red metal limited

ACN 103 367 684

DECEMBER 2013 QUARTERLY REPORT
31 JANUARY 2014

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:

144,771,919
Ordinary shares

9,300,000
Unlisted options

Directors:

Rob Rutherford
Managing Director

Russell Barwick
Chairman

Joshua Pitt
Non-executive Director

RED METAL LIMITED
Level 15
323 Castlereagh Street
Sydney NSW 2000

Ph: +61 2 9281 1805
Fax: +61 2 9281 5747

info@redmetal.com.au
www.redmetal.com.au

Queensland Explorer of the Year 2013

HIGHLIGHTS

Maronan, QLD, Silver-Lead & Copper-Gold

- Red Metal's first drill hole into the northern hinge zone target discovers thickened horizons of strong Cannington Mine-style lead and silver mineralisation at shallow levels.

- Significant down-hole intercepts included:
  - 2.3m from 459.6m at 9.8% lead, 277 g/t silver;
  - 13.7m from 483.3m at 7.9% lead, 230 g/t silver;
  - 10.1m from 516.9m at 8.9% lead, 202 g/t silver;
  - 15.1m from 548.9m at 5.8% lead, 134 g/t silver.

- Design and budgeting for a follow-up program focusing on the newly discovered lead and silver mineralisation is underway.

Joint Venture Activity

- Partner-funded drilling on the Corkwood, Emu Creek and Barton joint venture projects planned for 2014.

Research and Development

- Cash refund of $1.4 million received in January 2014 following a successful research and development claim.

MOUNT ISA INLIER - QLD

Maronan Project: Silver-Lead & Copper-Gold

The Maronan project took a significant step forward this quarter with the discovery of multiple separate horizons of strong Cannington Mine-style lead and silver mineralisation at shallow levels below the hinge zone to the northern fold structure (refer ASX announcement lodged 28 January 2014).

Significant down-hole intercepts from drill hole MRN13002 included:

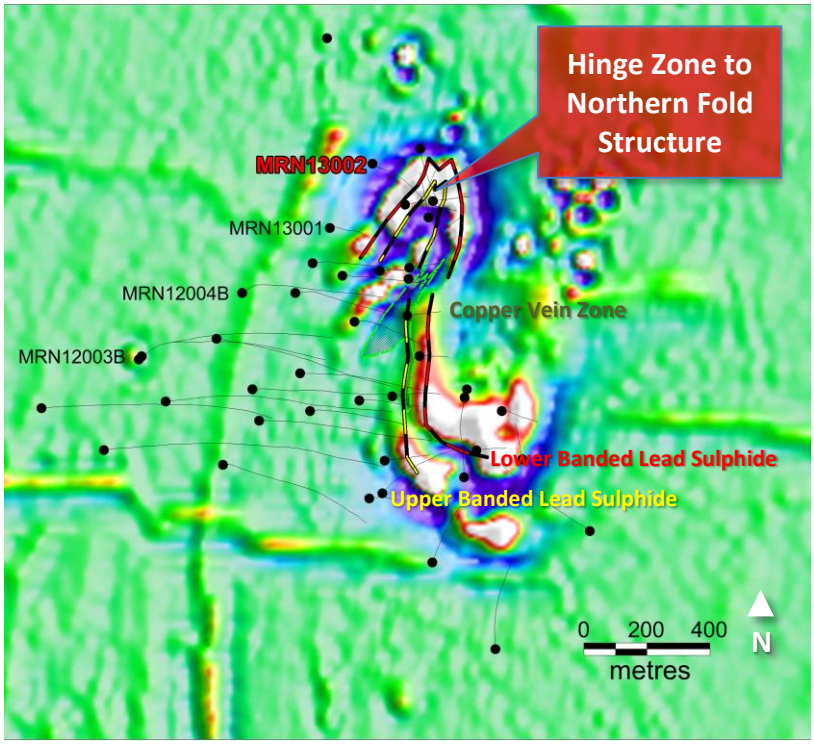
- 2.3m from 459.6m at 9.8% lead, 277 g/t silver;
- 13.7m from 483.3m at 7.9% lead, 230 g/t silver;
- 10.1m from 516.9m at 8.9% lead, 202 g/t silver;
- 15.1m from 548.9m at 5.8% lead, 134 g/t silver.

Starting at a down-hole depth of just 460 metres these intersections are ***thicker***, ***higher grade*** and at significantly ***shallower*** levels than those of the earlier drilling campaigns carried out further south by Red Metal in 2013 and 2012 (Figure 2).

