

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:

196,818,409
Ordinary shares

5,550,000
Unlisted options

Directors:

Rob Rutherford
Managing Director

Russell Barwick
Chairman

Joshua Pitt
Non-executive Director

RED METAL LIMITED

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Queensland
Explorer of the Year 2013

SEPTEMBER 2017 QUARTERLY REPORT
30 October 2017

HIGHLIGHTS

Maronan, QLD, Silver-Lead & Copper-Gold

- Return of the lead price re-enforces the value opportunity of the large Maronan resource.

Lawn Hill, QLD, Zinc-Lead-Silver

- Heritage surveys and landowner access agreements completed over three significant electromagnetic conductors targeted for McArthur River style zinc.
- Proof of concept drilling in progress.

Leichhardt, QLD, Copper-Gold

- First-pass drill test on the large Doppler magnetic target intersects favorable host rock types and halo alteration similar to that documented around the large Ernest Henry deposit.
- High resolution airborne magnetic survey to be flown next quarter.

Gulf, QLD, Copper-Gold

- Significant new tenement holding secured over several standout gravity and magnetic anomalies offering scope for large iron-oxide copper-gold deposits.

Nullarbor, WA, Copper

- Red Metal awarded funding for two separate collaborative drilling initiatives.
- Ground based electrical surveys to be trialed.

Over the next quarter, Red Metal aims to complete first pass drill tests on tests of three zinc targets on the Lawn Hill zinc project while continuing to advance the Company's funding strategy for the Maronan Project. New high resolution aeromagnetic surveys are being trialed over the Leichhardt, Corkwood and some of the new Gulf projects to assist future targeting. Updates on the various projects are summarized below.

MOUNT ISA INLIER - QLD

Maronan Project: Silver-Lead & Copper-Gold

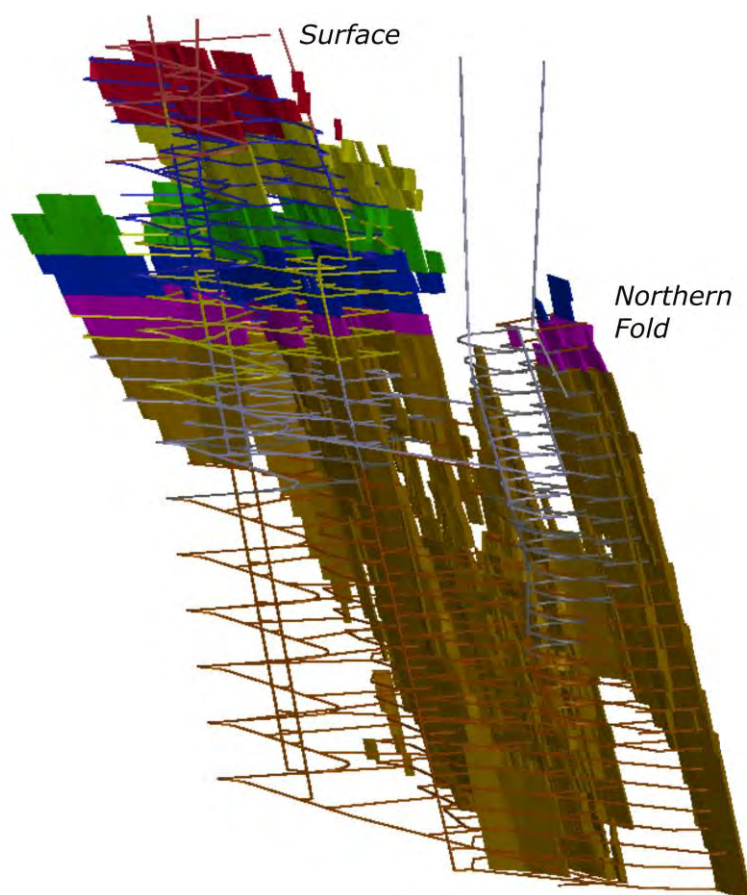
The Maronan lead-silver and copper-gold project is an emerging large base metal deposit in the world class Carpentaria Zinc Province and remains one of the larger undeveloped silver bearing deposits in Australia.

Data from more than 50 drill holes at Maronan have enabled the definition of a JORC compliant Inferred Resource of 30.75Mt @ 6.5% lead with 106g/t silver (using a 3% lead cut-off grade) and 11Mt @ 1.6% copper with 0.8g/t gold (using a 1.0% copper cut-off grade). This equates to approximately 2Mt of contained lead with over 100Moz of silver plus 170,000t of copper with 300,000oz of gold. The deposit remains open down plunge.

