

ASX Release
23 January, 2013

ASX Code: RDM

Issued Capital:

144,471,919
Ordinary shares

6,275,000
Unlisted options

Directors:

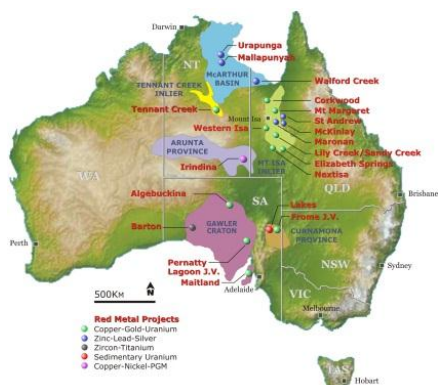
Rob Rutherford
Managing Director

Russell Barwick
Chairman

Joshua Pitt
Non-executive Director

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[Figure 1] Australian Projects

December 2012 Quarterly Report

HIGHLIGHTS

Maronan, Qld, Silver-Lead-Zinc

- Thickened zones of high-grade silver and lead mineralisation discovered in MRN12003B. Mineralisation hosted within two separate, 50 metre thick intervals of banded iron sulphide formation rocks.
- First step-out hole MRN12004 searching for a giant Cannington size deposit is in progress. Drilling has reached 586 metres down hole and is expected to pass through the separate upper and lower iron formation targets within about two to three weeks.

Corporate Activity

- Share placement during quarter raises \$3.5million, to fund the current step-out drilling program on Maronan.

MOUNT ISA INLIER - QLD

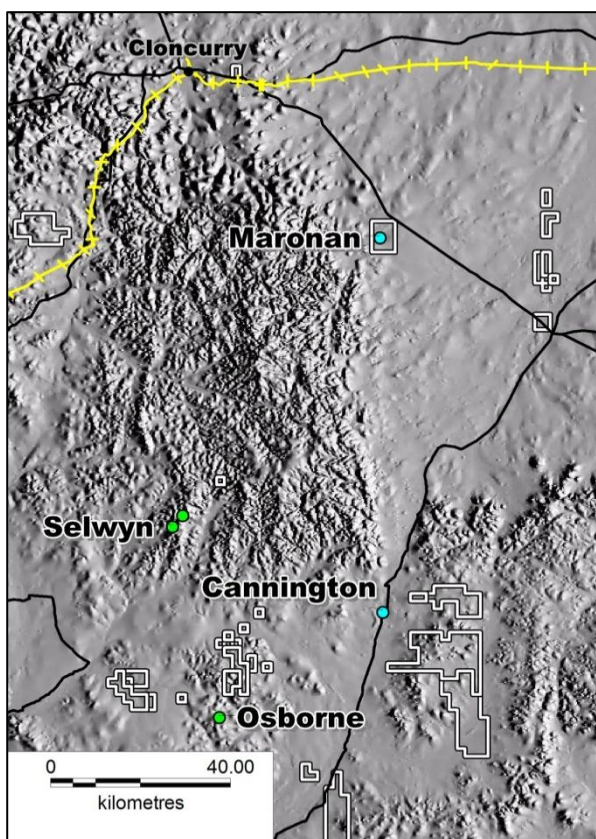
Maronan Project: Silver-Lead-Zinc

Exploration on **Maronan** seeks high-grade silver-lead-zinc mineralisation of a similar style, tenor and size to the nearby Cannington deposit - one of the world's largest silver and lead producing operations (Figure 2).

Drill tests this quarter lead to the identification of thickened zones of high-grade silver and lead mineralisation in MRN12003B (Figure 3 and 5). Mineralisation is hosted within two separate, 50 metre thick intervals of banded iron sulphide formation rocks (refer to ASX announcement lodged 31 October 2012).

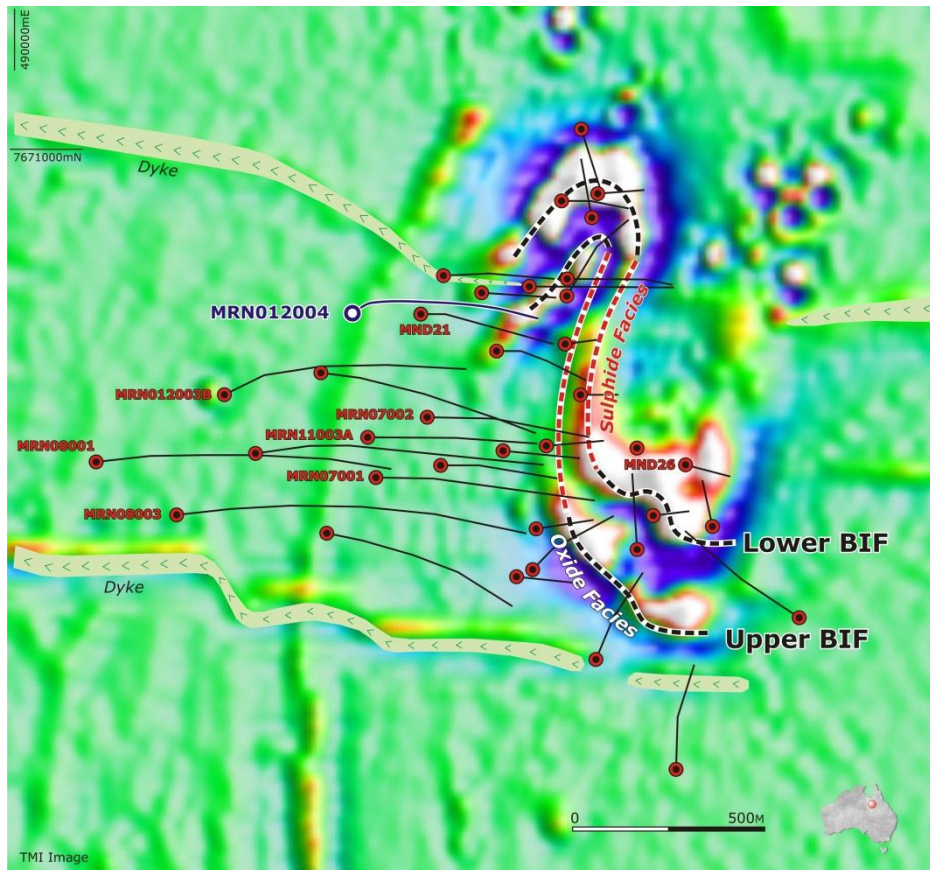
The first step-out hole MRN12004 was initiated in December 2012 and is currently in progress. Drilling progress has been slowed by unpredictable ground conditions causing excessive changes in the hole's direction and occasional lightning storm events. Drilling has reached 586 metres down hole and is now expected to pass through the separate upper and lower iron formation targets within about two to three weeks. Visual results will be announced when at hand and assays results will follow three to four weeks after completion of the hole.

