

RED METAL LIMITED

ACN 103 367 684

and Controlled Entities

Annual Report
2018

Corporate Directory

Directors	Russell Christopher Barwick	(Non-Executive Chairman)
	Robert Alexander Rutherford	(Managing Director)
	Joshua Norman Pitt	(Non-Executive Director)

Company Secretary	Patrick John Flint
--------------------------	--------------------

Administration and Registered Office	Level 15, 323 Castlereagh Street	
	Sydney NSW 2000 Australia	
	Telephone:	+61 (0)2 9281 1805
	Facsimile:	+61 (0)2 9281 5747
	Web site:	www.redmetal.com.au
	Email:	info@redmetal.com.au

Share Registry	Boardroom Pty Limited	
	Level 12, Grosvenor Place	
	225 George Street	
	Sydney NSW 2000 Australia	
	Telephone:	+61 (0)2 9290 9600
	Facsimile:	+61 (0)2 9279 0664

Auditors	HLB Mann Judd (NSW Partnership)	
	Level 19, 207 Kent Street	
	Sydney NSW 2000 Australia	

Stock Exchange Listing	Australian Securities Exchange (Code: RDM)
-------------------------------	--

Contents

	<i>Page Numbers</i>
Chairman's Letter	1
Review of Operations	2-16
Corporate Policies	17
Directors' Report	18-25
Corporate Governance Statement	26
Auditor's Independence Declaration	27
Consolidated Statement of Profit or Loss and Other Comprehensive Income	28
Consolidated Statement of Financial Position	29
Consolidated Statement of Cash Flows	30
Consolidated Statement of Changes in Equity	31
Notes to the Financial Statements	32-42
Directors' Declaration	43
Independent Auditor's Report	44-47
Shareholder Information	48
Tenement Directory	49

CHAIRMANS LETTER

Dear Fellow Shareholders

Over the last two years our exploration team has quietly expanded the Company's greenfields base metal exploration portfolio securing a pipeline of exciting "Tier 1" copper and zinc plays in anticipation of more buoyant times ahead. This strategy was driven by an expectation of the return of better metal prices plus the belief that majors would become increasingly sensitive to heightened political risk outside Australia and be encouraged to focus more exploration effort in Australia and support juniors through more active joint venture dealings.

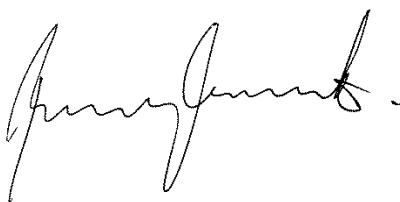
This acquisition strategy has proved timely with an increasing number of major mining groups returning to Australian greenfields base metal exploration often through joint venture funding arrangements with the junior sector.

Red Metal secured two new joint ventures during the year and based on the level of general enquiry expects to have the opportunity to execute further deals on favorable terms in the year ahead. These new joint ventures are indicative of the high quality of our ground holdings and Red Metal has an enviable set of planned joint venture funded and self-funded drilling and geophysical programs to come. Our Company is recognized throughout the industry as a leading driver in opening up new exploration opportunities across Australia and the early activation of our acquisition strategy has secured some of the most prospective land positions in key metallogenic provinces in the country.

Red Metal's experienced exploration team continues to explore with an outstanding record of safe operations and attention to high environmental standards. Good relations have been maintained with landholders and local community groups particularly in the interaction and discussions with indigenous people associated with our projects.

On the behalf of the shareholders and your Board, I would like to thank Rob Rutherford and his staff for their continued efforts in regard to strategic thinking and follow-up, technical excellence and generally managing the Company at a standard highly regarded within the industry. I look forward to reporting our progress to you during the course of the exciting year ahead.

Thank you for your continuing support.

A handwritten signature in black ink, appearing to read 'Russell C. Barwick', with a stylized flourish at the end.

Russell C. Barwick
Chairman

REVIEW OF OPERATIONS

Red Metal's most advanced asset is the Maronan project where a Preliminary Mine Scoping Study based on significant inferred resources of lead, silver, copper and gold presents a reasonable technical and economic case to advance the project towards a final feasibility study. A nearby discovery could, however, materially enhance economics and recent regional exploration has led to the identification of two promising electromagnetic conductors which will be subject to drilling shortly.

Elsewhere, Red Metal continued to work to its exploration team's strengths applying the latest exploration data releases and technologies to secure exciting new greenfields opportunities and generate innovative drill targets in selected proven and frontier terrains. The team maintained a high efficiency limiting the proportion of available funds expended on overheads by its high field work rate, the sharing of costs with third parties where appropriate and by a successful program of securing government grants where available.

The year saw exciting advances at many of our projects but new targeting in two regions stand out for particular comment. The Yarrie Project located along trend from the Nifty copper mine in the Patterson Province of Western Australia covers targets for copper and gold and lies adjacent to Rio Tinto Exploration Pty Limited's tenements where a major new copper discovery is rumoured. While our endeavors in the Carpentaria Province of Northwest Queensland outlined a number of particularly promising targets leading to a series of new tenement applications at Three Ways and expanded holdings at Gulf and Lawn Hill.