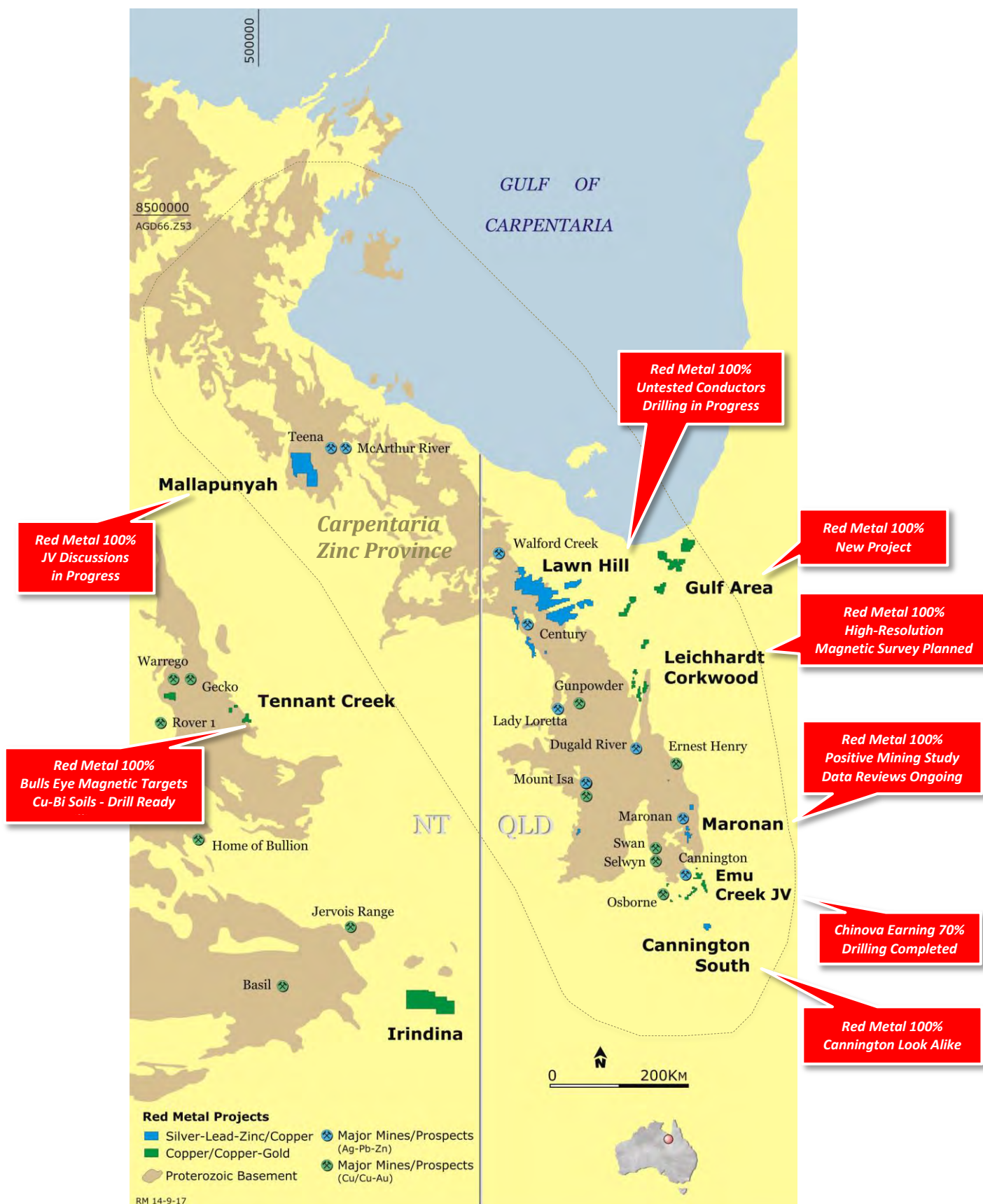
Early stage metallurgical test work indicates that Maronan has very advantageous metallurgical properties including quite low power consumption for ore grinding and very high metallurgical recoveries. The underground geotechnical conditions are believed to be excellent thus providing quite stable footwall and hanging wall rocks for lower-cost mine stoping. Maronan sits in the active Cloncurry mining district with potential access to gas for power, sealed roads and rail infrastructure to the coast and good potential water supplies.

A preliminary Mine Scoping Study, taking into account the key advantages outlined above, has highlighted the potential to generate strong positive cash flows. This study used a long term lead price forecast of \$US2200 per tonne and indicated that inferred resources may have scope to be viably mined (Figure 1). The lead price is currently \$2500 per tonne.

Red Metal estimates that the project requires about \$15-20 million to enhance it to the Prefeasibility level of confidence.



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



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

Lawn Hill Project: Zinc-Lead-Silver, Copper

Landowner access agreements and heritage surveys were completed this quarter allowing drill tests to begin on three separate McArthur River style zinc plays situated only 40 kilometres northeast of the giant Century zinc mine (Figures 2 and 3).

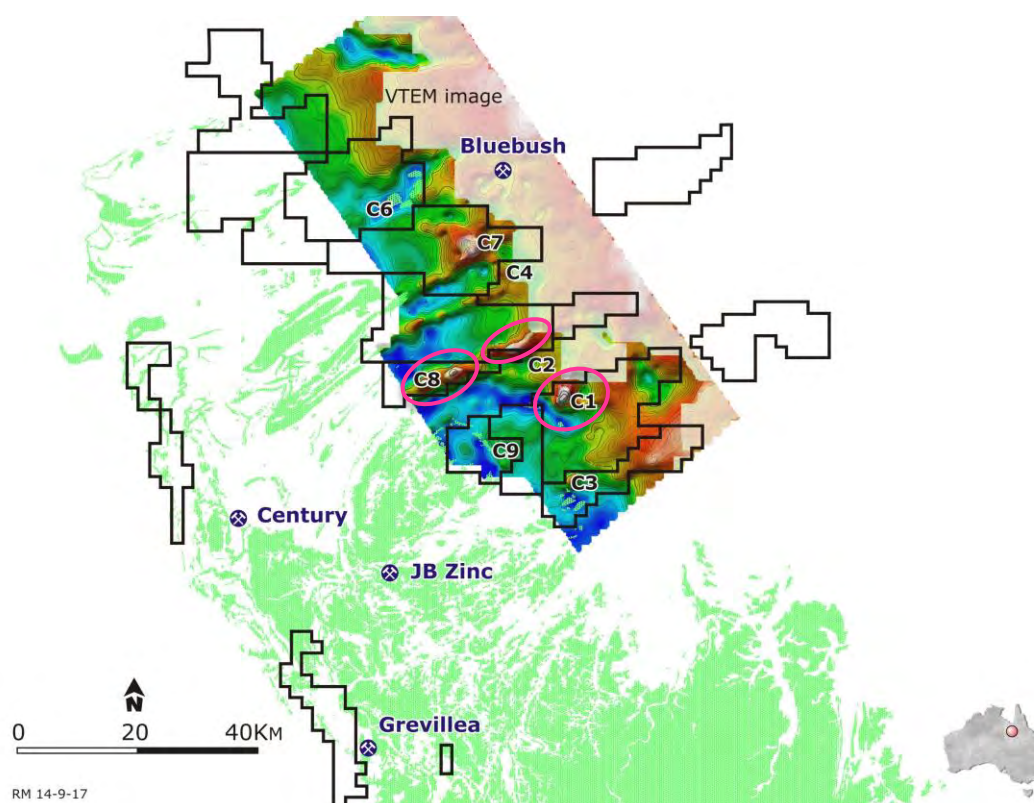
Recent target generation efforts, enhanced by a new airborne electromagnetic survey (VTEM), have defined several previously untested zinc plays for proof of concept drill tests (Figure 3). Standouts from this work include three strong, stratiform conductors in areas where McArthur River equivalent zinc stratigraphy is interpreted below just 50 to 200 metres of younger sedimentary cover (C1, C2 and C8 in Figure 3).