[Figure 2] Maronan and Cannington Location Plan: Digital terrain image, showing major road and rail infrastructure and Red Metal's tenements.

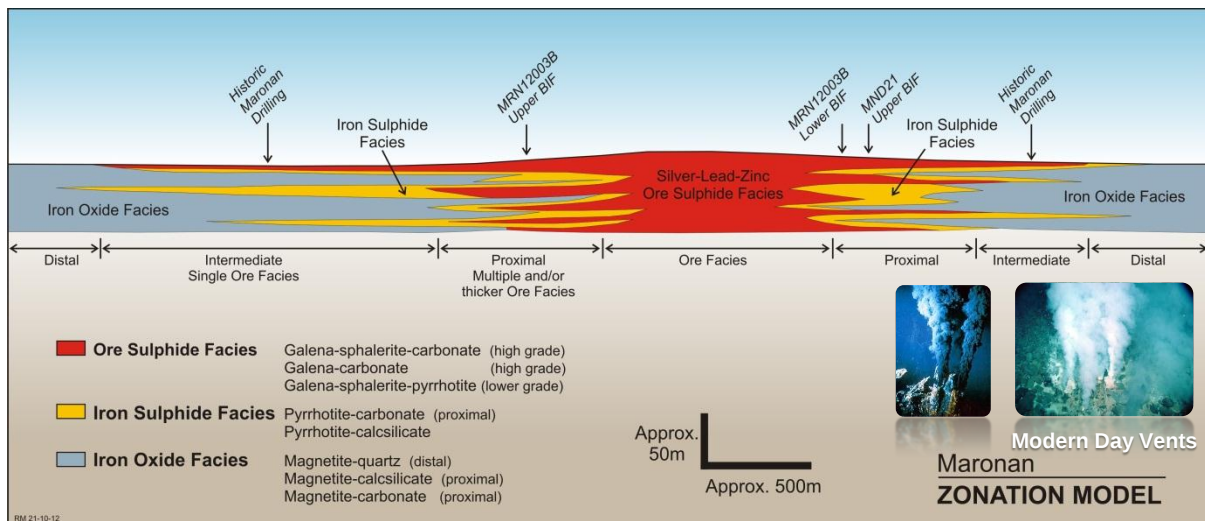


MRN12004 is planned to intersect the target horizons about 150 metres north and 250 metres above the MRN12003B pierce point (Figure 5). This hole will test the area below the historic hole MND21 which intersected a broad 70 metre down-hole interval of deeply weathered and potentially leached upper banded iron formation (Upper BIF) grading 3% lead mineralisation (Figure 3 and Figure 5).

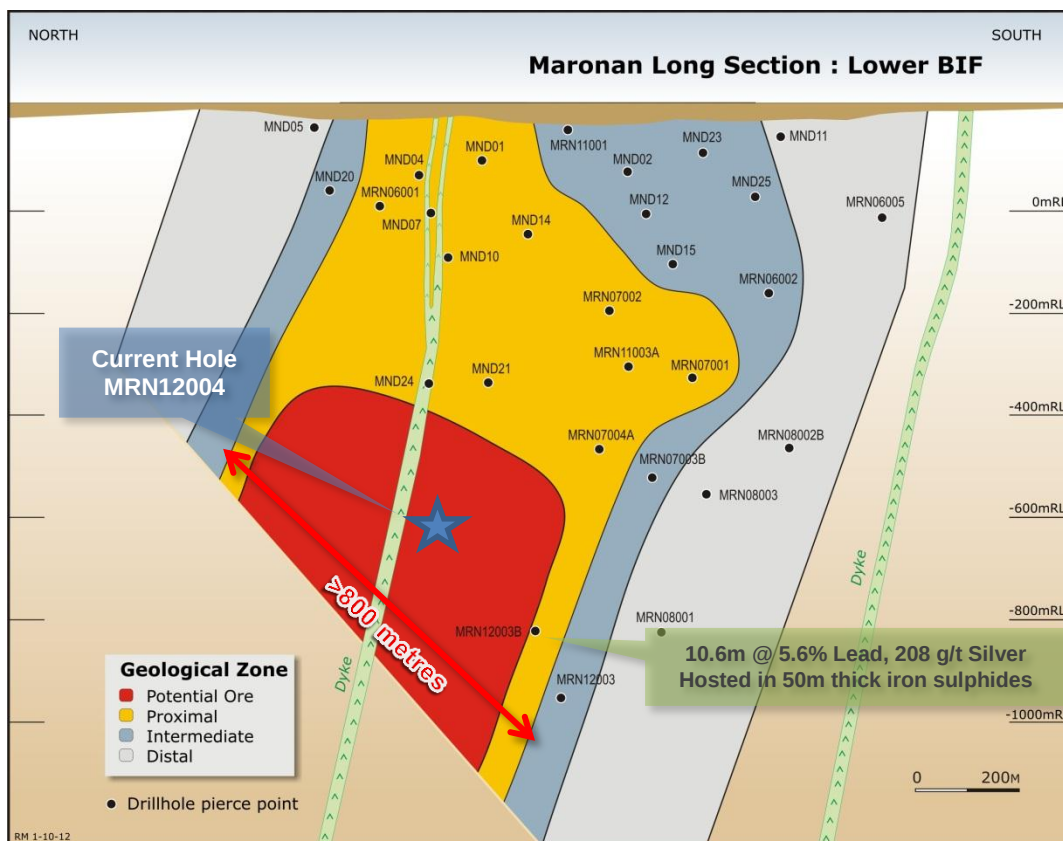
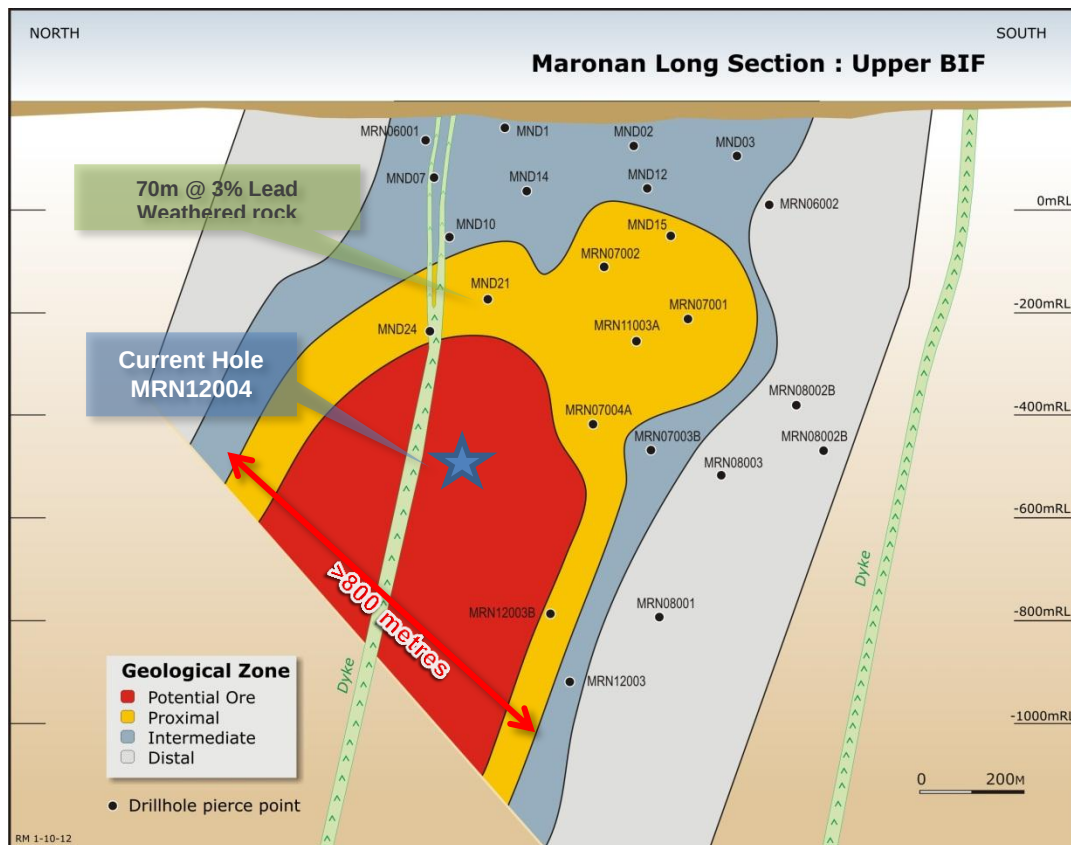
Additional step-out holes will be positioned based on geological observations and down-hole electrical survey results from MRN12004.