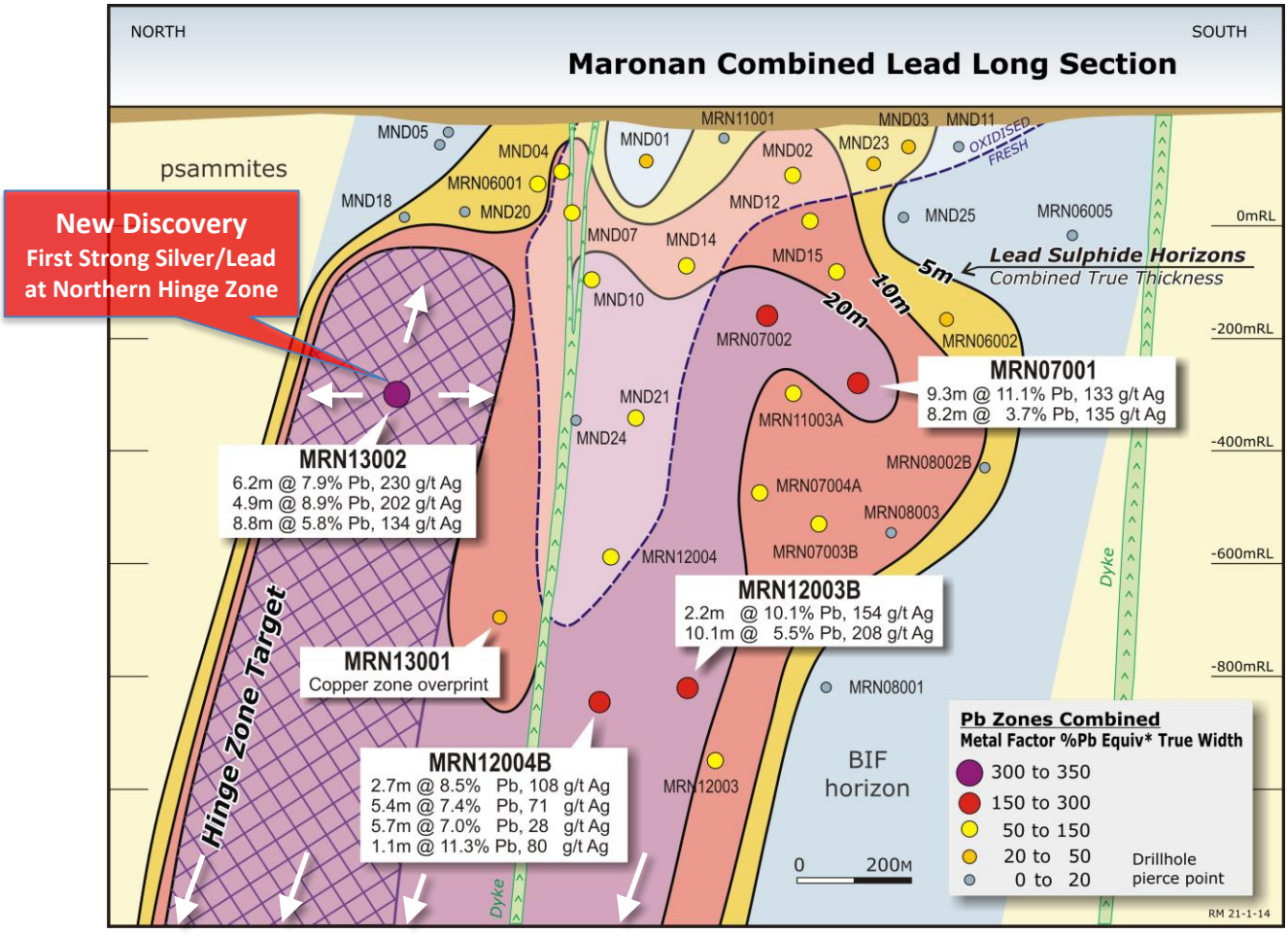
Importantly, MRN13002 is Red Metal's first drill hole into the northern hinge zone target guided by the Company's new geological model and the first drill hole to discover significant bedded lead and silver mineralisation in this region. These newly discovered extensions of mineralisation occur at shallow levels and have significantly expanded the geological potential of this large, under-drilled, target zone (Figure 2).

Strong silver-lead and copper-gold results from recent Red Metal drilling programs, together with the series of significant shallow intersections from historic drill programs (Figures 2 and 3), have boosted confidence in the Maronan Project and the Company is now forwarding plans to evaluate this very large mineralised system with more step-out holes and targeted infill drilling.

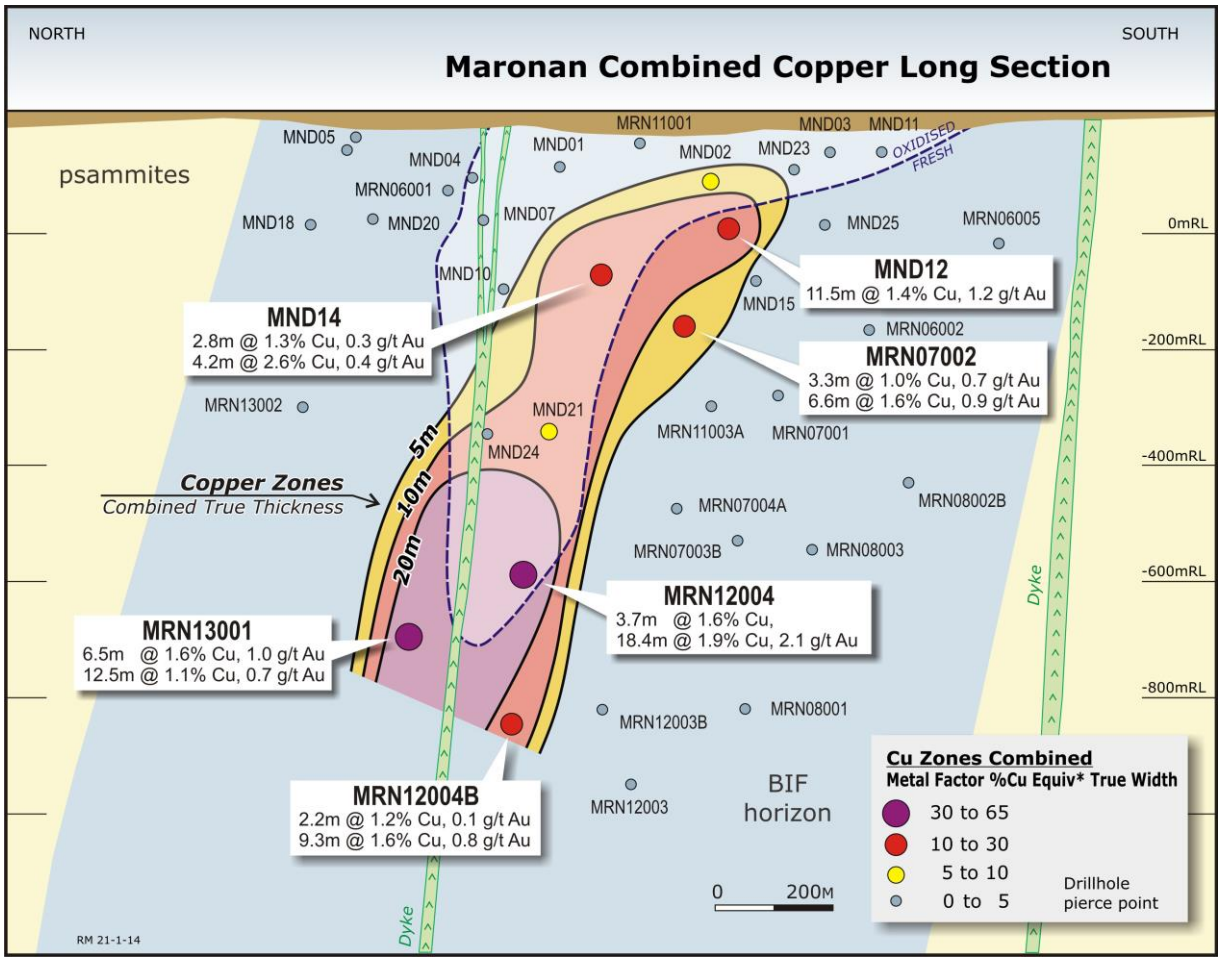
A detailed follow-up program initially focusing on the newly discovered lead and silver mineralisation below the northern hinge zone is being designed and budgeted.