Conductor 1 (C1) is flat lying, measuring 5 kilometres by 6 kilometres and located under about 120 metres of cover (Figure 3).

Conductor 2 (C2) is 5 kilometres long, dips about 30 degrees to the northwest and is located under 100 to 200 metres of cover (Figure 3).

Conductor 8 (C8) is the westward extension of Conductor 2 and continues for about 12 kilometres under less than 50 metres of cover.

Each of the three targets will be tested for their zinc potential with a separate percussion/diamond core hole drilled to a depth of about 600 metres. Drilling has just been initiated and an update will be reported upon completion of the program.



[Figure 3] Lawn Hill Project: Tenement locations on outcropping Proterozoic geology (light green shading) overlain by VTEM conductivity image showing main conductivity targets (C1 to C9) with zinc mines and prospects. The conductivity image is frosted where the Mesozoic sedimentary cover is too conductive to induce a basement response.

Corkwood and Leichhardt Projects: Copper-Gold

At Leichhardt, drilling on the high-amplitude “Doppler” magnetic target intersected magnetite-biotite altered porphyritic intermediate volcanic rock types similar to that described in the alteration halo surrounding the large Ernest Henry deposit. Narrow, widely spaced, shears and vein zones with weak copper sulphides are observed over the length of the hole (refer to Red Metal ASX announcement dated 25 September 2017). Recent assay results from the altered volcanic rock reveal weakly elevated amounts of Ba, K, Cu, Co, Bi, As, Ag, Au, Mo, S, Se which also compare favorably with the trace element signature described in the halo around Ernest Henry.

The Corkwood and nearby Leichhardt projects are situated about 100 kilometres northwest of Glencore’s large Ernest Henry copper-gold mine and about 60 kilometres north of Altona Mining Limited’s advanced Little Eva copper-gold deposit (Figure 2). Both of these deposits are recognized as high amplitude regional magnetic anomalies hosted in structurally and chemically favorable porphyritic volcanic rock types.

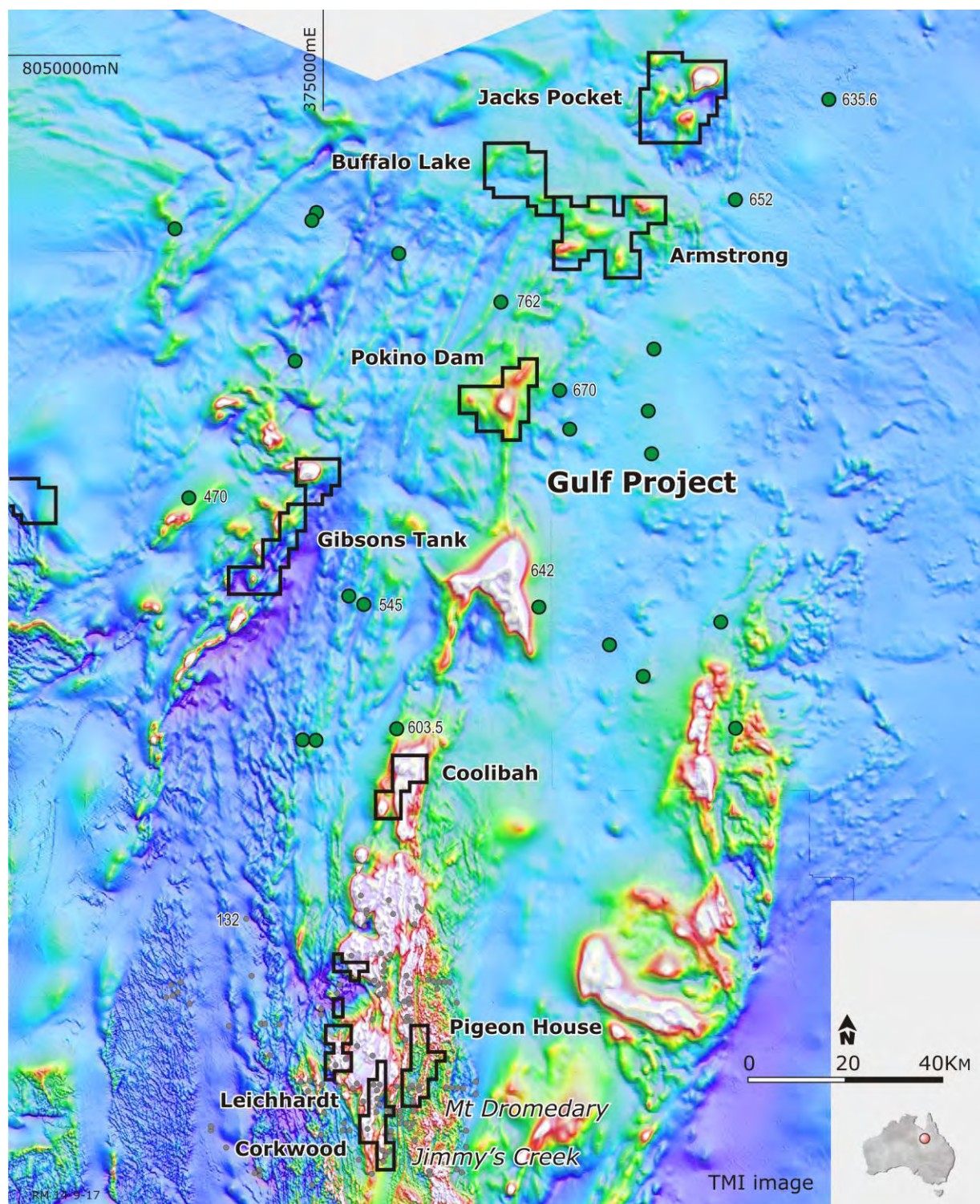
Similar porphyritic volcanic rock types are recorded at the Corkwood and Leichhardt projects. On Corkwood’s Jimmy’s Creek prospect, these porphyritic units are brecciated and host wide zones of low-grade copper, gold and silver mineralisation: a good indicator of the potential for these styles of deposits elsewhere in the district (Figure 4).