[Figure 3] Maronan Project: Drill hole location plan on vertical gradient magnetic image showing location of the lower banded iron formation (Lower BIF) and upper banded iron formation (Upper BIF). Note transition from the magnetic iron oxide facies to less magnetic iron sulphide (pyrrhotite) facies which hosts the lead sulphide mineralisation.



[Figure 4] Maronan Project Schematic Zonation Model: Section view showing interpreted geological zonation pattern in the banded iron formation at the time of deposition or venting on the seafloor. Note many of the historic mineralised holes at Maronan are interpreted as part of the intermediate zone while MRN12003B and MND21 are interpreted to be more proximal to ore. The iron formations, iron sulphides and lead sulphide mineralisation at Maronan are interpreted by Red Metal to have been deposited in deep water perhaps similar to the environment where "White Smokers" or "Black Smokers" vent on the seafloor today (see inserted pictures).



[Figure 5] Maronan Project: Longitudinal section viewed facing east for the Upper BIF (top) and Lower BIF (below) with the hole number posted by the pierce point. Geological Zones based on the new zonation model in Figure 4. Note the significant untested ore zone potential (red and lessor yellow) above and north of MRN12003B as well as at depth.

McKinlay Joint Venture: Silver-Lead-Zinc

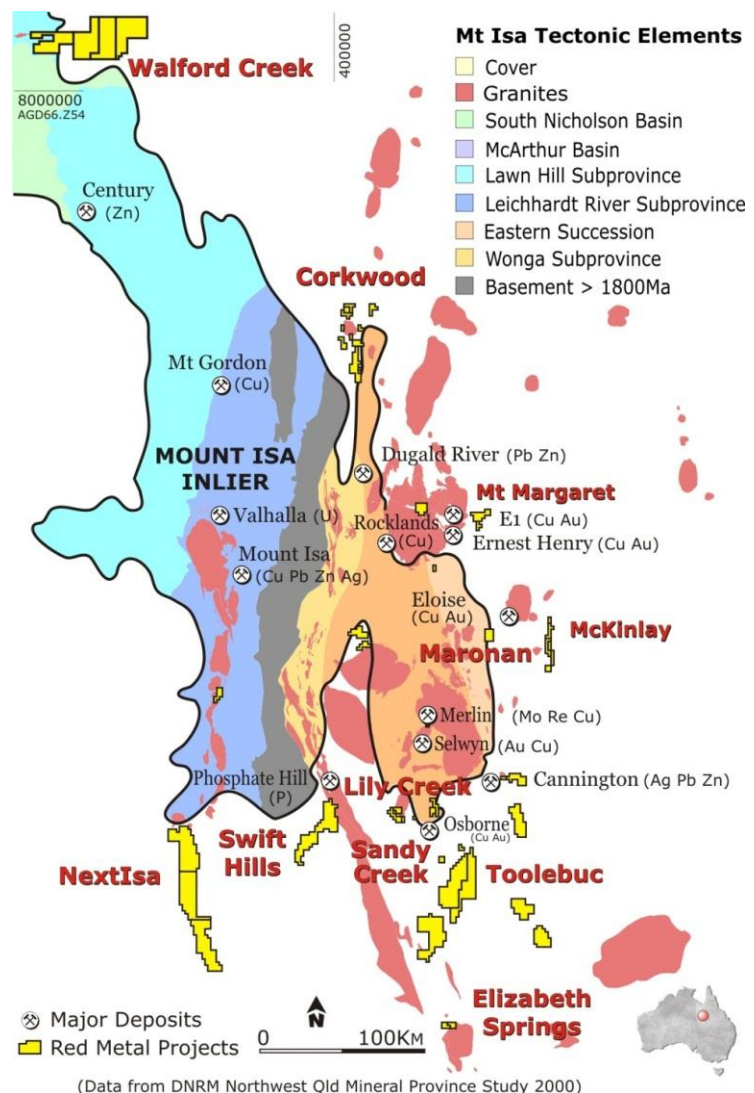
The **McKinlay** tenements, located 40 kilometres east of Maronan, are being explored for Cannington style silver-lead-zinc mineralisation by joint venture partner BHP Billiton Ltd (Figure 6). Low levels of lead and zinc mineralisation, a prospective iron formation horizon and Cannington-type alteration continues to stimulate interest in the project. BHP Billiton completed 1300 metres of drilling on the project this quarter. No significant mineralisation was reported.