The next financial year will be particularly active starting in 2018 with diamond drill tests on our new conductors at the Maronan project and promising geophysical targets at Punt Hill with joint venture partner Oz Minerals Limited.

Details of Red Metal's main projects are set out below.



[Figure 1] Red Metal project locations

CARPENTARIA PROVINCE

“The Carpentaria is for zinc what the South American Andes is for copper”.

The Carpentaria Zinc Province has been the focus of most of the Company’s exploration since inception in 2003. The province is one of the most productive zinc, lead and silver geological terrains in the world and hosts multiple Tier 1 zinc-lead-silver deposits and copper-gold deposits. Our primary projects here are summarized below:

Maronan Project: Silver-Lead & Copper-Gold

The Maronan lead-silver and copper-gold project is a large base metal deposit that Scoping Studies suggest is worthy of full Feasibility Study evaluation.

This year exploration focused on finding additional discoveries that could materially enhance the economic potential of the existing resources at Maronan. Ground electromagnetic surveying was the primary exploration tool and successfully defined two strong electromagnetic conductors coincident with a prospective structural setting just three kilometres south of Maronan (Figure 2). This new “Great Southern” target will be drill tested imminently.

The Maronan deposit comprises two separate styles of mineralization; bedded lead-silver mineralisation partially overprinted by structurally controlled copper-gold mineralization and both styles remain open down plunge. Data from more than 50 drill holes at Maronan have enabled the definition of a JORC compliant Inferred Resource of over 30 million tonnes grading 6.5% lead and 106 grams per tonne silver (using a 3% lead cut-off grade) and 11 million grading 1.6% copper and 0.8 grams per tonne gold (using a 1.0% copper cut-off grade). This equates to approximately 2 million tonnes of contained lead with over 100 million ounces of silver plus 170,000 tonnes of copper and 300,000 ounces of gold.

[Figure 2] Maronan Project: Regional vertical gradient magnetic image showing the Maronan lead-silver and copper-gold deposit, other copper-gold and lead-silver-zinc prospects, the Eloise mine and Red Metal’s new Great Southern conductors.



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 and both the footwall and hanging wall are anticipated to be stable, which with the advantageous shape and dip of the orebodies should allow very low mining dilution. Infrastructure is well established in this region with operating mines that include Mt Isa, Cannington, Osborne, Ernest Henry, Dugald River and Eloise.

Three Ways Project: Zinc-Lead-Silver, Copper-Gold

This exciting new project secures a prospective shale sub-basin with no previous drill history along trend from the Dugald River mine that comprises over 50 million tonnes of high-grade zinc ore.

The Three Way tenements enclose an entire sub-basin lying some 130 kilometres along trend from the recently commissioned Dugald River zinc-lead-silver mine (Figure 3). The Red Metal exploration team reinterpreted historic magneto-telluric (MT) data and identified a 500 to 1,000 metre thick, highly conductive sedimentary sequence located below 300 to 500 metres of younger cover. They noted that the broad geological and geophysical setting compared favorably with that hosting Dugald River and concluded that this sub-basin has the potential to host giant stratiform lead-zinc-silver deposits. The zinc prospective host sequences in sub-basins such as these are highly conductive and often associated with a low magnetic response - making them detectable with combined electromagnetic and magnetic geophysical techniques.

Red Metal is proposing to further utilize deep penetrating MT techniques to map and prioritize highly conductive zones within this prospective sub-basin to help drill targeting.

Gulf Project: Copper-Gold

Standout geophysical anomalies in previously untested Iron Oxide Copper-Gold (IOCG) terrain offering scope for large Ernest Henry style breccia systems

The Gulf copper-gold project is comprised of multiple exploration tenements securing several standout geophysical anomalies in an under explored extension to the Cloncurry terrain which offers scope for large IOCG breccia systems (Figure 3 and 4). Historic gravity data over the Gulf tenements has only been collected on widely spaced regional grids and is too coarse to define ore body size targets for drill testing.

This year Red Metal flew high resolution airborne magnetic surveys over five of the Gulf project target areas and initiated infill gravity surveying. Red Metal is one of the first companies to apply modern, high resolution, infill gravity surveying as an IOCG targeting tool within the Gulf region.