Future work will be directed towards finding zones of structural brecciation and increased copper mineralisation within the interpreted alteration halo at Doppler and elsewhere on Corkwood. To assist with targeting a new high resolution airborne magnetic surveying is being flown over both the Leichhardt and Corkwood tenements next quarter.

Gulf Project: Copper-Gold

The new Gulf copper-gold project incorporates multiple new tenement applications over several standout geophysical anomalies in a previously untested terrain offering scope for large Iron-Oxide Copper-Gold (IOCG) breccia systems.

Red Metal has used regional geophysical data sets to map the northward extension of the prospective IOCG belt hosting the significant copper and gold mineralised breccia at the Jimmy’s Creek prospect (Figure 4). Several new exploration license applications have been lodged over high-amplitude regional magnetic and gravity targets particularly where prospective granite intrusions and favorable volcanic host rock types are interpreted.



[Figure 4] Leichardt Project, Corkwood Project, Mount Dromedary North and Gulf Projects: Total magnetic intensity image highlighting regionally project locations and historic basement drill holes with some basement depths labelled.

Cannington South Project: Lead-Zinc-Silver

The key target in this project is a Cannington geophysical look-alike called Mount Skipper located 90 kilometres south of the Cannington mine under 400-500 metres of younger sedimentary cover (Figure 2). This quarter, Red Metal submitted an application for funding support under the Queensland Governments collaborative drilling initiative.

South32's large Cannington lead-zinc-silver mine and Red Metal's Maronan lead-silver deposit were both discovered by drilling a standout bulls-eye magnetic target located within geophysically subdued clastic sequences known as the Mount Norna Quartzite. Red Metal has used regional magnetic and gravity data sets to search for analogous targets in covered terrains south of the Cannington deposit as a priority. The Mount Skipper target resulted from this approach and is proposed to be drill tested during the 2018 field season.

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 copper and gold mine (Figure 2).

Recent ground based electromagnetic surveying identified three separate electromagnetic conductors on the Little Sandy Creek project located within 9 kilometres of the Osborne mine (Figure 5). First pass drill tests were completed this quarter.