Corkwood Project: Copper-Gold-Silver

The **Corkwood** project is situated about 100 kilometres to the northwest of the large Ernest Henry copper-gold ore body (Figure 6) and contains numerous large magnetic target zones considered prospective for repeats of this style of mineralisation.

Last quarter Xstrata Copper completed a three hole drill program on the Jimmy's Creek copper-gold breccia prospect. All three drill holes intersected broad zones of low-grade copper, gold and silver mineralisation but did not improve on past high-grade results.

In parallel with this drilling Xstrata Copper completed magneto-telluric surveying and soil sampling over several regional targets in preparation for follow-up drill tests during the 2013 field season.



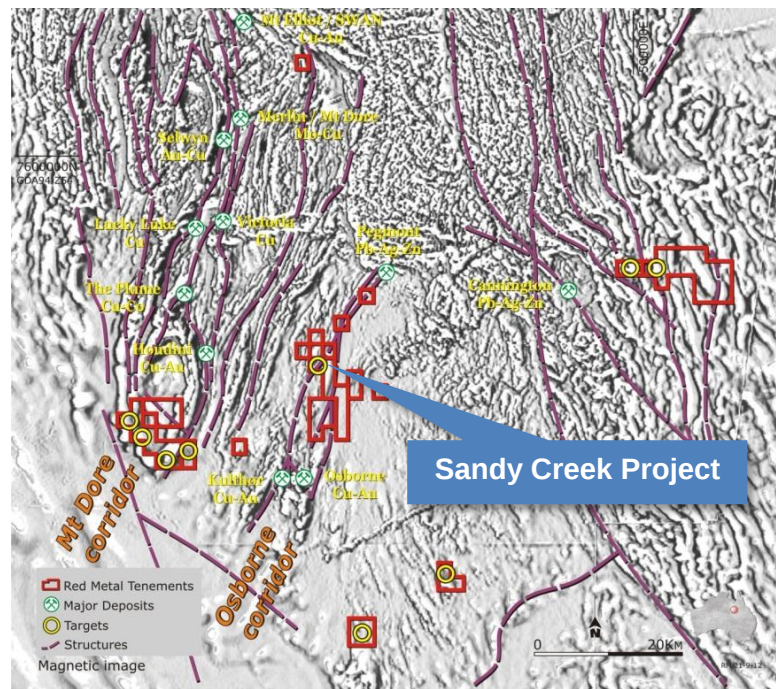
[Figure 6] Mount Isa Inlier: Red Metal projects and regional geology showing extent of the outcropping Proterozoic rocks, main granite intrusions and major deposits of the region.

Osborne Projects: Silver-Lead-Zinc and Copper-Gold-Silver

These projects, including **Lily Creek** and **Sandy Creek**, surround the Osborne copper and gold mine and target similar high-grade styles of copper-gold mineralisation as well as Cannington style silver-lead-zinc opportunities (Figure 6 and Figure 7). Red Metal's exploration work has focused within the same structural corridor as hosts the nearby Osborne and Kulthor copper-gold deposits and the highly prospective Mount Dore structural

corridor that hosts deposits containing over 3.7 million tonnes of copper and 6.3 million ounces of gold (Figure 7). The application of the world's strongest helicopter airborne electromagnetic survey system (HeliTEM) together with surface rock and soil sampling has identified several target opportunities which continue to be evaluated.

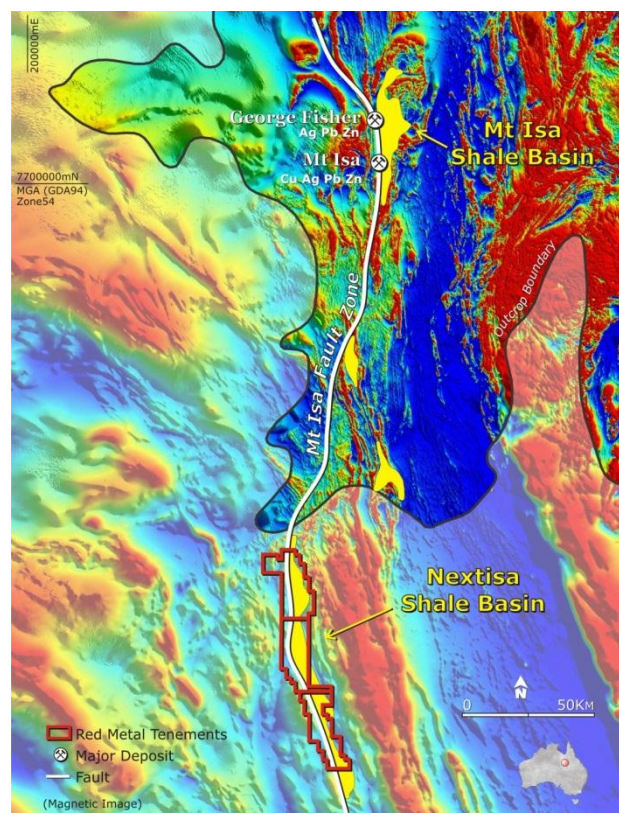
This quarter Red Metal drill tested a high strength conductor on the Sandy Creek project (Figure 7). Base metal-poor veins of pyrrhotite, a highly conductive iron sulphide mineral, explained the anomaly source.



[Figure 7] Osborne Group of Projects: Vertical gradient magnetic image showing main prospects and mines and the significant number of deposits along the Mount Dore and Osborne structural corridors.