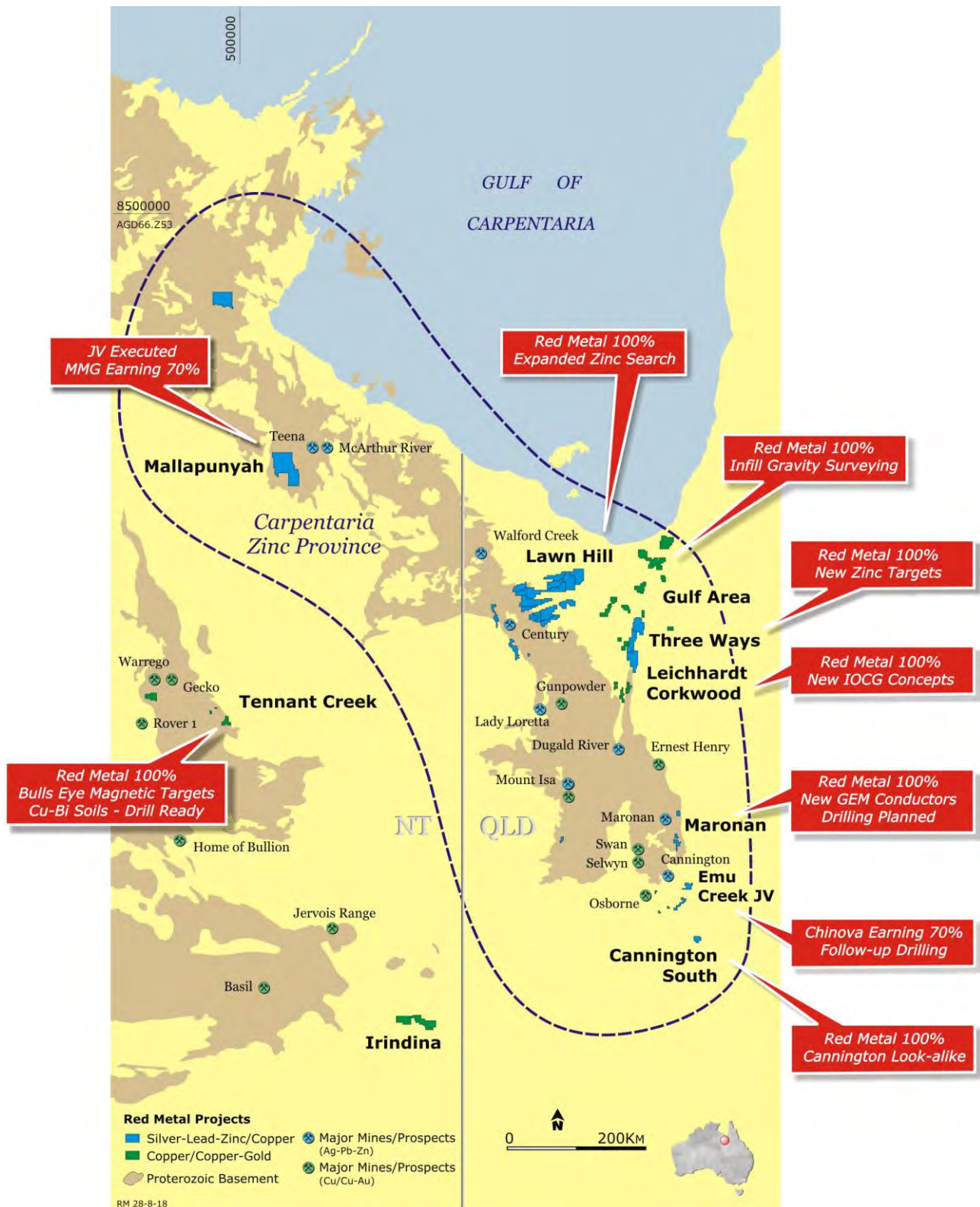
Leichhardt and Corkwood Projects: Copper-Gold

Known copper-gold breccia prospects, favorable host rocks, new target concepts.