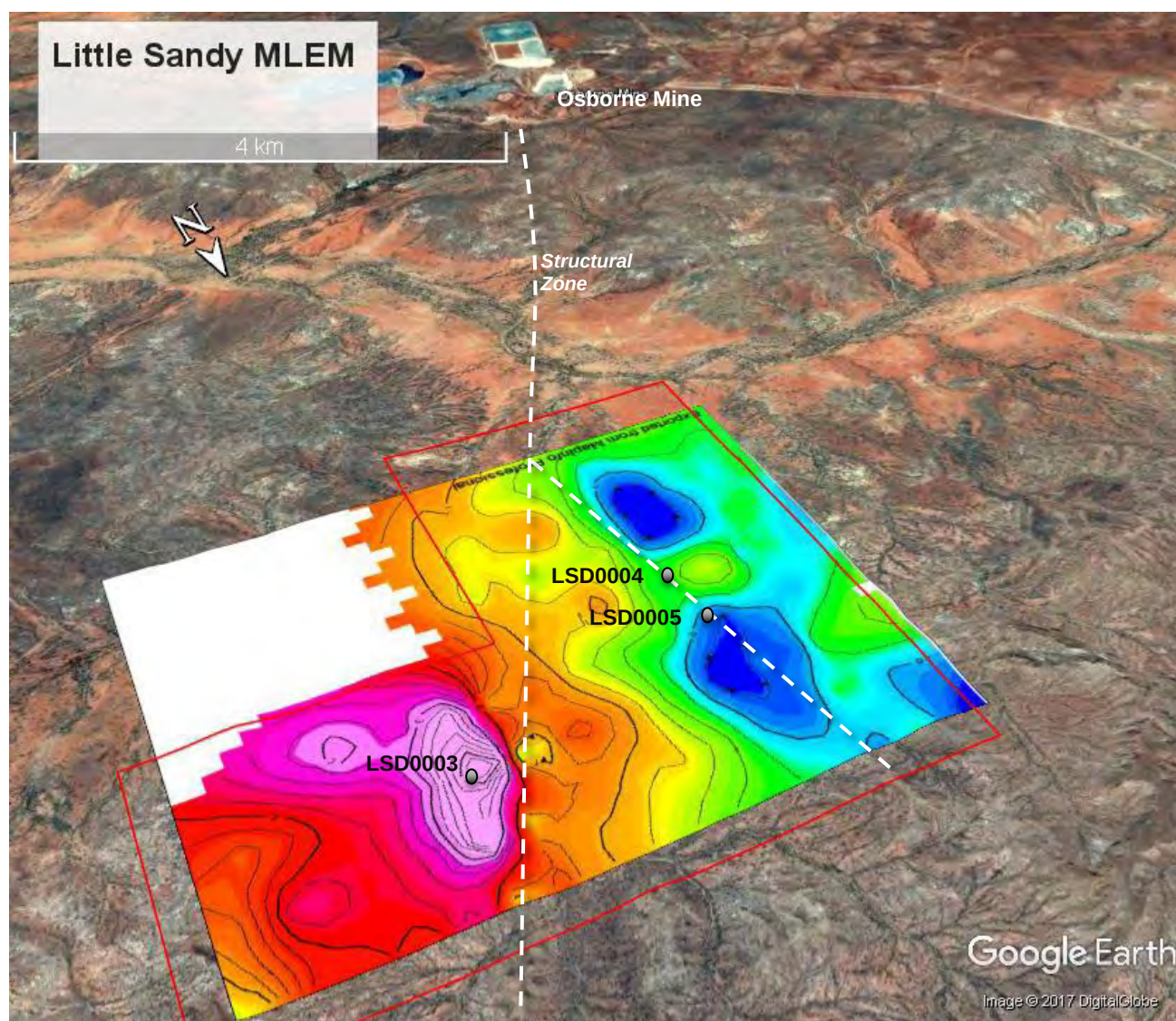
Drilling on the larger electrical conductor (LSD0003, Figure 5) intersected weak copper mineralisation from 190 to 205 metres including a 0.4 metre intercept assaying 4.32% Cu and 3.7 g/t Au from 200.9 metres. The source of the electrical conductor remains to be clearly resolved as down-hole electrical surveying was hampered by a blockage in the hole. Patchy low-grades of copper and gold mineralisation were intersected in LSD0004 and LSD0005.

McARTHUR BASIN - NT

Mallapunyah: Zinc-Lead-Silver and Copper

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). Recent success on the Teena project by Teck has highlighted the potential for additional deposits within this fertile terrain.

Red Metal is currently negotiating a joint venture to advance this exciting project.



[Figure 5] Emu Creek Joint Venture, Little Sandy Creek Project: Oblique satellite view facing south southwest with a Z-component Channel 20 conductivity image showing location of the conductivity targets in relationship to the Osborne copper and gold mine. Note the interpreted north northwest trending structural zone.

