

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:

210,283,409
Ordinary shares

8,675,000
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

DECEMBER 2017 QUARTERLY REPORT

30 January 2018

HIGHLIGHTS

Maronan, QLD, Silver-Lead & Copper-Gold

- Regional ground electromagnetic surveying targeting additional copper-gold resources proposed.
- Discussions are ongoing with interested joint venture parties.

Lawn Hill, QLD, Zinc-Lead-Silver

- Two large stratigraphic conductors drill tested.
- Assessment of trace element vectors in progress.

Leichhardt/Corkwood/Gulf, QLD, Copper-Gold

- High resolution airborne magnetic surveys underway.

Mallapunyah, NT, Zinc-Lead-Silver

- New joint venture executed with MMG.
- Red Metal free carried 30% to a Decision to Mine.

Punt Hill/Pernatty Lagoon, SA, Copper-Gold-Zinc

- New joint venture executed with OZ Minerals.
- 6000 metre drilling commitment secured.

Nullarbor, WA, Copper

- Ground based electrical surveys to be trialed over two key targets next quarter.

Over the next quarter, Red Metal aims to bring forward a number of its green fields base metal plays to the drill ready stage while continuing to advance the Company's funding strategy for the Maronan Project. 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 on 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. Both the bedded lead-silver deposit and structure controlled copper-gold deposit remain open down plunge. Scope also exists for additional copper and gold mineralised structures hosted in the brittle quartzite sequences that surround Maronan.

This quarter, a review of historic ground electromagnetic surveys at Maronan has highlighted untested conductors beyond the existing deposit and large areas of the tenement that remain to be surveyed for the first time (Figure 1). Widely spaced airborne electromagnetic survey lines (VTEM), recently flown by the Queensland Government, also detected conductors east of Maronan that require ground follow-up.

The copper-gold mineralisation at Maronan and Eloise are typical examples of the Iron Sulphide Copper-Gold (ISCG) style of deposit and are characterized by varying amounts of copper and iron sulphides (pyrrhotite) in vein and breccia zones (Figure 1). This mineralisation style is highly conductive and can be directly detected using electromagnetic surveying.

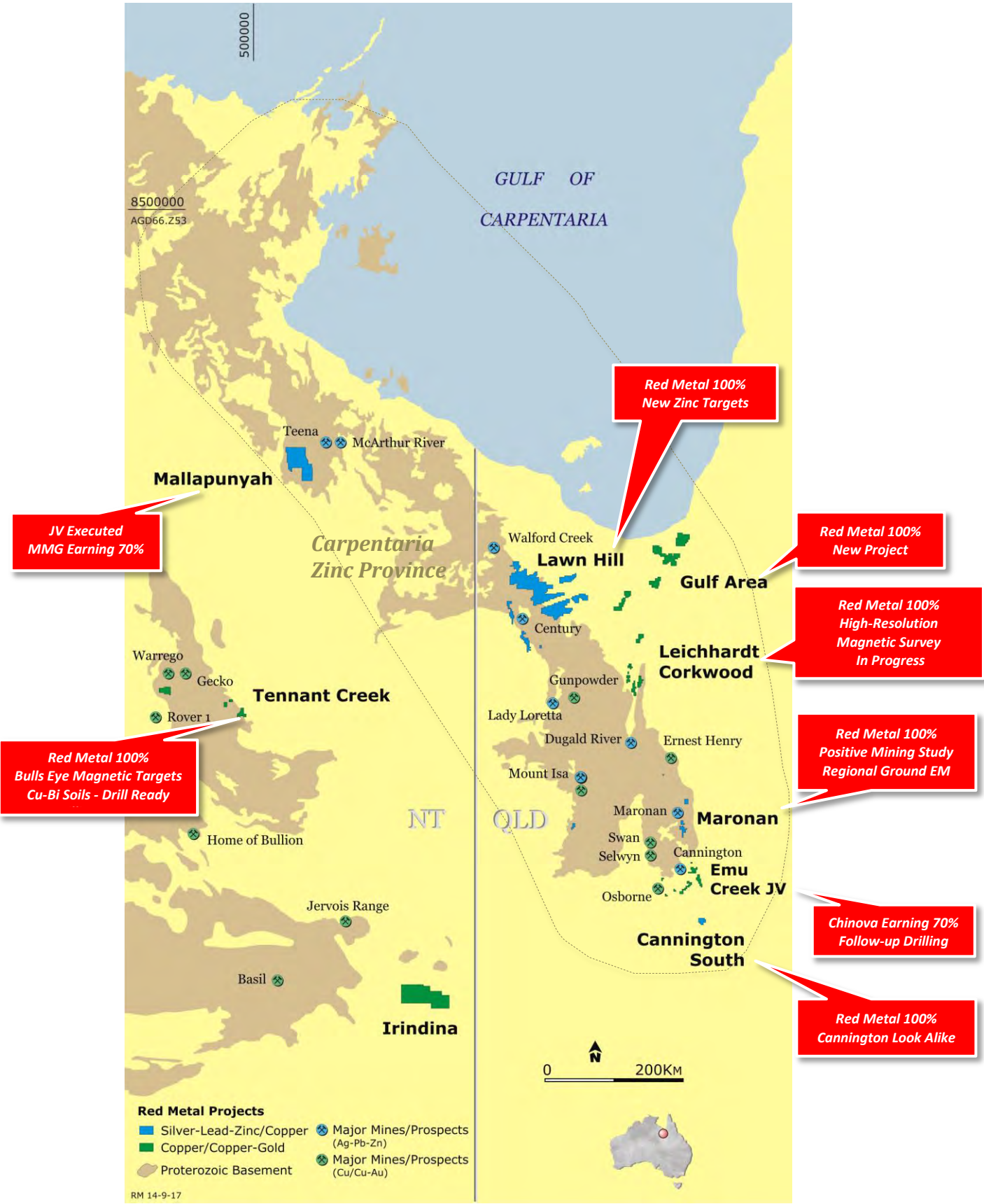
Planning and budgeting is underway to survey the Maronan tenement using a modern moving-loop electromagnetic technique.