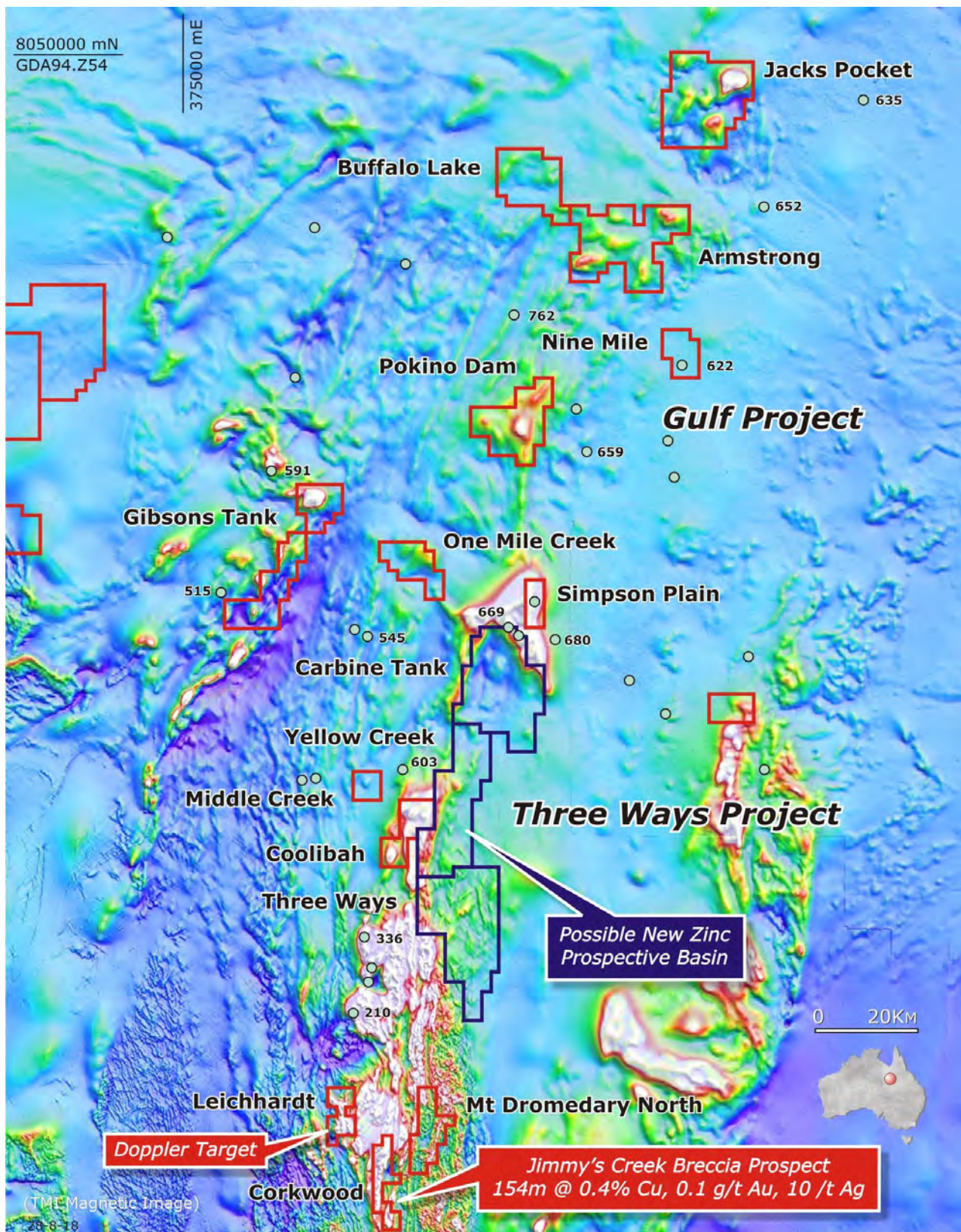
The Corkwood and nearby Leichhardt projects are situated about 100 kilometres northwest of the large Ernest Henry copper-gold mine and about 60 kilometres north of Altona Mining Limited's advanced Little Eva copper-gold deposit (Figures 3 and 4). Both of these deposits are recognized as high amplitude 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. At the Jimmy's Creek prospect within the Corkwood Project, 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). Red Metal's first drill hole on the large Doppler magnetic target intersected trace-element enriched, magnetite-biotite altered, porphyritic intermediate volcanic rock types. The alteration signature is comparable to the halo alteration that surrounds the Ernest Henry deposit.

A recent high resolution airborne magnetic survey flown over both projects has aided the interpretation of a series of new, previously untested, Iron-Oxide Copper-Gold (IOCG) targets for drill testing.



[Figure 3] Northwest Queensland and Northern Territory: Major deposits and Red Metal tenement locations.



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

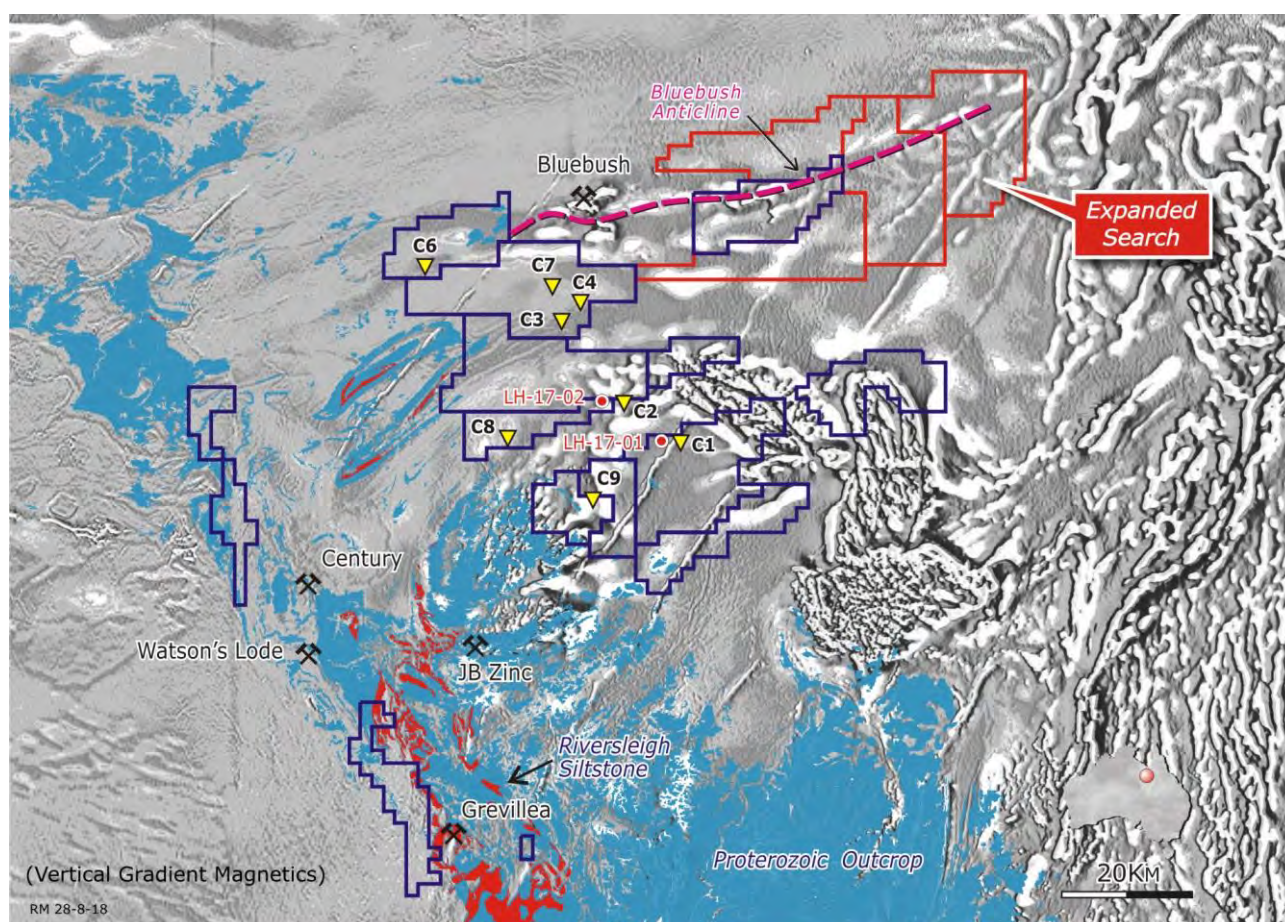
Lawn Hill Project: Zinc-Lead-Silver, Copper