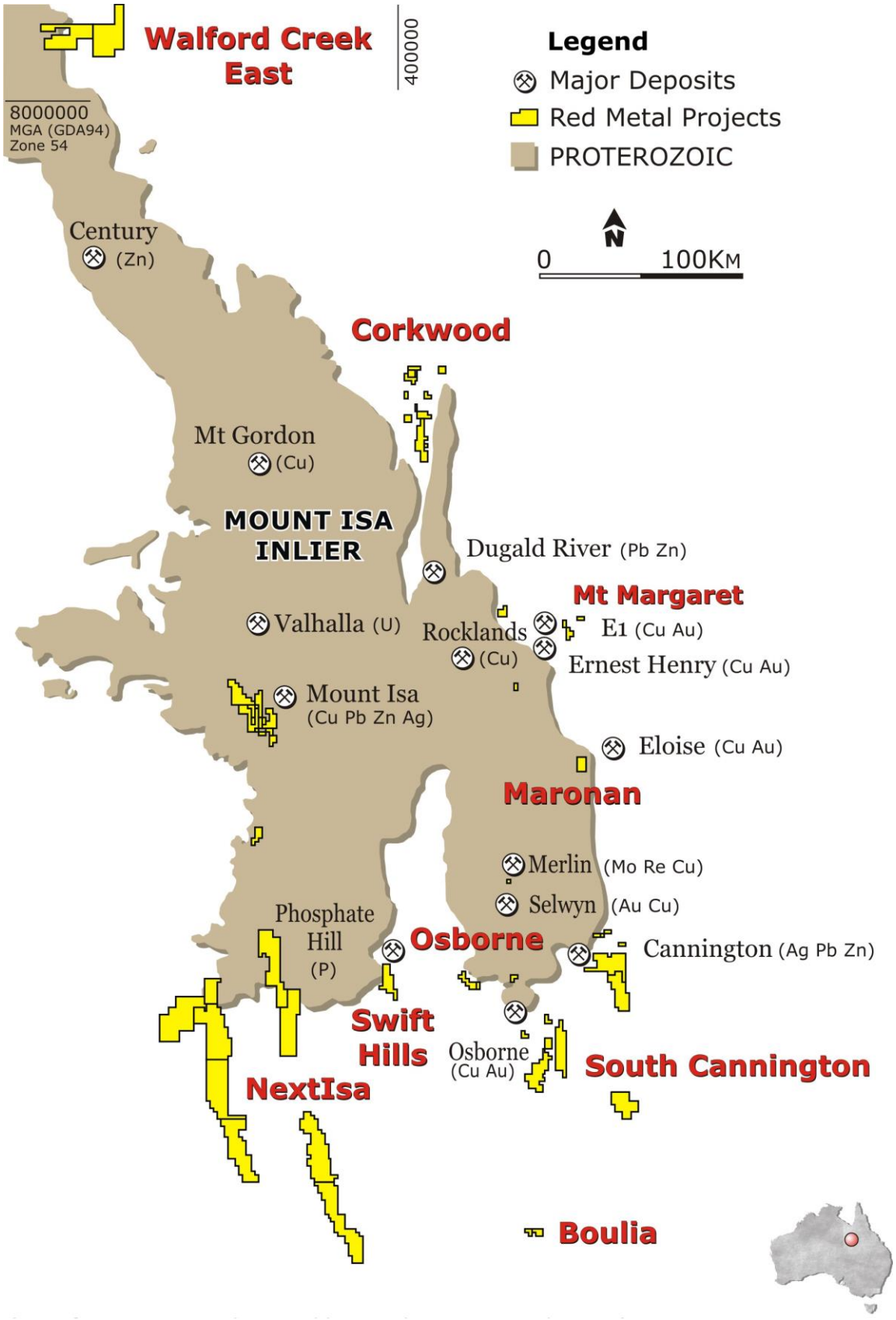
[Figure 1] Maronan Project: Drill hole location plan on magnetic image showing main geological elements.