Any shallow, high-grade copper and gold mineralisation discovered near the existing Maronan resources could materially enhance their economic potential.

Discussions are continuing with interested parties as to a possible joint venture funding arrangement.



[Figure 1] Maronan Project: Regional vertical gradient magnetic image showing the Maronan lead-silver and copper-gold deposit, other copper-gold and lead-silver-zinc prospects and the Eloise mine. Historic ground electromagnetic survey grids on Maronan are shown as black polygons.



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

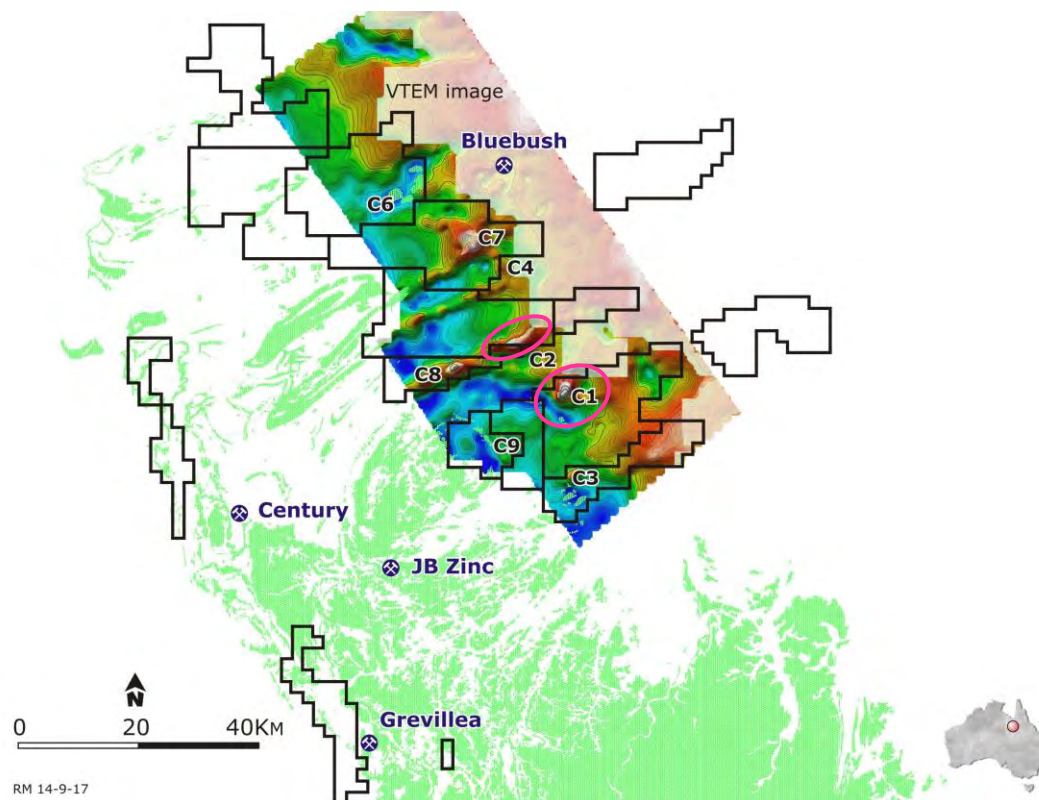
Lawn Hill Project: Zinc-Lead-Silver, Copper

Red Metal's first two drill holes targeting two large stratigraphic electromagnetic conductors C1 and C2 (Figure 3) have intersected thick sequences of heavily carbonaceous and pyritic mudstone belonging to the zinc prospective Riversleigh Siltstone that explain the anomalies.

Drill hole LH-17-01 on Conductor 1 (C1) intersected a flat lying, highly carbonaceous and pyritic mudstone horizon from 96 metres to 249.45 metres before passing into sandy clastic sequences (Figures 3 to 5). Unusual intra-formational breccia (Figure 4) and abundant soft sediment deformation textures within the mudstone suggest faulting and deformation were active during and shortly after its deposition.

Drill hole LH-17-02 on Conductor 2 (C2) also intersected a highly carbonaceous and pyritic mudstone horizon from 87.95 metres to 297.75 metres before passing into sandy clastic sequences (Figures 3 to 5). Bedding dips gently towards the northwest (Figure 5).