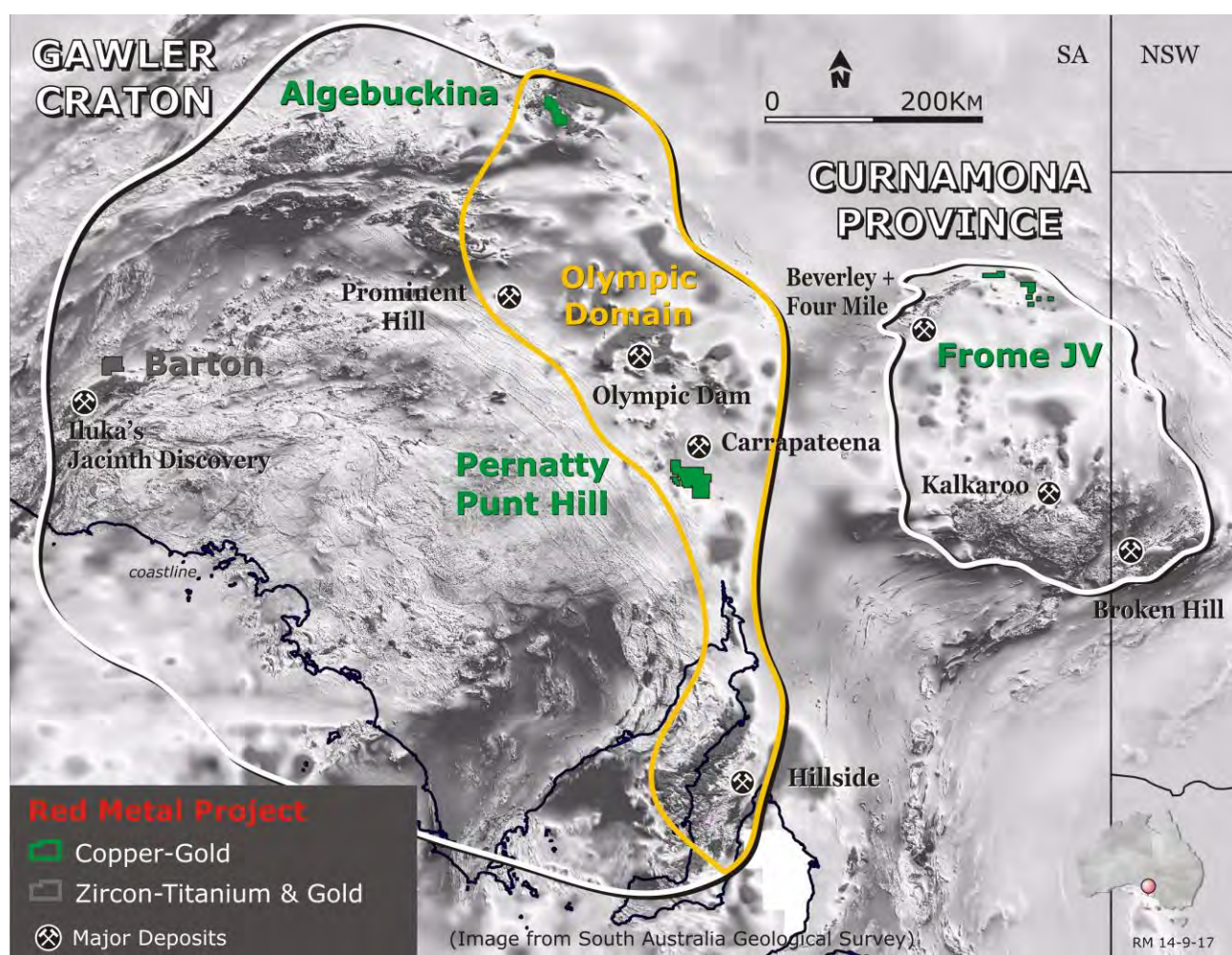
GAWLER CRATON - SA

Punt Hill and Pernatty Lagoon Projects: Copper-Gold-Zinc

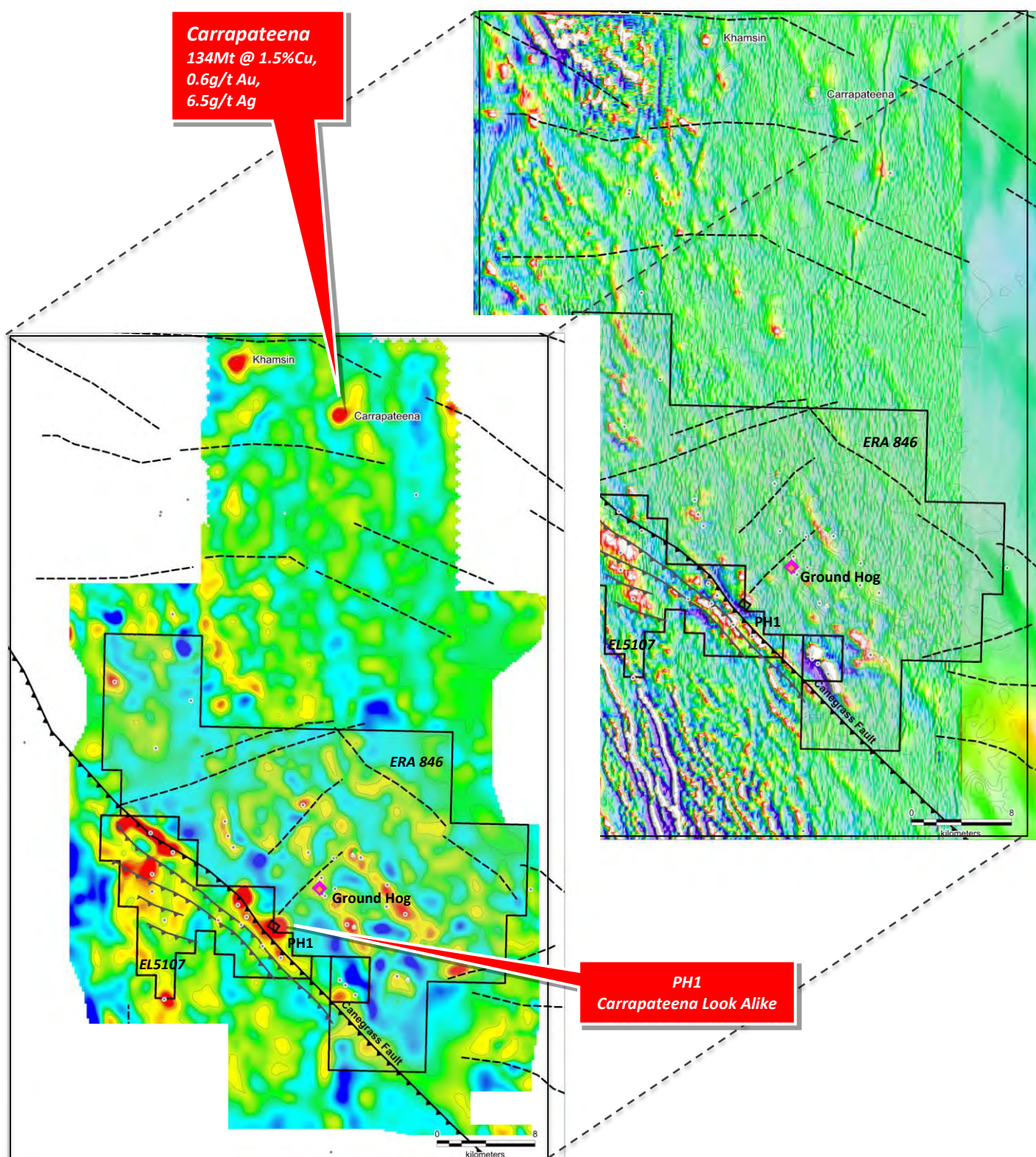
Red Metal recently secured title over the high-priority Punt Hill copper-gold exploration license 30 kilometres south of the large Carrapateena copper-gold deposit (Figure 6, refer to Red Metal ASX announcement released dated 8 June 2017).