[Figure 2] Maronan Project: Longitudinal section showing all drill hole pierce points and contours of the cumulative or ***combined true thickness*** of lead intercepts greater than 1% lead from the Upper BLS (Banded Lead Sulphide) and Lower BLS horizons. The size and colour of the pierce points varies with the ***lead and silver Metal Factor*** which is calculated using the lead equivalent value** times the combined true thickness of lead intercepts for each hole. This presentation is designed to visualise regions of thicker and higher grade mineralisation for further infill and step out drilling and highlights the significant tonnage and grade potential of this very large, under-drilled, mineralised system. The lighter shaded area reflects the extent of deep weathering and potential lead and silver depletion. The banded carbonate rock in MRN13001 appears to have been locally stripped of lead and silver mineralisation by the strong overprinting copper and gold mineralisation.



[Figure 3] Maronan Project: Longitudinal section showing all drill hole pierce points and contours of the cumulative or ***combined true thickness*** of copper intercepts greater than 0.5% copper from Copper Vein Zone. The size and colour of the pierce points varies with the copper metal factor which is calculated using the copper equivalent value** times the combined true thickness of copper intercepts for each hole. This presentation is designed to visualise regions of thicker and higher grade mineralisation for further infill and step out drilling. The shaded area reflects the extent of deep weathering, generally poor core recovery and potential secondary copper mineralisation such as chalcocite and native copper.



[Figure 4] Mount Isa Inlier: Major deposits and Red Metal tenement locations.

Emu Creek Joint Venture: Copper-Gold

An exploration farm-in and heads of agreement was signed with Inova Resources Limited (Inova) last quarter incorporating five Red Metal exploration licences in the vicinity of Inova's Osborne copper and gold mining operations (refer to the Red Metal ASX announcement lodged on the 30 September 2013). Tenements within the joint venture form part of Red Metal's Osborne and Boulia group of projects and are considered highly prospective for copper-gold mineralisation comparable with the styles at the nearby Osborne and Ernest Henry ore bodies. Red Metal retains 30% of any discoveries made on the farm-in tenements and the right to reduce to 20% with all costs carried by Inova through to production.

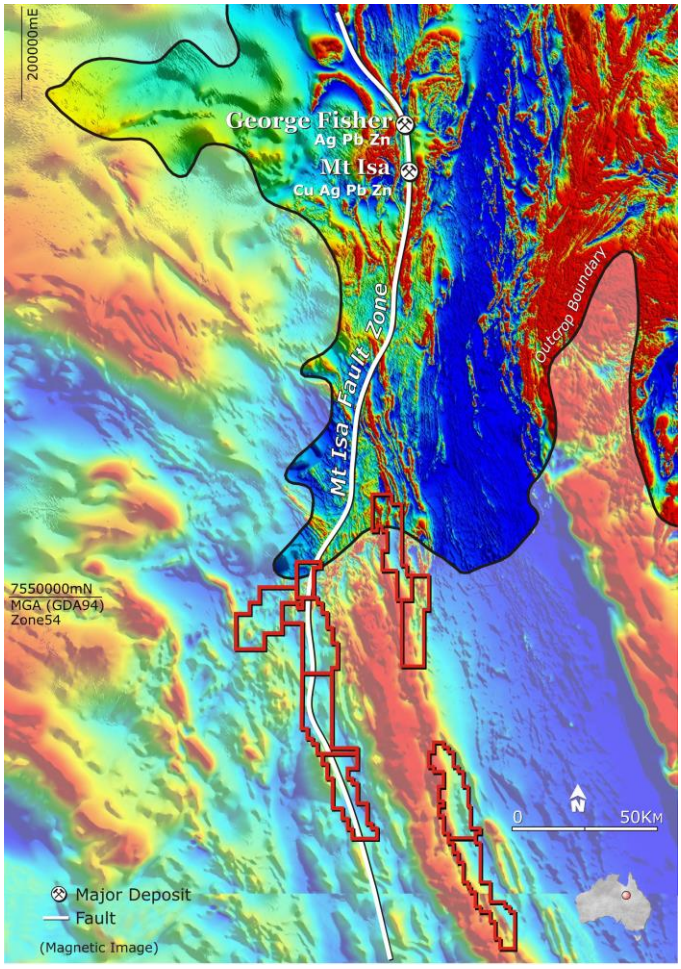
Inova initiated detailed ground gravity and magnetic surveying this quarter in preparation for electrical surveying and drilling in 2014.

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.

Using new high resolution magnetic and gravity survey data Red Metal has interpreted several possible shale basin responses for first-pass evaluation. Red Metal plans to demonstrate their potential for Isa-type copper and silver-lead-zinc mineralisation by using modern, deep penetrating electromagnetic technology to map the highly conductive pyritic and graphitic horizons that host the giant base metal ore bodies at Mount Isa.

A total of 8 widely spaced electromagnetic orientation survey lines were completed this quarter. While no significant conductors were identified on these first-pass lines the technique was shown to be effective. Red Metal is collaborating with the Queensland Geological Survey and Geoscience Australia to assist planning of a larger government funded survey over the terrain. Results have encouraged Red Metal to lodge several new tenement applications over other interpreted shale basins in the region.