Nextisa Project: Copper and Silver-Lead-Zinc

For many years geologists have speculated as to whether other prospective shale basins occur to the south of the Mt Isa basin that could have similar base metal ore potential. The Red Metal team recognized that determining the southerly trend of the bounding Mount Isa Fault was the key to seeking out these basins. Upon the release of new high resolution geophysical surveys (Figure 8) the team moved quickly to identify this trend and secure title on what they believe is a previously untested shale basin up against the targeted Mount Isa Fault. Dependent upon grant of the titles, Red Metal plans to demonstrate its potential for Isa-type copper and/or silver-lead-zinc mineralisation this year.

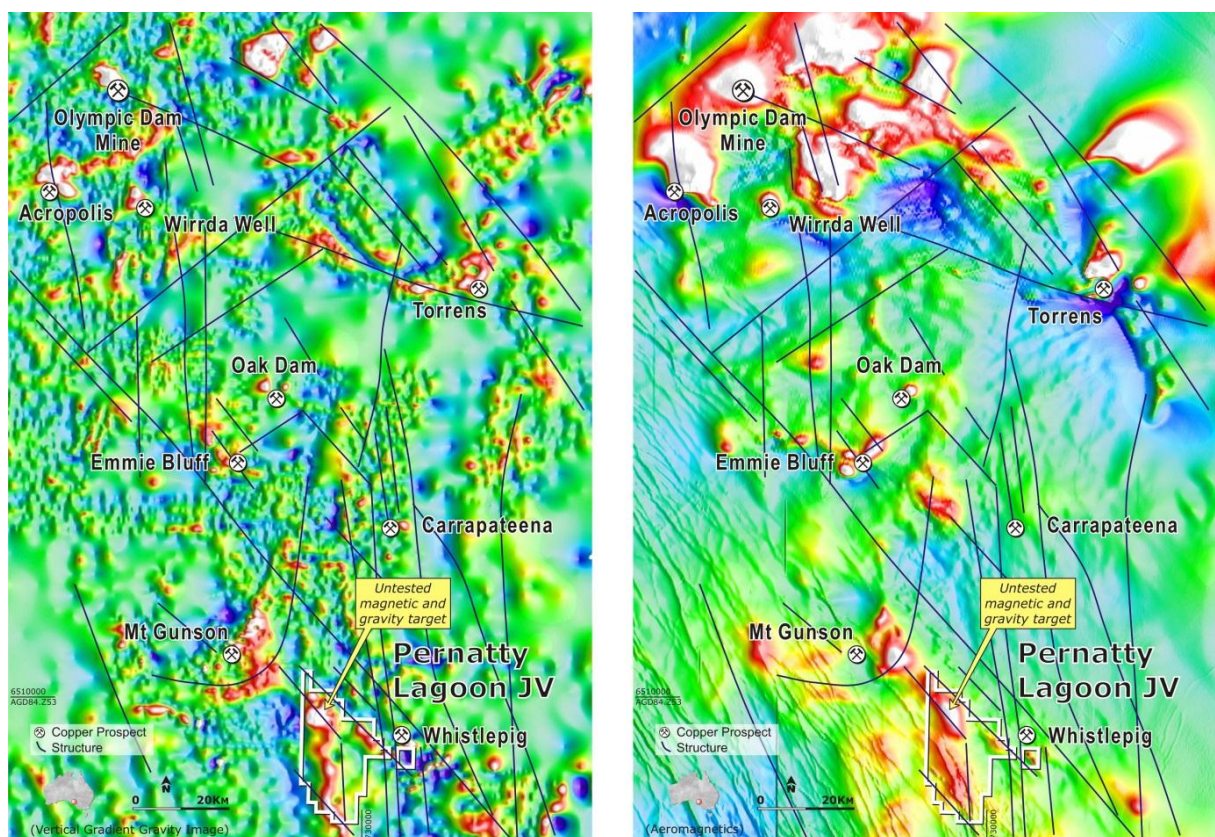


[Figure 8] Nextisa Project: Regional magnetic image highlighting southward extension of Mount Isa Fault, existing Mount Isa shale basin (light blue) and deposits in outcropping area and previously unrecognised Nextisa shale basin under 400-600m of younger cover. Note the change in regional magnetic trend directions either side of the Mount Isa Fault which help locate the faults position.

