drilling logged local veins of magnetite with copper. This Middle Proterozoic intrusive event is close in age to the major Iron-Oxide Copper-Gold (IOCG) metallogenic events in the proven Gawler Craton (1590 million) and Mount Isa Inlier (1500-1550 million) where Red Metal has good experience.

Red Metal has targeted large, circular intrusive complexes and regionally significant high-amplitude magnetic and gravity targets for possible iron-oxide or porphyry styles of copper-gold mineralisation. The prospective basement targets are mostly covered by about 200 metres to 400 metres of younger sedimentary cover and can be cost effectively tested with simple proof-of-concept programs.

The Nullarbor projects are an Australian “first-mover” opportunity. First-pass gravity surveys over key IOCG targets are scheduled for the next quarter.

OTHER PROJECTS

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

[Table 1] Red Metal Limited: other projects.

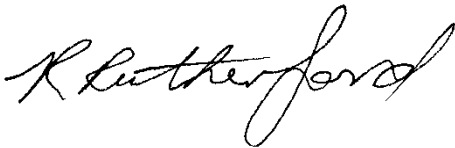
Project	Description	Status
QUEENSLAND		
<u>Nextisa</u> <i>Cu Ag-Pb-Zn</i>	Targeting Isa-type copper and stratabound lead-zinc in potential shale basins interpreted along the southward extensions to the Mount Isa fault.	Airborne conductor identified for validation using ground EM.
SOUTH AUSTRALIA		
<u>Algebuckina</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>Barton</u> <i>Zircon, Titanium & Au</i>	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.	Scope for higher grade of HM identified. Seeking third party funding.
USA		
<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:

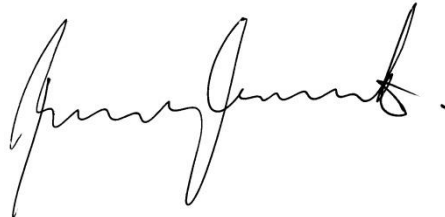
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Rob Rutherford
Managing Director



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 201, 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 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 in this report that relates to the Irindina Project was previously reported by the Company in compliance with JORC 2012 in a market release dated 23 August 2016. 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 23 August 2016.

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, Colorado Potash Project and Irindina 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 SEPTEMBER 30 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 19232, 19531, 25842, 25871	100	
Chinova JV	EPMs 15385, 16251, 18303, 13318, 13321	100	Refer note 3.
Nextisa	EPMs 2569	100	
Maronan	EPM 13368	100	
Corkwood	EPMs 13376, 13380, 15633, 26032	100	Refer note 4.
Lawn Hill	EPMs 25902, 25904, 25905, 25907, 25912, 25985, 26116	100	
Barton	EL 4777	100	
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	100	
Irindina	ELs 27265, 27267, 30756, 31000	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.
4. Joint venture between Red Metal (diluting to 30%) and Chinova Resources (Osborne) Pty Ltd (earning 70%). No change in interest during the quarter.
4. 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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

RED METAL LIMITED

ABN

34 103 367 684

Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(221)	(221)
(b) development		
(c) production		
(d) staff costs	(189)	(189)
(e) administration and corporate costs	(94)	(94)
1.3 Dividends received (see note 3)	12	12
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)	1	1
1.9 Net cash from / (used in) operating activities	(491)	(491)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(1)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1)	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,862	1,862
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(491)	(491)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,370	1,370

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	70	25
5.2 Call deposits	1,300	1,837
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,370	1,862

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
78
-

Directors remuneration

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	
9.3 Production	
9.4 Staff costs	150
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	400

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EPM19230 (Mt Isa); EL24259 (Tennant Creek)	Permit holder	100	0
		License holder	100	0
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: October 2016

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.