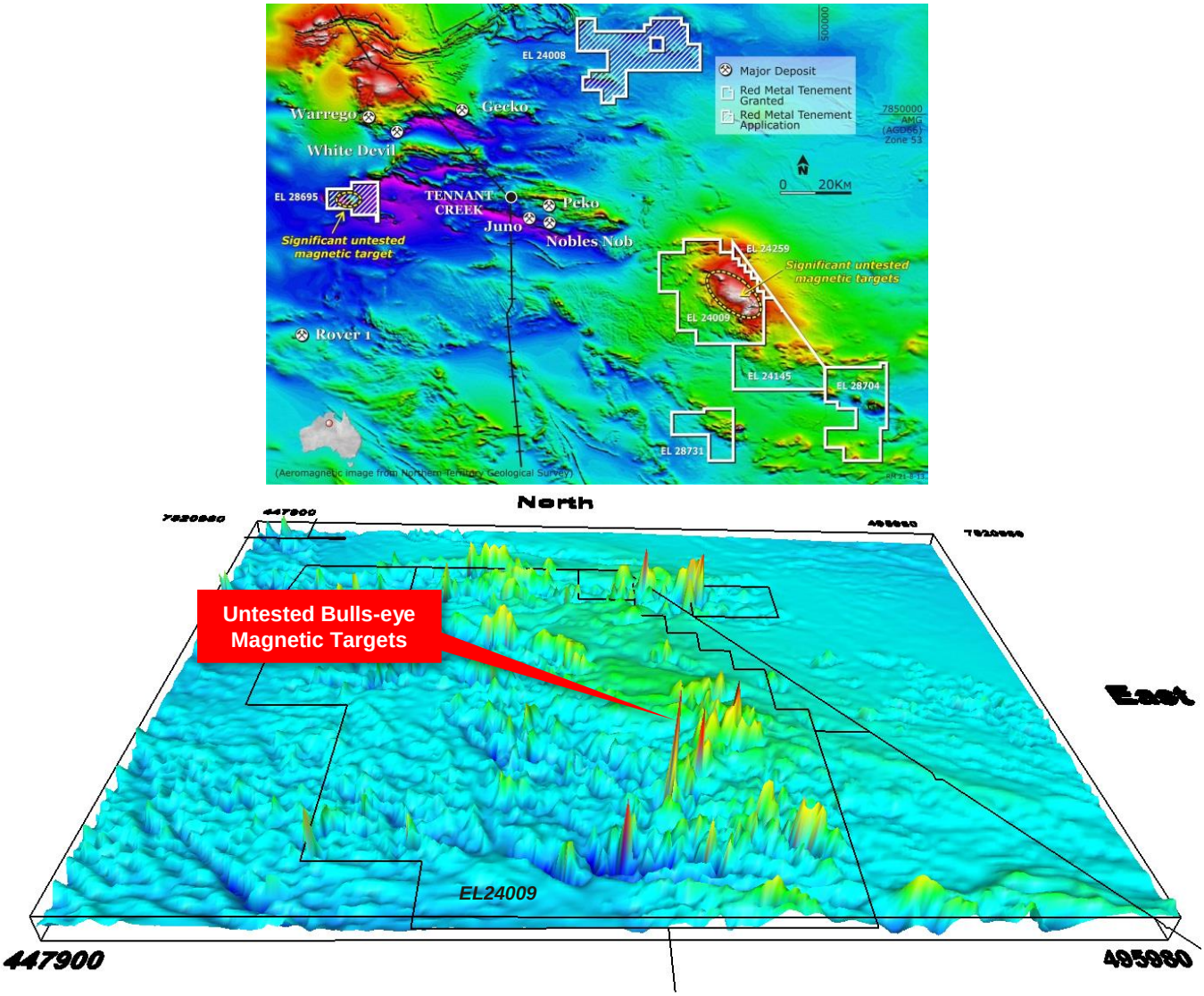
[Figure 5] Nextisa Project: Regional magnetic image highlighting southward extension of Mount Isa Fault, existing and interpreted shale basins (yellow).

TENNANT CREEK PROVINCE - NT

Tennant Creek Projects - Copper-Gold

Red Metal's highest priority tenements in the Tennant Creek Province contain five high-amplitude magnetic targets considered prospective for ***shallow, high-grade, copper and gold*** deposits (Figure 6). These targets are covered by a thin veneer of dune sands and younger sedimentary sequences and remain untested by past exploration due to historic land access restrictions.

In 2013 the Aboriginal land owners consented to the grant of the exploration licence applications opening these areas to modern exploration for the first time since about 1987. Planning is underway for a first pass soil geochemistry program over the highest priority magnetic targets during the 2014 field season.



[Figure 6] Tennant Creek Projects: Regional magnetic image with main gold and copper deposits (top). Three dimensional view of vertical gradient magnetic image highlighting strong bulls-eye magnetic targets (red peaks) which have a similar magnetic response to that over high-grade copper and gold deposits in the known mineral field.