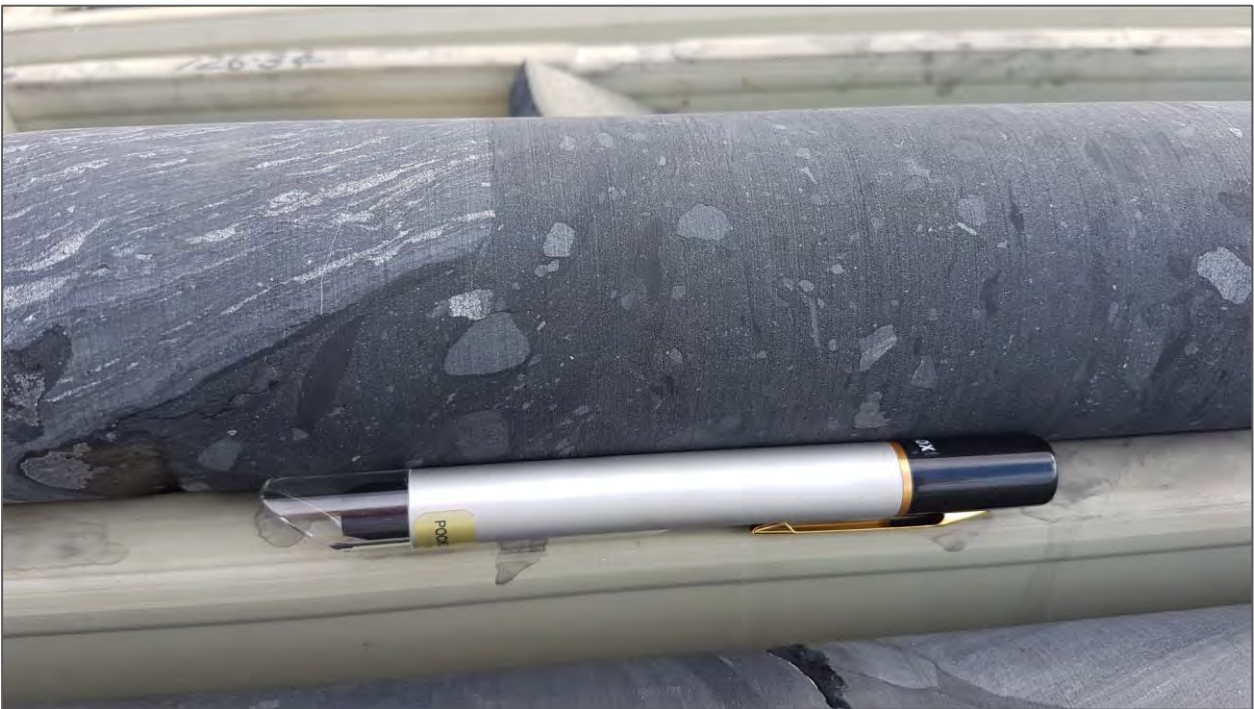
Assays from regular spaced samplings down each drill hole returned low levels of zinc, lead and silver mineralisation. Interpretation of the trace element signatures and ratios used to vector towards any nearby McArthur River style zinc mineralisation are in progress.



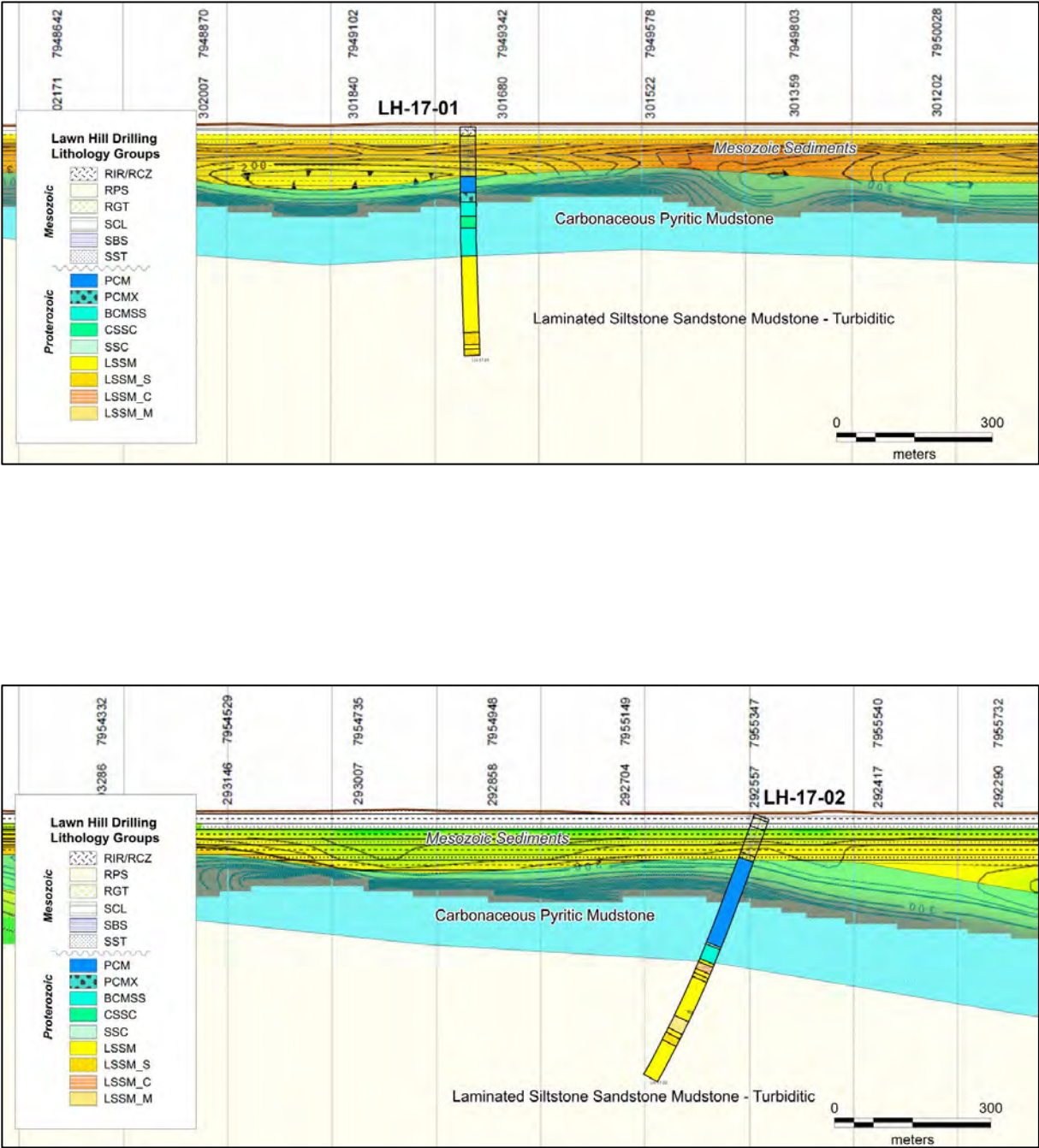
[Figure 3] Lawn Hill Project: Tenement locations on outcropping Proterozoic geology (light green shading) overlain by VTEM conductivity image showing main conductivity targets (C1 to C9) with zinc mines and prospects. The conductivity image is frosted where the Mesozoic sedimentary cover is too conductive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