This exciting project targets a range of new zinc deposit styles in the vicinity of the giant Century zinc-lead-silver deposit.

The Century deposit is a structurally controlled, replacement style zinc-lead-silver deposit. Red Metal is focusing on advanced geological models that predict that the immediate region should also host stratiform controlled deposits of potentially similar size. Such deposit styles occur further afield in the Northern Territory and include the giant McArthur River and the new Teena deposits. We are also hoping to define significant replacement deposits as occur at Century or, vein and breccia hosted styles.

During the year, following an initial drill program and trace element vectoring, Red Metal expanded its search securing tenements over terrain prospective for higher-grade stratiform zinc mineralisation east of the Bluebush prospect where numerous historic drill holes intersected wide intercepts of low-grade stratiform zinc, lead and silver mineralisation.

Red Metal speculates the existence of thick sequences highly conductive, zinc prospective stratigraphy about the eastern closure to the regional Bluebush Anticline structure (Figure 5). Red Metal proposes to utilise high resolution gravity in combination with deep penetrating, ground electromagnetic surveying methods to prioritize zinc targets for drill testing.



[Figure 5] Lawn Hill Project: Tenement locations on greyscale vertical gradient magnetic imagery overlain by outcropping Proterozoic geology (blue), highlighting the exposed, stratiform zinc prospective, Riversleigh Siltstone (red) with major zinc mines and prospects. The Bluebush stratiform zinc prospect occurs on the western closure to the regional Bluebush Anticline. Red Metal has expanded its search towards the under explored eastern closure of the Bluebush Anticline.

Cannington South Project: Lead-Zinc-Silver

The key target of this project is a Cannington geophysical look-alike called Mount Skipper located 90 kilometres south of the Cannington mine below 400-500 metres of younger sedimentary cover.

South32's large Cannington lead-zinc-silver mine and Red Metal's Maronan lead-silver deposit (Figure 3) were both discovered by drilling standout bulls-eye magnetic targets located within a geophysically subdued clastic sequence 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. Drilling on the Mount Skipper target is dependent upon finalising an access agreement with the land owner.

Emu Creek Joint Venture: Copper-Gold

Joint venture funded drill programs surrounding the Osborne copper and gold mine

Under the Emu Creek farm-in agreement Chinova Resources Limited continues to fund drill tests on a range of geophysical and structural copper-gold targets located within trucking distance of their Osborne copper and gold mine (Figure 3) and further drilling is anticipated in 2019.