ARUNTA PROVINCE - NT

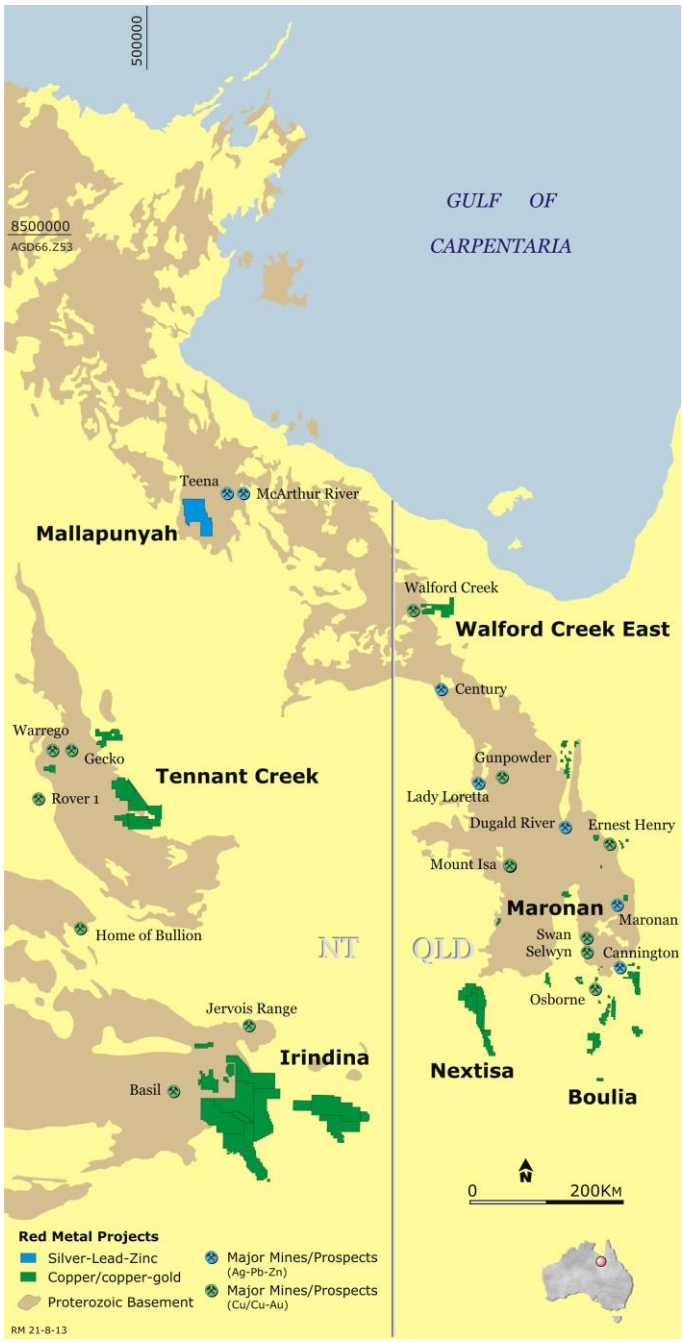
Irindina Project: Copper, Gold and Copper-Nickel

Red Metal's Irindina project is located in the remote Eastern Arunta province in the Northern Territory (Figure 7 and Figure 8). This under explored region is emerging as a highly prospective province for ***high-grade massive copper sulphide*** deposits with Kidman Resources Limited's Home of Bullion project, Kentor Gold Limited's Jervois deposit and Mithril Resources Ltd's Basil deposit being good examples.

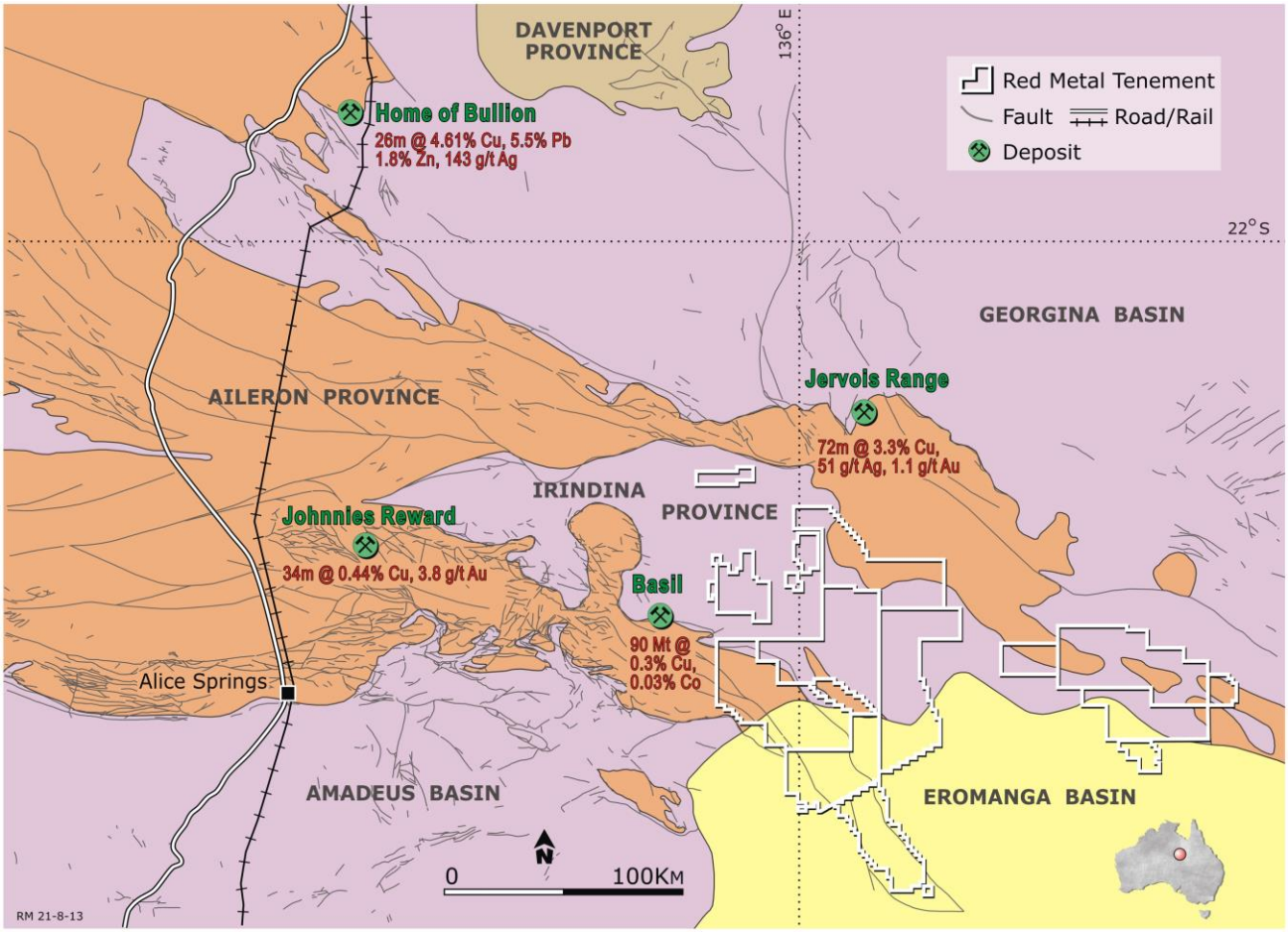
The Company's Irindina project covers almost 14,000 square kilometres of shallow covered terrain east of the large, low-grade Basil copper-cobalt deposit (90Mt @ 0.3% copper, 0.03% cobalt). This deposit comprises massive iron sulphide with associated copper sulphide and cobalt and was discovered by Mithril using modern airborne electromagnetic technology.