[Table 1] Drill hole collar survey data for Lawn Hill.

Hole ID	GDA94_E (m)	GDA94_N (m)	Azimuth	Dip	Depth (m)
LH-17-01	301588	7949197	000	-90	441.6
LH-17-02	292549	7955362	125	-70	547.7



[Figure 4] Lawn Hill Project: Strongly carbonaceous mudstone with 2-5% ultra-fine grained pyrite and rare coarse grained pyrite nodules (top photograph). Intra-formational breccia (polymict) located within the thick sequence of strongly carbonaceous, pyritic mudstone (bottom photograph).



[Figure 5] Lawn Hill Project: Interpreted cross sections for LH-17-01 (top) and LH-17-02 (bottom) on conductivity depth images

Corkwood and Leichhardt Projects: Copper-Gold

A new high resolution airborne magnetic survey was initiated over both the Leichhardt and Corkwood tenements this quarter with results expected in February 2018.

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 6).

Drilling on the high-amplitude "Doppler" magnetic target last quarter intersected magnetite-biotite altered porphyritic intermediate volcanic rock types similar to that described in the alteration halo surrounding the large Ernest Henry deposit (refer to Red Metal ASX announcement dated 25 September 2017). 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.

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.

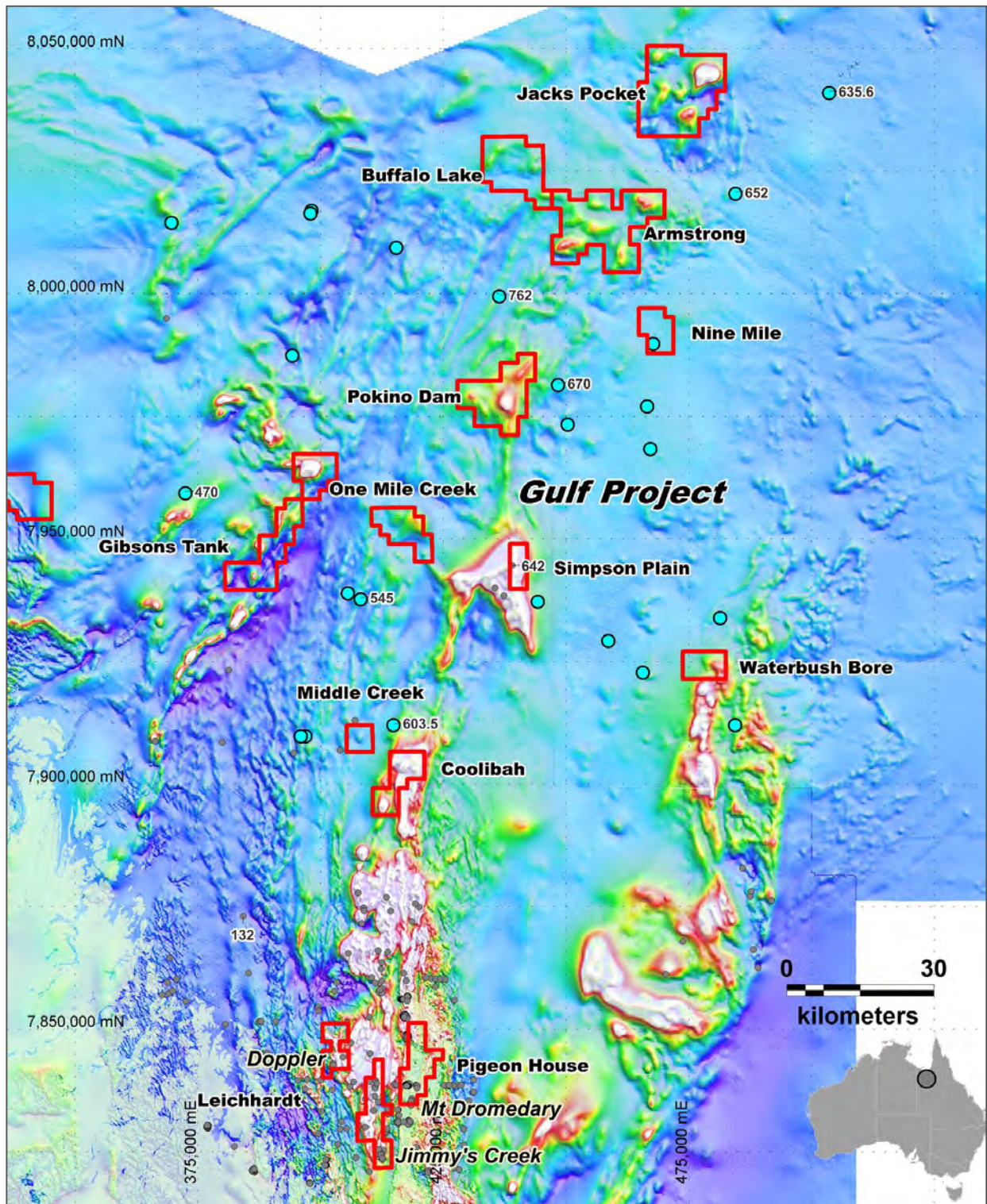
Gulf Project: Copper-Gold

The 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 (Figure 6). High resolution airborne magnetic surveys are scheduled to be flown over five of the Gulf project areas this month.