Red Metal's assessment of the geophysical response over the Carrapateena deposit suggests drilling towards weak magnetic anomalies within a broad residual gravity anomaly may be the key to locating higher grades of mineralisation in this region (Figure 7).

Applying this slightly different concept to targeting on Punt Hill has lead Red Metal to identify one priority target (PH1) for a proof-of-concept drill test and 4 second order targets (PH2 to PH5) for further evaluation (Figures 7). The PH1 target has a similar geophysical response to that measured and modelled over the Carrapateena copper and gold deposit.



[Figure 6] Project Locations: Gawler Craton and Curnamona Province, South Australia.



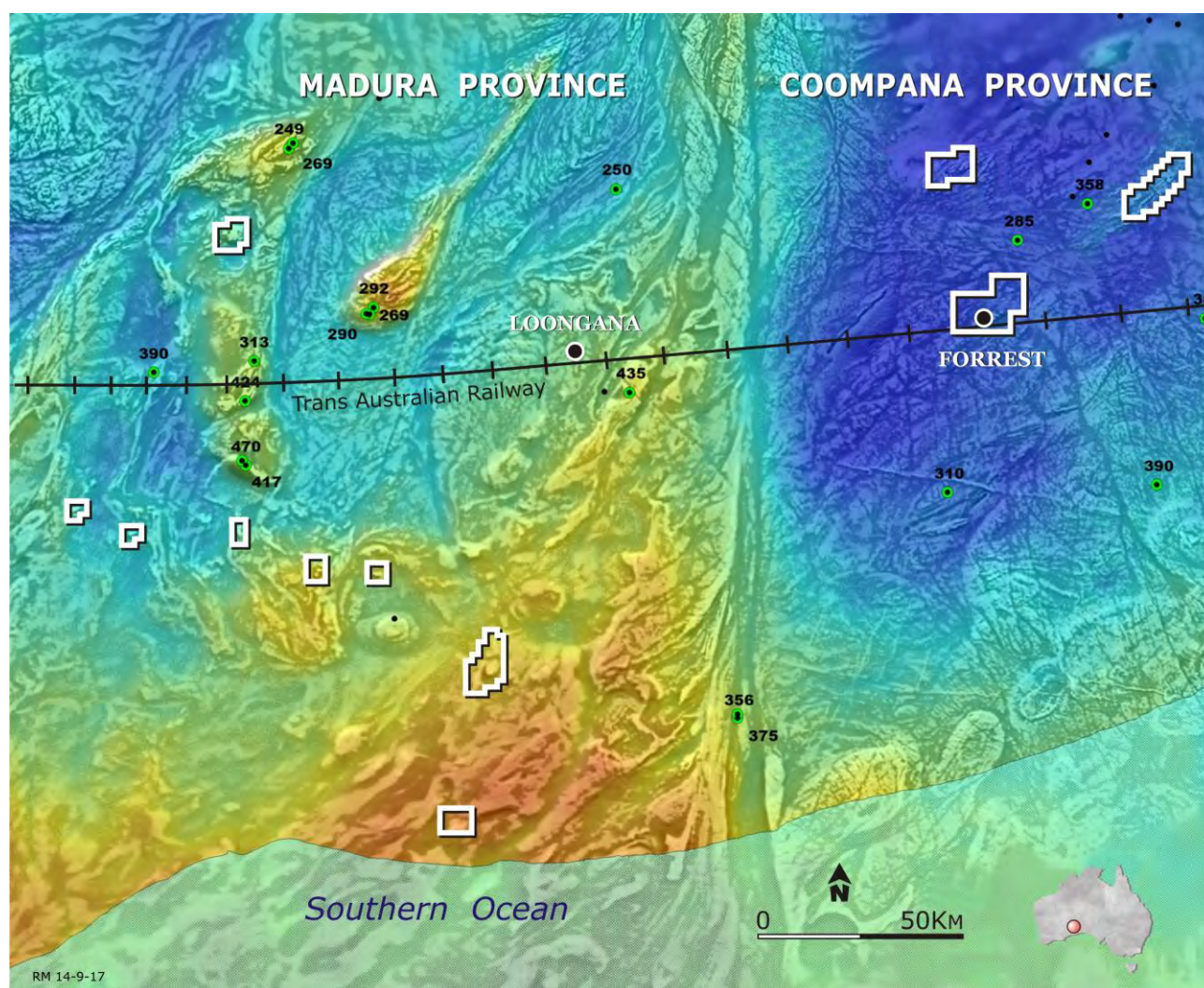
[Figure 7] Punt Hill ERA 846 and Pernatty Lagoon EL 5107: Regional residual gravity image (front) and vertical gradient magnetic image (back) with historic drilling (white dots) highlighting untested PH1 target, Carrapateena copper-gold deposit and the low-grade Punt Hill prospects. The priority PH1 target is a strong residual gravity anomaly associated with a small residual magnetic response and is similar to the geophysical signature measured over the Carrapateena deposit.

COOMPANA AND MADURA PROVINCES - WA

Nullarbor Projects: Copper-Gold, Copper-Nickel

Red Metal has secured a number of key geophysical targets following the release of new geophysical and basement rock data by the Geological Survey of Western Australia (GSWA) and Geoscience Australia (GA) outlining what could be exciting new copper provinces under the Nullarbor Plain of Western Australia.