McARTHUR BASIN - NT

Mallapunyah Joint Venture: Zinc-Lead-Silver and Copper

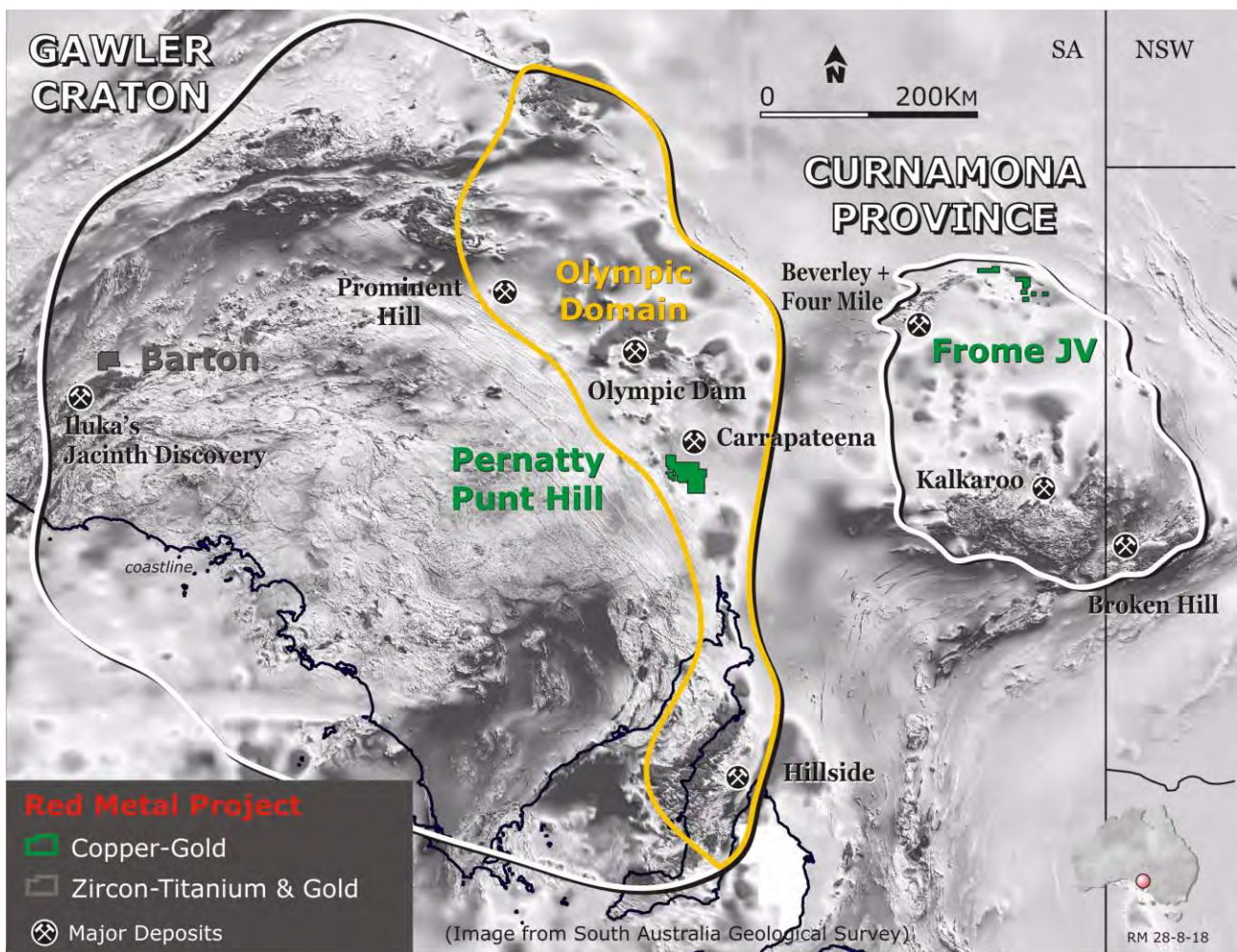
Joint venture funding secured to advance exciting project located in fertile terrain

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

In December 2017 Red Metal executed an option and joint venture agreement with global miner MMG Limited (MMG). Under the 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.

GAWLER CRATON - SA

The eastern margin of the Gawler Craton, referred to as the Olympic Domain, has proven potential for very large, high grade, copper-gold deposits. It contains a number of world class Iron-Oxide Copper-Gold (IOCG) deposits including the giant Olympic Dam mine, the Prominent Hill mine and the Carrapateena deposit (Figure 6). Recent OZ Minerals drilling on Khansim (Figure 7) returned a significant 402.6 metres at 1.38% copper and 0.27g/t Au from a bornite-bearing hematite breccia – highlighting the exciting upside potential of other geophysical targets in the district.



[Figure 6] Red Metal South Australian Projects: Grey scale magnetic image with main project locations.