Red Metal speculates that large, copper-rich variants of the Basil deposit type may exist within the Irindina project. Red Metal will be the first to apply modern exploration techniques including airborne electromagnetic technology over this exciting new base metal frontier.

Terms for an access agreement were finalised this quarter paving the way for the initiation of exploration in 2014.



[Figure 7] Location of Red Metal's main base metal projects in Queensland and the Northern Territory and significant copper, copper-gold and silver-lead-zinc mines and prospects.



[Figure 8] Irindina Project: Regional geological setting, significant known copper mineralisation in the belt and location of Red Metal's Inindina exploration tenements. Note the large tonnage of the Basil prospect and the high-grade potential shown at Jervois, Home of Bullion and Johnnies Reward. Red Metal speculates that large, copper-rich variants of the Basil deposit type may exist within the Irindina project.

FERTILIZER MINERALS

Colorado Potash Project:

Red Metal previously applied for prospecting permits covering 166 square kilometres situated over multiple potash horizons in the Paradox Basin, Colorado, USA. Recently the environmental assessment process allowing drilling for potash on the project was successfully finalised. In August 2013 five prospecting permits covering the approved drill sites and extending over 35 square kilometres were issued by the Bureau of Land Management.

The approval and issue of potash prospecting permits represents a major milestone for the project and opens this region of the Paradox Basin to potash focused exploration for the first time. Red Metal has commissioned Agapito Associates to undertake a concept study to assess potential economic scenarios for the project. This work will be used to help prioritise various drilling options.

OTHER EMERGING PROJECTS

Red Metal has an enviable portfolio of base metal and gold projects in Australia. Some of these other projects are briefly summarised below in Table 1.

[Table 1] Red Metal Limited: other emerging projects.

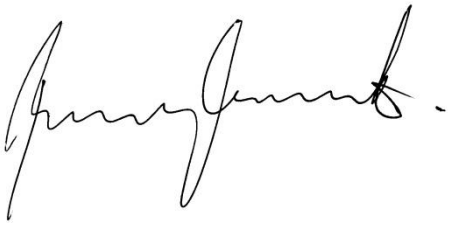
Project	Description	Status
QUEENSLAND		
Corkwood *Cu-Au*	Joint venture with Glencore targeting large IOCG breccia targets similar to Ernest Henry ore body. Several drill ready targets defined but budget postponed until 2014.	Drilling 2014
Walford Creek East *Cu-Pb-Zn*	Targeting Isa-type copper and stratabound lead-zinc and silver east from significant base metal mineralisation on the historic Walford Creek project. Airborne electromagnetic conductors located adjacent to major transfer faults have been identified.	Ground based follow-up of significant EM targets.
South Cannington *Ag-Pb-Zn*	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		
Mallapunyah *Cu-Pb-Zn-Ag*	Prospective sedimentary sequences in McArthur Basin with district scale silver anomalism.	Land access negotiation underway.
SOUTH AUSTRALIA		
Pernatty Lagoon *Cu-Au*	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.
Maitland *Cu-Au*	Extensive magnetic alteration zone under shallow cover in the Gawler Craton prospective for copper ± magnetite mineralisation.	Drill ready EM and soil geochemistry targets.
Algebuckina *Cu-Au*	Magnetite-associated copper-gold potential in Gawler Craton, Prospective magnetic targets defined under shallow cover.	Drill ready, seeking third party funding.
Lakes_Frome *U and Cu-Au-U*	Extensive drill and geophysical data base covering sedimentary sequences in Frome Sub-basin considered prospective for ISL uranium as well as IOCGU breccia targets in basement rocks. Numerous drill ready ISL targets and large Cu-Au-U breccia targets.	Drill ready, seeking third party funding.
Ooldea-Barton JV *Zircon, Titanium*	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.	New magnetic and radiometric survey flown in preparation for drilling in 2014.

RESEARCH AND DEVELOPMENT

During the quarter the Company completed the required documentation and submitted a claim under the Federal Government's Research and Development (R&D) Tax Incentive Scheme for the 2013 financial year. In January 2014 the Company received a cash refund of $1.4 million pursuant to its R&D claim.

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:

Phone +61 (0)2 9281-1805
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 the Maronan Project was first reported by the Company in compliance with JORC 2012 in a market release dated 28 January 2014. 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 28 January 2014.

The information reported above (other than in respect of the Maronan Project) relating to Exploration Results was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Exploration Results (other than in respect of the Maronan Project) is based on, and fairly represents, information and supporting documentation compiled by Mr Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Mr Rutherford is the Managing Director of the Company. Mr Rutherford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Rutherford consents to the form and context in which the Exploration Results and supporting information are presented in this report.