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 their Osborne copper and gold mine (Figure 2).

Drilling last quarter on a large electrical conductor 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 remained to be clearly resolved as down-hole electrical surveying was hampered by a blockage in the hole. Follow-up drilling is planned in 2018.



[Figure 6] 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 was awarded up to \$163,000 of funding support under the Queensland Government's 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.

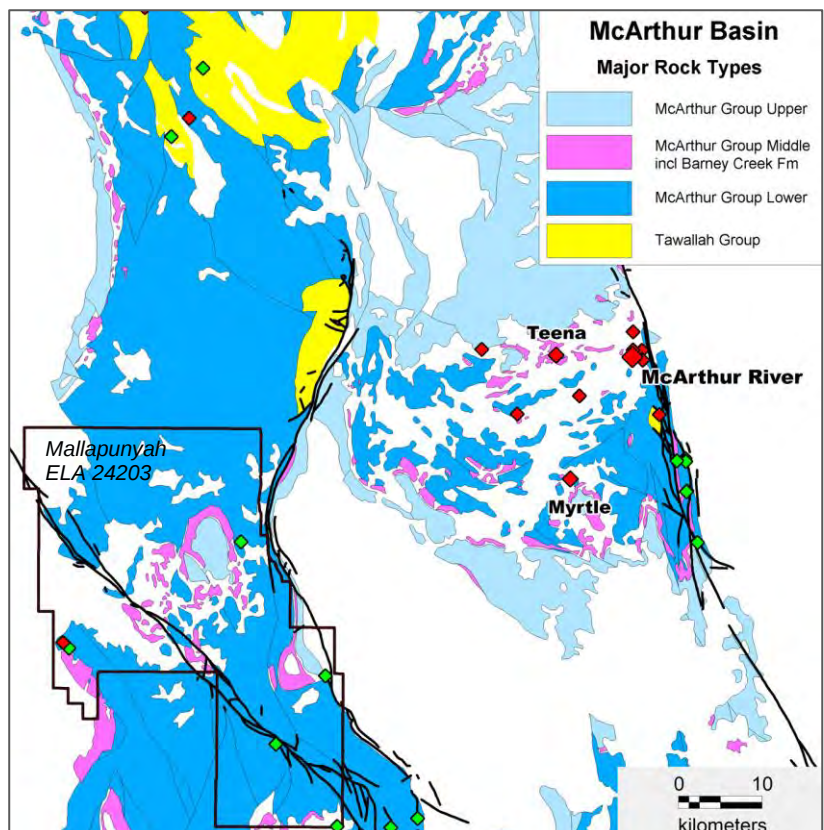
McARTHUR BASIN - NT

Mallapunyah: Zinc-Lead-Silver and Copper

This quarter Red Metal executed an option and joint venture agreement with MMG Exploration Pty Ltd, a subsidiary of global miner MMG Limited (MMG).

Under the Mallapunyah agreement MMG will finalize land access negotiations towards grant of the tenement. Once granted MMG will have the right to earn 70% of the project by completing a bankable feasibility study within seven years. Importantly, Red Metal's 30% equity will be free carried to a decision to mine (refer to Red Metal ASX announcement dated 4 December 2017).

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. Recent success on the Teena project by Teck has highlighted the potential for additional deposits within this fertile terrain (Figure 7).



[Figure 7] Mallapunyah Project: General geology, tenement location, known zinc prospects and mines (red diamonds) and copper prospects (green diamonds).