Punt Hill and Pernatty Lagoon Joint Venture: Copper-Gold-Zinc

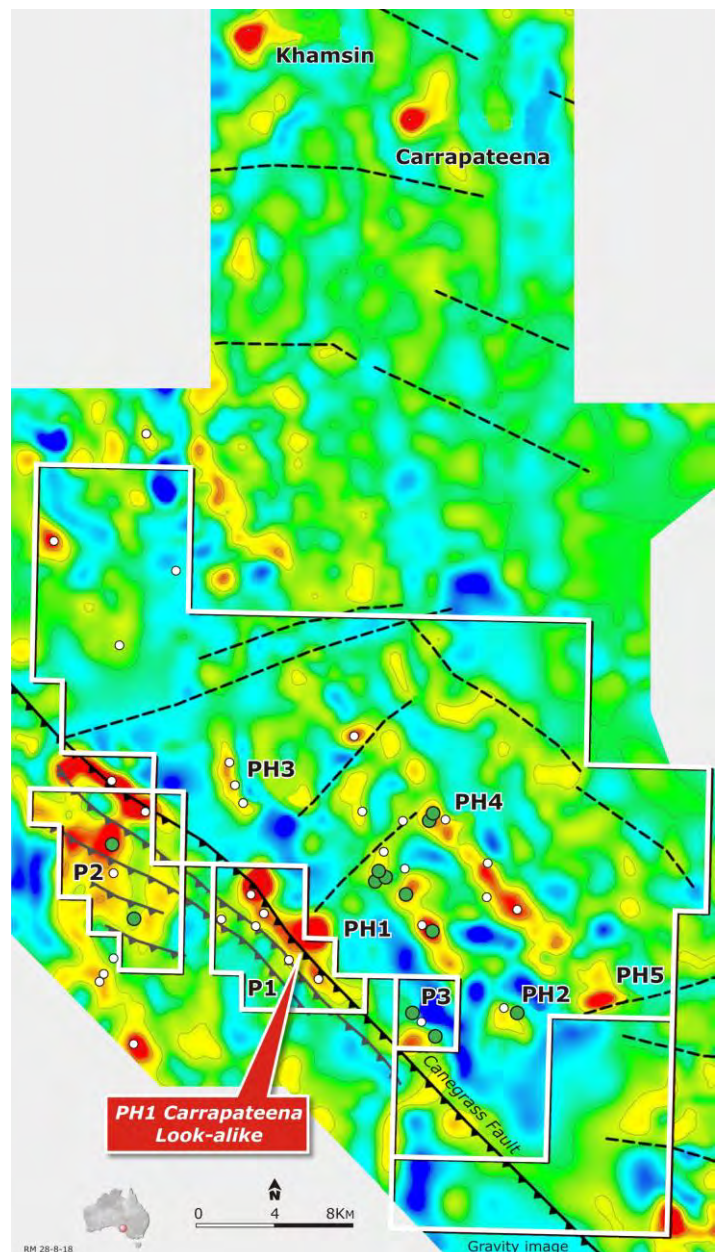
Drilling on Carrapateena look-alike prospects by JV partner OZ Minerals underway soon

These exciting projects are located 30 kilometres south of OZ Minerals' large Carrapateena copper-gold deposit (Figure 7). They are associated with weak magnetic, hematite breccia as seen at Carrapateena but also have potential for Manto-style ore which features strongly magnetic skarn mineralisation.

In December 2017 Red Metal executed a Heads of Agreement with OZ Minerals Limited (Oz Minerals) granting them the right to earn 70% of the projects by spending \$10 million 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. Red Metal's project interest should Oz Minerals complete feasibility studies and the joint venture agrees to proceed with mine development will be 30% on the Punt Hill project and between 17.4% and 20% on the Pernatty Lagoon project which remains subject to an existing Heads of Agreement with Havilah Resources Limited.

A significant maiden drill program totaling more than 6,000 metres has just commenced. Drilling will aim to test a range of new target concepts including target PH1, a high gravity/weak magnetic anomaly which has similar geophysical characteristics to that modelled over the nearby Carrapateena and Khamsin deposits.

[Figure 7] Punt Hill EL6035 and Pernatty Lagoon EL 6014: Regional residual gravity image (front) with historic drilling (white and green dots) highlighting untested PH1 target, Carrapateena copper-gold deposit and the low-grade. Holes with wide intervals of weak and anomalous copper mineralisation are shown as green dots. 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.



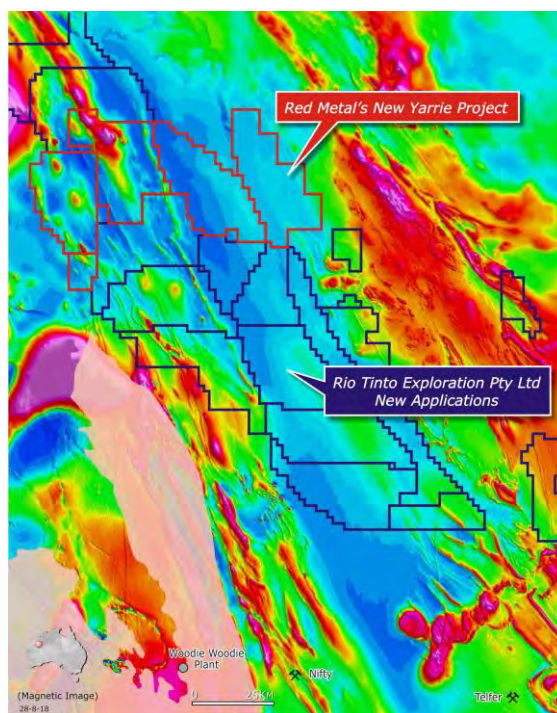
PATERSON PROVINCE - WA

Yarrie Project: Copper-Cobalt, Zinc-Lead-Silver

Significant new project secured along trend from the Nifty Copper mine and a rumoured new Rio Tinto copper play

During the year Red Metal secured five new exploration license applications covering almost 2,000 square kilometres in this highly prospective base metal province (Figure 1 and Figure 8). The new Yarrie project has seen little past exploration but is well located along trend from Metal X Limited's Nifty copper mine and a rumoured Rio Tinto copper discovery. Rio Tinto has multiple new exploration license applications surrounding Red Metal's Yarrie applications.