GAWLER CRATON AND CURNAMONA PROVINCE - SA

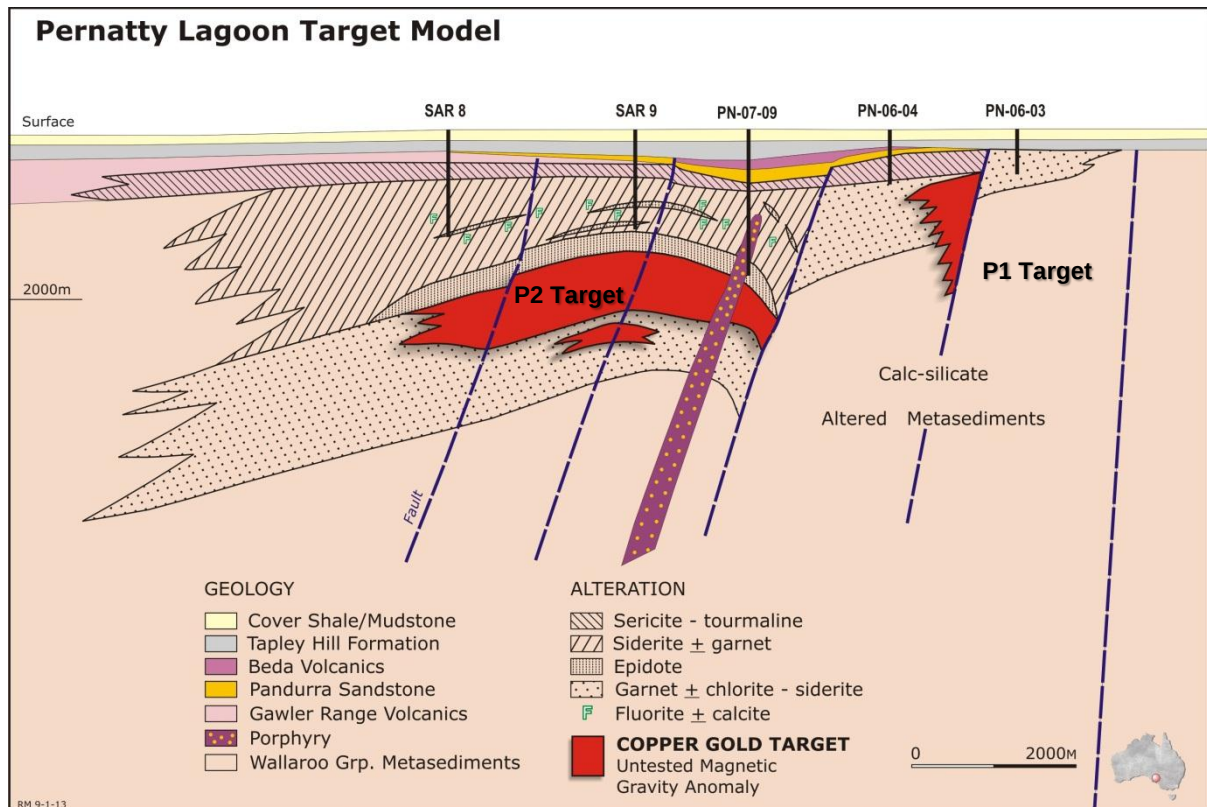
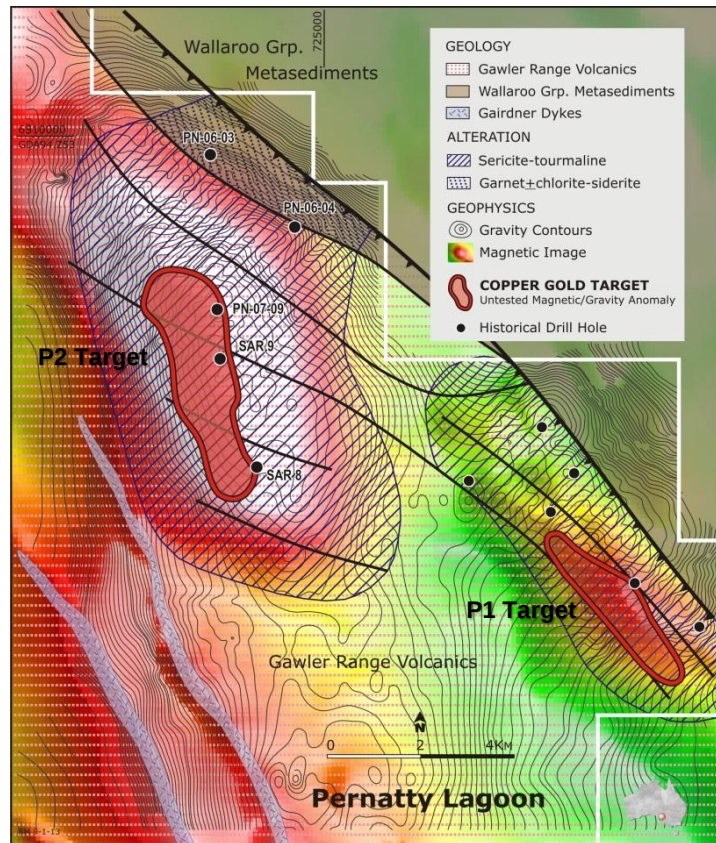
Pernatty Lagoon Joint Venture: Copper-Gold-Uranium

This project is centred on a regionally significant gravity and magnetic target comparable with the regional signature over the giant Olympic Dam deposit (Figure 9). Drilling by Red Metal has recognised wide spread Olympic Dam style mineral halo alteration including sericite-tourmaline and siderite alteration as well as unusual massive garnet skarn rocks (Figure 10 and 11). Copper mineralisation in the district has a strong magnetite-siderite $\pm$ hematite association. Significantly, this work has highlighted the copper potential of four regionally significant, untested, magnetic and gravity targets on the project. Planning for drilling in 2013 is underway.



[Figure 9] Olympic Domain, Gawler Craton: Vertical gradient gravity image (left); magnetic image (right) showing main copper prospects and mines and their strong spatial association to large magnetite alteration systems and regional gravity anomalies. Note the district scale gravity target over Olympic Dam and the comparable gravity anomaly over the large magnetic target on Red Metal's Pernatty Lagoon project.