All mineralised intervals have been length weighted. No top-cuts have been applied. A nominal 1% lead and 0 .5% copper lower cut-off grade is applied.

***The lead equivalent value is calculated using on the current metal prices ($US2204 per tonne lead, $US20 per ounce silver). The copper equivalent value is calculated using on the current metal prices ($US7363 per tonne lead, $US1242 per ounce silver). The Maronan project is at an early stage of exploration, and as a result no metallurgical test work has yet been undertaken. A metallurgical recovery of 100% was therefore assumed for the purpose of the lead and copper equivalent calculation. The lead equivalent percentage value is calculated by summing the US dollar value of lead and silver for each sample then dividing this value by the lead price x 100. The copper equivalent percentage value is*

calculated by summing the US dollar value of copper and gold for each sample then dividing this value by the copper price x 100. The Company's opinion is that all of the elements included in the lead and copper equivalent calculation have a reasonable potential to be recovered. The calculation assumes 100% recovery of all metals and does not take into account any potential changes in the equivalent value caused by different recoveries, processing or transport costs for the individual metals. The lead and copper equivalent values are not precise and are used here to map the broad variations in the in situ metal content to assist exploration targeting. It is highly likely these values will vary when metallurgical data is collected.

ADDENDUM TO DECEMBER 2013 QUARTERLY ACTIVITIES REPORT

Mining tenements held are as follows:

Project / Location	Tenement Reference	Company Interest %	Comment
Western Isa	EPM 12653	100	
Cannington	EPMs 19230, 19232, 19531	100	
Osborne	EPMs 15334, 15395, 17111, 19076	100	
Inova JV	EPMs 15385, 16251, 18303, 13318, 13321	100	Refer note 6.
NextIsa	EPMs 19250, 19251	100	
Swift Hills	EPM 18080	100	
Maronan	EPM 13368	100	
Corkwood JV	EPMs 13376, 13380, 15632, 15643, 15644, 15633, 18179	100	Refer note 5.
Corkwood	EPMs 18178, 18709	100	
Cloncurry	EPMs 14293, 16519, 18164, 18721	100	
Toolebuc	EPMs 18248, 18295	100	
Walford Creek	EPM 18182	100	
Sybella	EPMs 18951, 18952, 18988, 19315	100	
Ooldea JV	ELs 4245, 4777, 5044	100	Refer note 4.
Algebuckina	ELs 4307, 4308	100	
Peake Denison	ELs 4481, 4535	100	
Maitland	EL 4616	100	
Callabonna JV	EL 5360	-	Refer note 1.
Quinyambie JV	EL 4289	-	Refer note 2.
Pernatty Lagoon JV	EL 5107	85.1	Refer note 3.
Lakes Project	ELs 4614, 4615, 4617	100	
Tennant Creek	ELs 24009, 24145, 24259, 28704, 28731	100	
Irindina	ELs 27268, 27389, 27407, 28747	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 (earning 70%) and PlatSearch NL and a prospecting syndicate (diluting to 30%). No change in interest during the quarter.
3. 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 49%) and Cristal Mining Australia Limited (earning 51%). No change in interest during the quarter.
5. Joint venture between Red Metal (diluting to 49%) and Xstrata Copper (earning 51%). No change in interest during the quarter.
6. Joint venture between Red Metal (diluting to 30%) and Inova Resources Osborne Pty Ltd (earning 70%). No change in interest during the quarter.

Rule 5.3

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	Quarter ended ("current quarter")
34 103 367 684	31 December 2013

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	(404)	(649)
	(b) development		
	(c) production		
	(d) administration	(127)	(253)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	15	31
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid / refund received	-	-
1.7	Other (Security bonds refund)	15	54
	Other	9	9
	Net Operating Cash Flows	(492)	(808)
	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)	(492)	(808)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(492)	(808)
	Cash flows related to financing activities		
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)	(2)	(2)
	Net financing cash flows	(2)	(2)
	Net increase (decrease) in cash held	(494)	(810)
1.20	Cash at beginning of quarter/year to date	1,602	1,918
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,108	1,108

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

Xstrata and Inova Resources incurred expenditure totalling approximately $61,000 and $70,000 respectively in the three months to December 2013 in respect of the Corkwood and Emu Creek Joint Ventures.

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
	Total	**400**

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	208	102
5.2	Deposits at call	900	1,500
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	1,108	1,602

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	EPMs 18103 and 18302 (Mt Isa district, QLD); EL's 27263, 27274, 28746 (Irindina Project, NT)	Granted tenements	100	0
6.2	Interests in mining tenements acquired or increased	EPM 19531 (Mt Isa district, QLD)	Granted tenement	0	100

+ See chapter 19 for defined terms.

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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital				
7.3	**+Ordinary securities**	144,771,919	144,771,919		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital				
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases				
7.7	**Options** *(description and conversion factor)*			Exercise Price	Expiry Date
		1,175,000	-	25 cents	02.03.2014
		1,325,000	-	18 cents	23.01.2015
		1,475,000	-	33 cents	30.11.2015
		1,200,000	-	33 cents	31.1.2016
		1,125,000	-	16 cents	01.10.2016
		1,000,000	-	18 cents	18.10.2014
		2,000,000	-	16 cents	19.11.2016
7.8	Issued during quarter	1,125,000	-	16 cents	01.10.2016
		1,000,000	-	18 cents	18.10.2014
		2,000,000	-	16 cents	19.11.2016
7.9	Exercised during quarter				
7.10	Expired during quarter	2,000,000	-	22 cents	31.10.2013
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 2014
(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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