GAWLER CRATON - SA

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

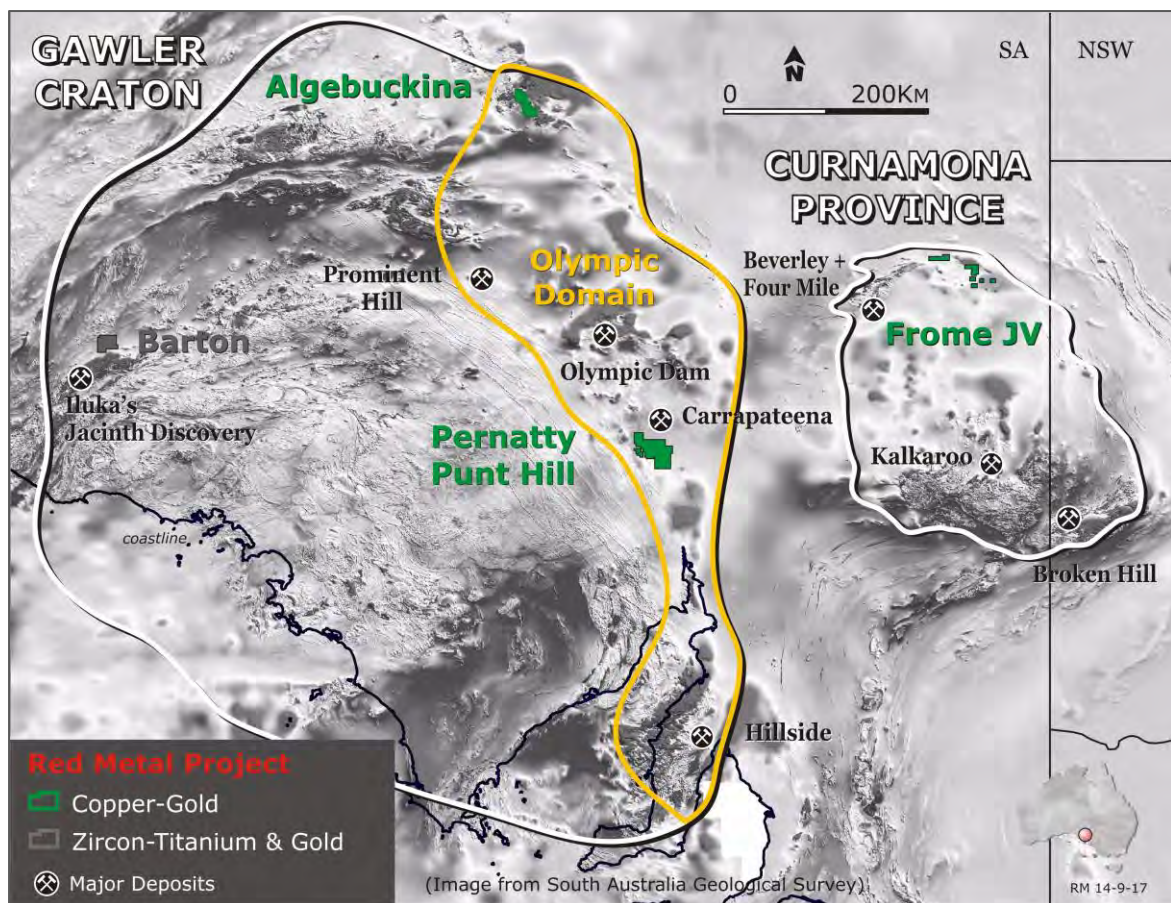
Red Metal advanced these exciting projects, located 30 kilometres south of the Carrapateena deposit (Figure 8), with the execution of a binding Heads of Agreement with OZ Exploration Pty Ltd a wholly owned subsidiary of OZ Minerals Limited (OZ Minerals).

Under the agreement OZ Minerals have the right to earn 70% of the projects by spending \$10Million on exploration within three and a half years. Red Metal's subsequent share of expenditure up until a decision to mine will be funded by OZ Minerals and treated as a loan only repayable from Red Metal's share of future production (refer to Red Metal ASX announcement dated 21 December 2017).