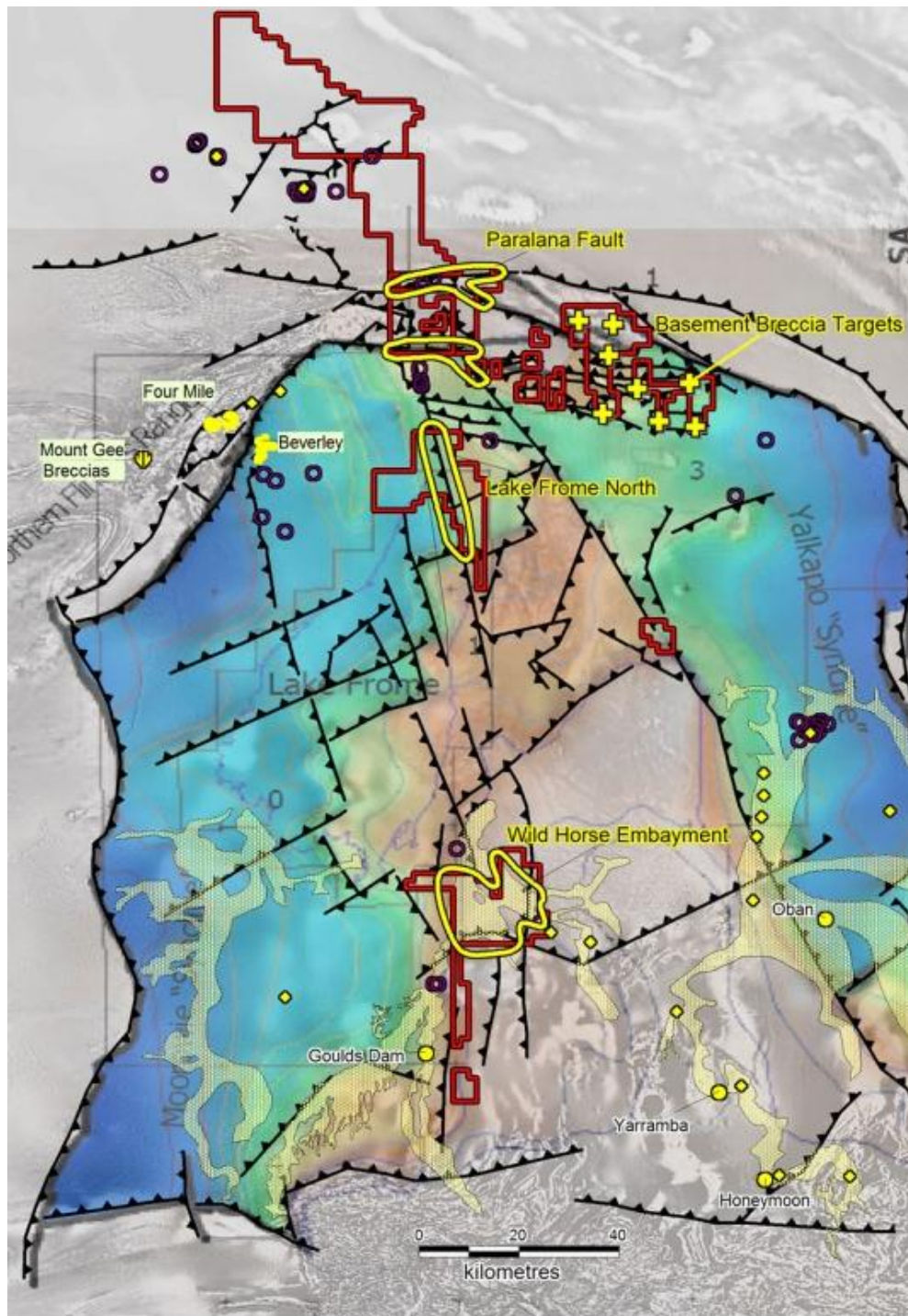
[Figure 10] Pernatty Lagoon Project: Magnetic image with gravity contours showing scale of targets P2 and P1 and alteration and geology mapped at 600 metres depth. Note the strong sericite alteration halo typical of that seen around the giant Olympic Dam deposit. The unusual massive garnet skarn rock is unique to this region and is interpreted as possible distal skarn alteration surrounding a large copper mineralised magnetite-siderite skarn at depth. Historic holes SAR8, SAR9 and PN-07-09 failed to be drilled deep enough to test the source to the anomalies. The centre of the giant P2 anomaly is near SAR9 and modelled to start at a depth of about 1600 metres (see Figure 11 below).



[Figure 11] Pernatty Lagoon Project: Target model summary highlighting the giant P2 deep sourced magnetic and gravity target with its top modelled at about 1600 metres depth and P1 with its top at 900 metre depth. PN0709 terminated in strong epidote alteration with some weak chalcopyrite mineralisation associated with weak magnetite. Economic modelling suggests deposits at this depth are potentially feasible if the grade and tonnage are high and the ore can be mined by bulk underground mining methods.

Lakes Project and Frome Joint Ventures: Uranium

These projects are located in the highly sought after Frome Sub-Basin in South Australia. Red Metal have defined a number of 'drill ready' targets prospective for insitu leach uranium similar to the nearby Beverly Mine (Heathgate Resources Pty Ltd) and Four Mile deposits (Heathgate Resources Pty Ltd/ Alliance Resources Limited) as well as large Olympic Dam style hematite uranium breccia targets in the underlying basement rocks (Figure 12). Red Metal continues to seek expressions of interest from new potential joint venture partners keen to explore in this productive and highly sought after uranium province.



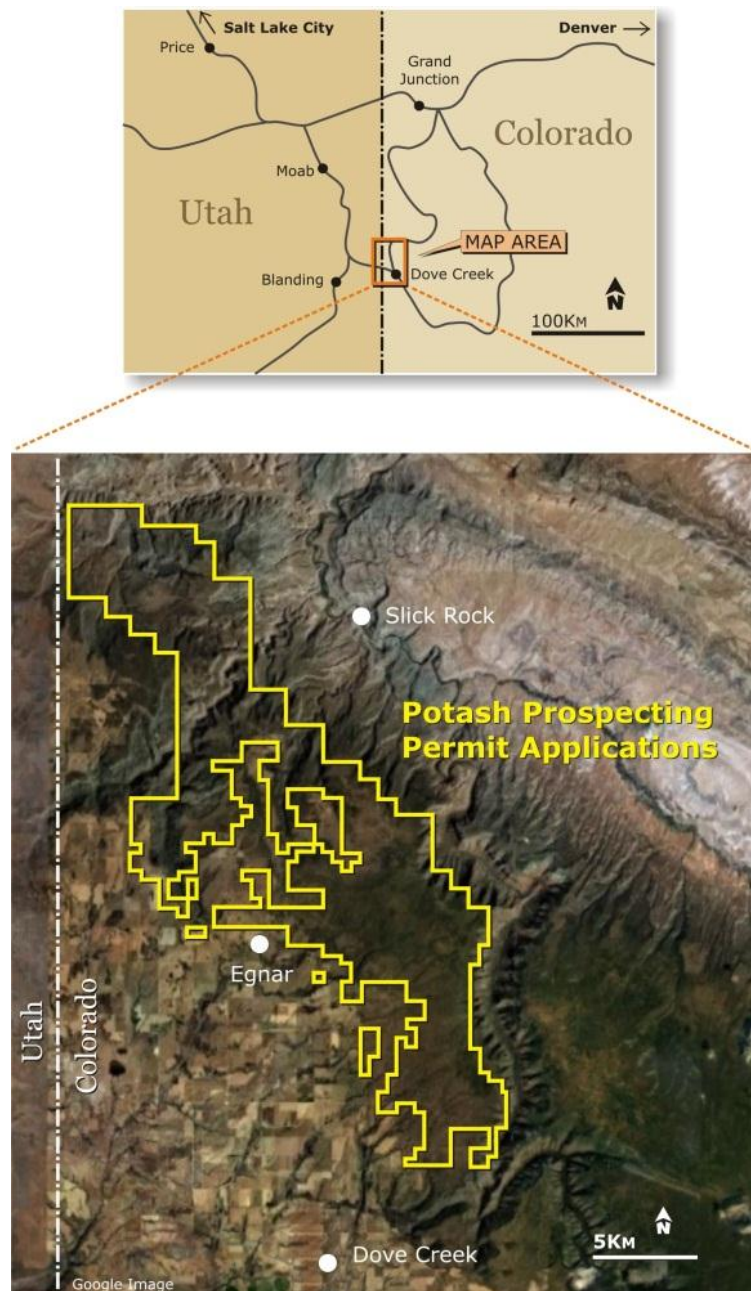
[Figure 12] Curnamona Province: Lakes Projects and Frome Joint Ventures – Red Metal regional interpretation showing untested sedimentary-hosted uranium targets (yellow polygons) and breccia targets (yellow crosses).