Preliminary geophysical modelling highlights two priority targets for electrical ground geophysics and possibly drilling in the 2018 field season. Both target concepts were recently awarded drill funding support under the Western Australian Government's Exploration Incentive Scheme.



[Figure 8] Red Metal Nullarbor Projects: Greyscale vertical gradient magnetic intensity image with gravity colour drape showing main tenements and existing drill-hole locations. Drill holes that intersected basement rocks are labelled with the depth to basement (metres). Recent research suggests potential for new copper provinces under the Nullarbor Plain of Western Australia.

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.

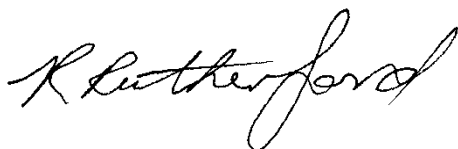
Project	Description	Status
QUEENSLAND		
<u>Mt Dromedary North Graphite</u>	Covers northward extension of the large Mount Dromedary graphite trend defined from airborne electromagnetic imagery.	Drill ready, seeking third party funding.
SOUTH AUSTRALIA		
<u>Algebuckina Cu-Au</u>	Magnetite-associated copper-gold potential in Gawler Craton. Prospective magnetic/gravity targets defined under shallow cover.	Drill ready, seeking third party funding.
<u>Barton Zircon, Titanium & Au</u>	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.
<u>Frome JV Cu-Au</u>	Red Metal has recognized the potential for large Iron-Oxide Copper and Gold deposits (IOCG) along the northern margin to the Curnamona Province. Several large magnetic and gravity targets remain to be tested for their copper potential.	Ranking with electro-magnetic surveying.
NORTHERN TERRITORY		
<u>Tennant Creek Cu-Au-Bi</u>	Four Tennant Creek style "bulls eye" magnetic targets which offer scope for shallow, high-grade styles of copper and gold mineralisation Encouraging low-level copper and bismuth anomalism was measured in transported soil cover sampled above three of the magnetic targets.	Drill ready
USA		
<u>Colorado Potash KCl</u>	Due to the low potash prices and depth to the targets Red Metal resolved to allow these titles to expire during the quarter.	Withdrawing

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:

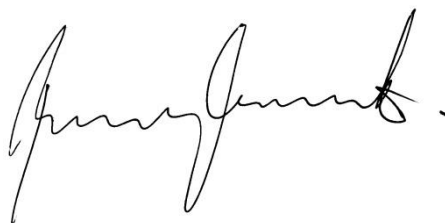
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Rob Rutherford
Managing Director



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 various market releases with the last one being dated 8 March 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier market announcements and, in the case of the estimate of Mineral Resources all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

The information in this report that relates to the Mount Dromedary North Project was previously reported by the Company in compliance with JORC 2012 in a market release dated 1 November 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 1 November 2016.

The information in this report that relates to the Lawn Hill Project was previously reported by the Company in compliance with JORC 2012 in a market release dated 22 June 2017. 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 22 June 2017.

The information in this report that relates to the Punt Hill Project was previously reported by the Company in compliance with JORC 2012 in a market release dated 8 June 2017. 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 8 June 2017.

The information in this report that relates to the Frome JV Project was previously reported by the Company in compliance with JORC 2012 in a market release dated 17 May 2017. 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 17 May 2017.

ADDENDUM TO SEPTEMBER 2017 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	100	Refer note 1.
Maronan	EPM 13368	100	
Corkwood	EPMs 13376, 13380, 15633, 26032, 26125, 26436	100	
Lawn Hill	EPMs 25902, 25904, 25905, 25907, 25912, 25985, 26116, 26157, 26293, 26406, 26407	100	
Barton	EL 5888	100	
Algebuckina	EL 5404	100	
Callabonna JV	EL 5360	-	Refer note 2.
Pernatty Lagoon JV	EL 5107	87.4	Refer note 3.
Tennant Creek	ELs 24009	100	
Nullarbor	ELs , 3428, 3429, 3430, 3432, 3433, 3436, 34347, 3438, 3439, 3441, 3494	100	

Notes:

1. Joint venture between Red Metal (diluting to 30%) and Chinova Resources (Osborne) Pty Ltd (earning 70%). No change in interest during the quarter.
2. Joint venture between Red Metal (earning 70%) and PlatSearch NL now Variscan Mines Limited (diluting to 30%). No change in interest during the quarter.
3. Joint venture between Red Metal (87.39%) and Havilah Resources NL (12.61%). No significant 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 2017

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	(374)	(374)
(b) development		
(c) production		
(d) staff costs	(174)	(174)
(e) administration and corporate costs	(67)	(67)
1.3 Dividends received (see note 3)		
1.4 Interest received	10	10
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)		
Other – Government grant refund	100	100
1.9 Net cash from / (used in) operating activities	(505)	(505)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) other non-current assets		
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	-	-

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	2,215	2,215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(505)	(505)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,710	1,710

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	310	615
5.2	Call deposits	1,400	1,600
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)	1,710	2,215

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
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

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

400

9.2 Development

9.3 Production

9.4 Staff costs

150

9.5 Administration and corporate costs

75

9.6 Other (provide details if material)

9.7 Total estimated cash outflows

625

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	Potash Prospecting Permits COC 73567, 73569, 73572, 73574, 73576 (Colorado Potash)	Granted tenements	100	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EPM26402 (Qld); EL5996 (SA)	Granted tenements	0	100

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 2017

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.