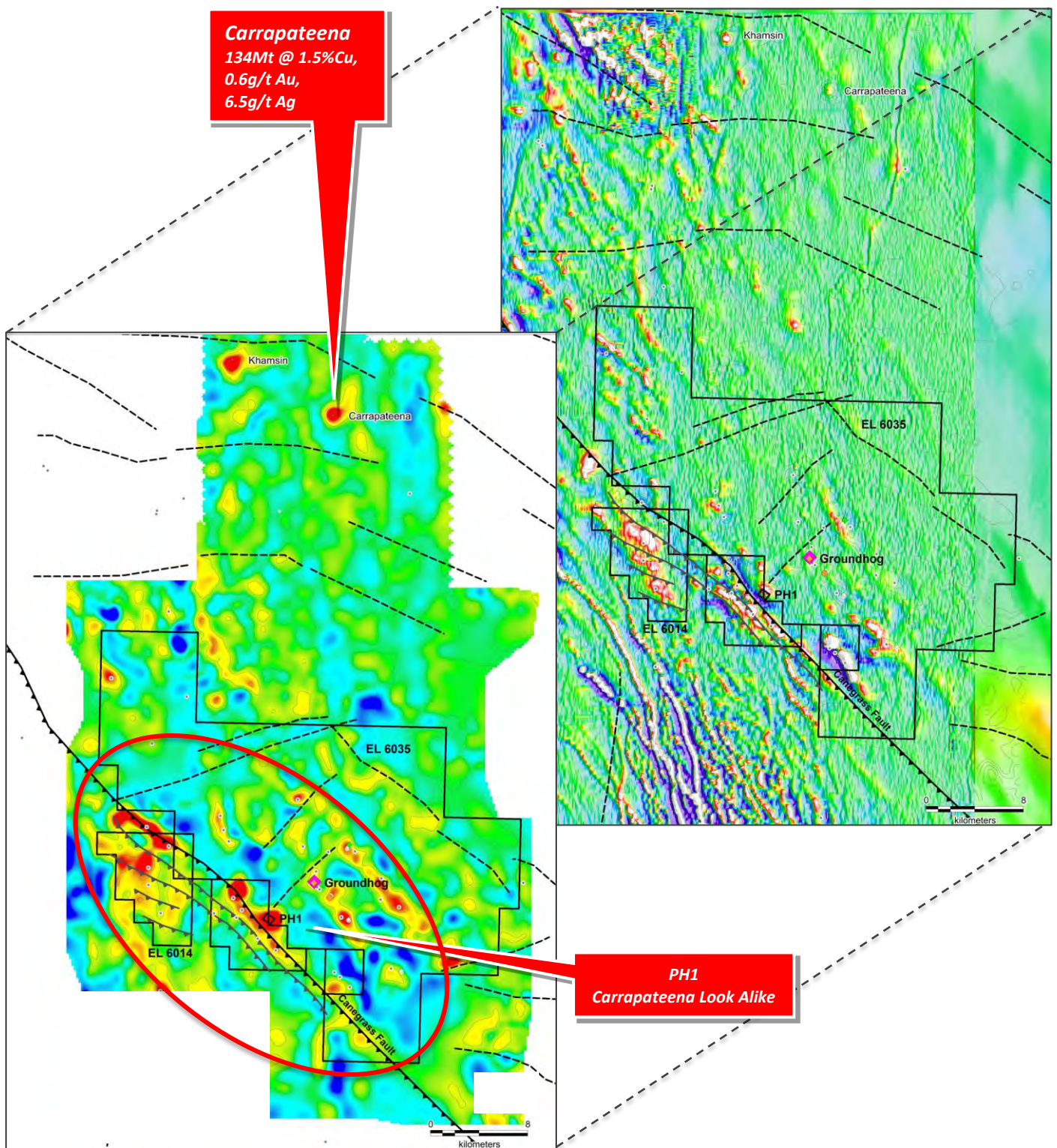
Importantly, the agreement allows Red Metal to maintain 30% of any mine discovered on the Punt Hill project and between 17.4% and 20% on the Pernatty Lagoon project which remains subject to the existing Heads of Agreement with Havilah Resources Limited.

Red Metal has been developing new targeting concepts for the location of higher grade zones of copper and gold mineralisation on the Punt Hill and Pernatty Lagoon projects. This work has identified several untested targets for proof of concept drill tests including one priority target (PH1) that has a similar geophysical response to that measured and modelled over the Carrapateena copper and gold deposit (Figure 9).

OZ Minerals has proposed an aggressive program of work by committing to a minimum work program of 6000 metres of drilling within the first year of achieving land access. Planning for drilling is underway.



[Figure 8] Project Locations: Gawler Craton and Curnamona Province, South Australia.



[Figure 9] Punt Hill EL6035 and Pernatty Lagoon EL 6014: 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 Ground Hog prospects on the Punt Hill project. 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.