FERTILIZER MINERALS

Colorado Potash Project:

Red Metal has prospecting permit applications covering 166 square kilometres situated over multiple potash horizons in the Paradox Basin, Colorado, USA (Figure 13).

Although slowed by bureaucratic and environmental procedures Red Metal remains confident that its efforts to secure tenure will be rewarded in the upcoming year. Once secured, Red Metal will be allowed to undertake an initial drill program to test the continuity and mineralogy of the identified potash beds as the first step in evaluating this exciting property.



[Figure 13] Location plan showing Red Metal new Colorado Potash Project on Google image

OTHER EMERGING PROJECTS

Red Metal has an enviable portfolio of base metal and gold projects in Australia which it continues to advance through to grant and drill target definition. Some of these projects are briefly summarised below in Table 1.

[Table 1] Red Metal Limited: emerging projects.

Project	Description	Status
QUEENSLAND		
<u>Walford Creek East</u> <i>Cu-Pb-Zn</i>	Structure controlled airborne electromagnetic conductors located east along strike from significant base metal mineralisation on the Walford Creek project.	Ground based follow-up of significant EM targets
<u>Boulia Group</u> <i>Elizabeth Springs</i> <i>Cu</i>	Standout, district scale magnetic anomaly. Drilling intersected significant broad zones of low-grade copper associated with magnetite alteration.	Drill ready, seeking third party funding
<u>South Cannington</u> <i>Ag-Pb-Zn</i>	Target areas were defined by processing new regional magnetic and gravity data sets and assessing the geology from Red Metal's comprehensive historic drill hole database.	Grant of tenements pending
NORTHERN TERRITORY		
<u>Tennant Creek</u> <i>Au-Cu</i>	Significant land holding covering previously untested Tennant Creek style magnetic targets under shallow cover.	Land access negotiation underway
<u>Irindina</u> <i>Cu-Au</i>	Large land holding over the emerging Eastern Arunta mineral terrain, along strike from Mithril Resources Ltd new copper and copper-nickel and gold discoveries	Land access negotiation underway
<u>Mallapunyah</u> <i>Cu-Pb-Zn</i>	Prospective sedimentary sequences in McArthur Basin with district scale silver anomalism	Land access negotiation underway
SOUTH AUSTRALIA		
<u>Maitland</u> <i>Cu-Au</i>	Extensive magnetic alteration zone under shallow cover in the Gawler Craton prospective for copper-magnetite mineralisation.	Data being reviewed
<u>Algebuckina</u> <i>Cu-Au</i>	Magnetite-associated copper-gold potential in Gawler Craton, prospective magnetic targets defined under shallow cover	Drill ready, seeking third party funding
<u>Ooldea-Barton JV</u> <i>Zircon, Titanium</i>	Large tonnage, low-grade heavy mineral sand deposit discovered in Eucla Basin near Iluka's Ambrosia zircon mine.	Bemax Resources planning significant drill program

CORPORATE ACTIVITY

Red Metal successfully completed a share placement during the quarter. The Company issued 19,444,445 shares at a price of \$0.18 each to raise \$3.5 million. The shares were placed to selected Australian institutions and professional investors. Veritas Securities Limited acted as lead manager to the issue.

The monies raised have been quickly put to use funding the current step-out drilling program on the Maronan silver-lead project.

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:

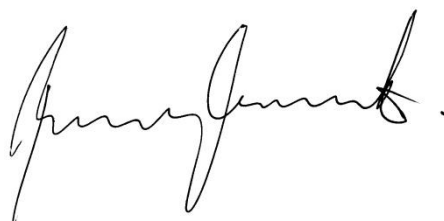
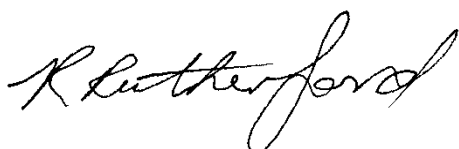
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Rob Rutherford
Managing Director

Russell Barwick
Chairman



The information in this report that relates to Exploration Results is based on information 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 mineralization 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" (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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

RED METAL LIMITED

ABN

34 103 367 684

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(1,525)	(1,904)
	(b) development		
	(c) production		
	(d) administration	(100)	(193)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	16	32
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid / refund received	-	118
1.7	Other	1	14
		(1,608)	(1,933)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
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)		
		-	-
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(1,608)	(1,933)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,608)	(1,933)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,630	4,751
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)	(226)	(236)
	Other (option exercise funds in advance)	59	59
	Net financing cash flows	3,463	4,574
	Net increase (decrease) in cash held	1,855	2,641
1.20	Cash at beginning of quarter/year to date	1,699	913
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,554	3,554

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

BHP Billiton and Xstrata incurred expenditure totalling approximately \$260,000 and \$60,000 respectively in the three months to December 2012 in respect of the McKinlay and Corkwood Joint Ventures.

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil
3.2	Credit standby arrangements	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,500
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	1,600

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	554	799
5.2 Deposits at call	3,000	900
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,554	1,699

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL 3943, EPMA 18578, EPMA 18579	Granted licence / Licence applications	100	Nil
6.2 Interests in mining tenements acquired or increased	EL 5044 Watson	Granted licence	Nil	100

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital				
7.3	+Ordinary securities	143,421,919	143,421,919		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital	19,444,445 650,000	19,444,445 650,000	18 cents 20 cents	18 cents 20 cents
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	1,150,000 2,000,000 1,325,000 1,375,000 1,475,000	- - - - -	Exercise Price 20 cents 22 cents 25 cents 18 cents 33 cents	Expiry Date 31.01.2013 31.10.2013 02.03.2014 23.01.2015 30.11.2015
7.8	Issued during quarter	1,475,000	-	33 cents	30.11.2015
7.9	Exercised during quarter	650,000	-	20 cents	31.01.2013
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: January 2013
(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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