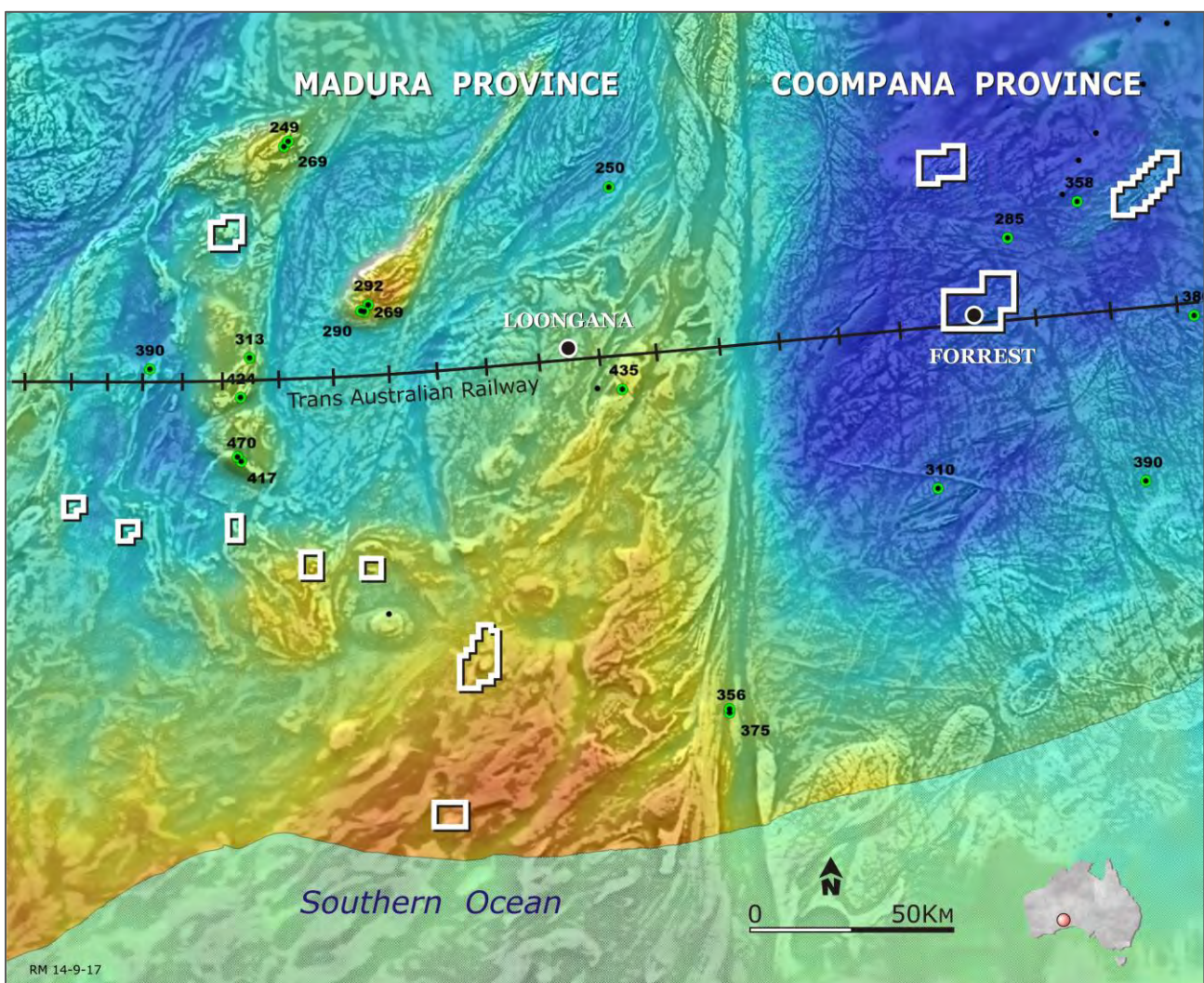
COOMPANA AND MADURA PROVINCES - WA

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 (Figure 10).

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.

Trials of ground electromagnetic surveying are scheduled to begin in February 2018.



[Figure 10] 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's other projects are briefly summarised below in Table 1.

[Table 1] Red Metal Limited: other projects.

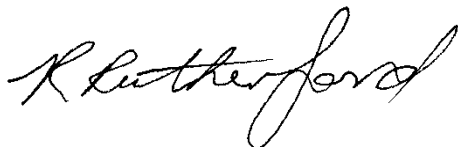
Project	Description	Status
QUEENSLAND		
<u>Mt Dromedary North</u> <i>Graphite</i>	Covers northward extension of the large Mount Dromedary graphite trend defined from airborne electromagnetic imagery.	Drill ready, seeking third party funding.
SOUTH AUSTRALIA		
<u>Algebuckina</u> <i>Cu-Au</i>	Magnetite-associated 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.
<u>Frome JV</u> <i>Cu-Au</i>	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</u> <i>Cu-Au-Bi</i>	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</u> <i>KCl</i>	Due to the low potash prices and depth to the targets Red Metal resolved to allow these titles to expire during the last 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:

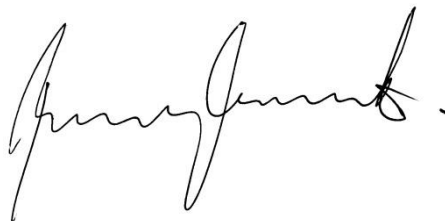
Phone +61 (0)2 9281-1805

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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 DECEMBER 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 13380, 26032, 26125, 26436	100	
Lawn Hill	EPMs 25902, 25904, 25905, 25907, 25912, 25985, 26116, 26157, 26293, 26402, 26406, 26407	100	
Barton	EL 5888	100	
Algebuckina	EL 5404	100	
Callabonna JV	EL 5360	-	Refer note 2.
Pernatty Lagoon JV	EL 6035	87.4	Refer note 3.
Punt Hill JV	EL 6014	100	Refer note 4
South Gap	EL 5996	100	
Tennant Creek	ELs 24009	100	
Nullarbor	ELs 3428, 3429, 3430, 3432, 3433, 3434, 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%). New joint venture between Red Metal (diluting) and OZ Exploration Pty Ltd (earning 70% from Red Metal)
4. Joint venture between Red Metal (diluting to 30%) and OZ Exploration Pty Ltd (earning 70%).

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")

31 DECEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(550)	(924)
(b) development		
(c) production		
(d) staff costs	(164)	(338)
(e) administration and corporate costs	(102)	(169)
1.3 Dividends received (see note 3)		
1.4 Interest received	10	20
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	-	100
1.9 Net cash from / (used in) operating activities	(806)	(1,311)

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		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(d) other non-current assets 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	1,860	1,860
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	(121)	(121)
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	1,739	1,739

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,710	2,215
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(806)	(1,311)
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)	1,739	1,739

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,642	2,642

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	442	310
5.2	Call deposits	2,200	1,400
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)	2,642	1,710

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	200
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	425

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	EPM15633 (QLD)	Granted tenement	100	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EL6035 (SA)	Granted tenement	-	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: January 2018

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.