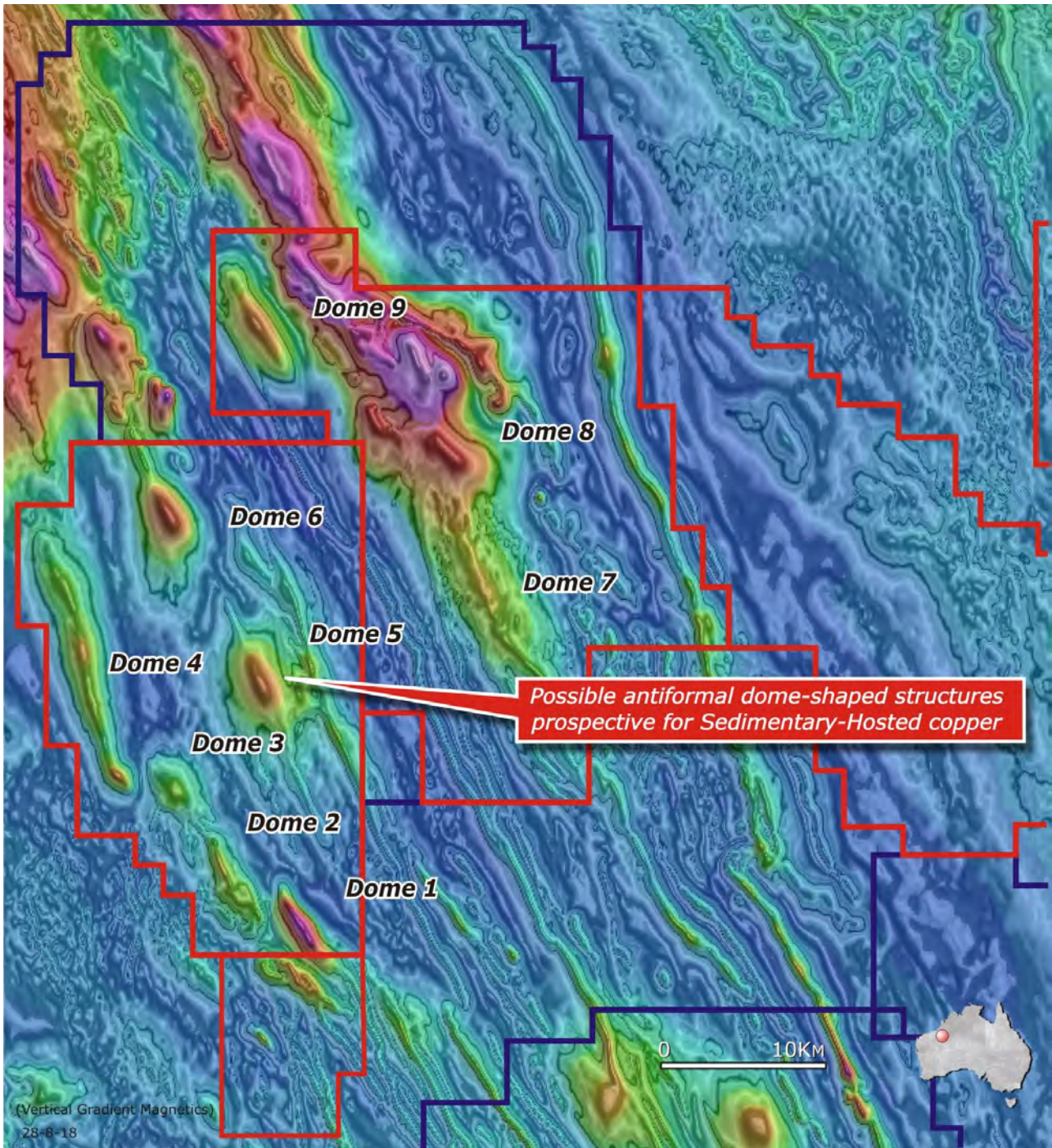
New magnetic imagery mapping the northwest extension of the Nifty trend has enabled Red Metal to interpret a series of dome-shaped antiform structures located below 200 to 500 metres of younger sedimentary cover (Figure 9). These potential dome-shaped features are considered by Red Metal to be highly prospective for giant sedimentary-hosted copper-cobalt deposits as occur elsewhere in the province at Nifty with over 176 million tonnes grading 1.3% copper and Maroochydore with 48.6 million tonnes grading 1.0% copper.



[Figure 8] New "Yarrie" Project: Magnetic imagery with Nifty Mine, Telfer Mine, Red Metal new Yarrie tenement applications (red line) and Rio Tinto Exploration Pty Limited's new applications (blue line). Note the exposed basement terrain of older Archaean rocks (buff coloured polygon). New data sets from the Geological Survey of Western Australia and Geoscience Australia greatly assisted Red Metal's new interpretation.

Global examples of sedimentary-hosted copper-cobalt deposits include the structure controlled Mount Isa deposit with over 225 million tonnes grading 3.3% copper and more stratabound Kamao-Kabula deposit with over 1.03 billion tonnes grading 3.17% copper recently discovered by Ivanhoe Mines in the Democratic Republic of Congo.

Red Metal is proposing to utilize modern, deep penetrating, ground electromagnetic surveying methods to map prospective stratigraphy and rank the dome-shaped structures for drill testing.



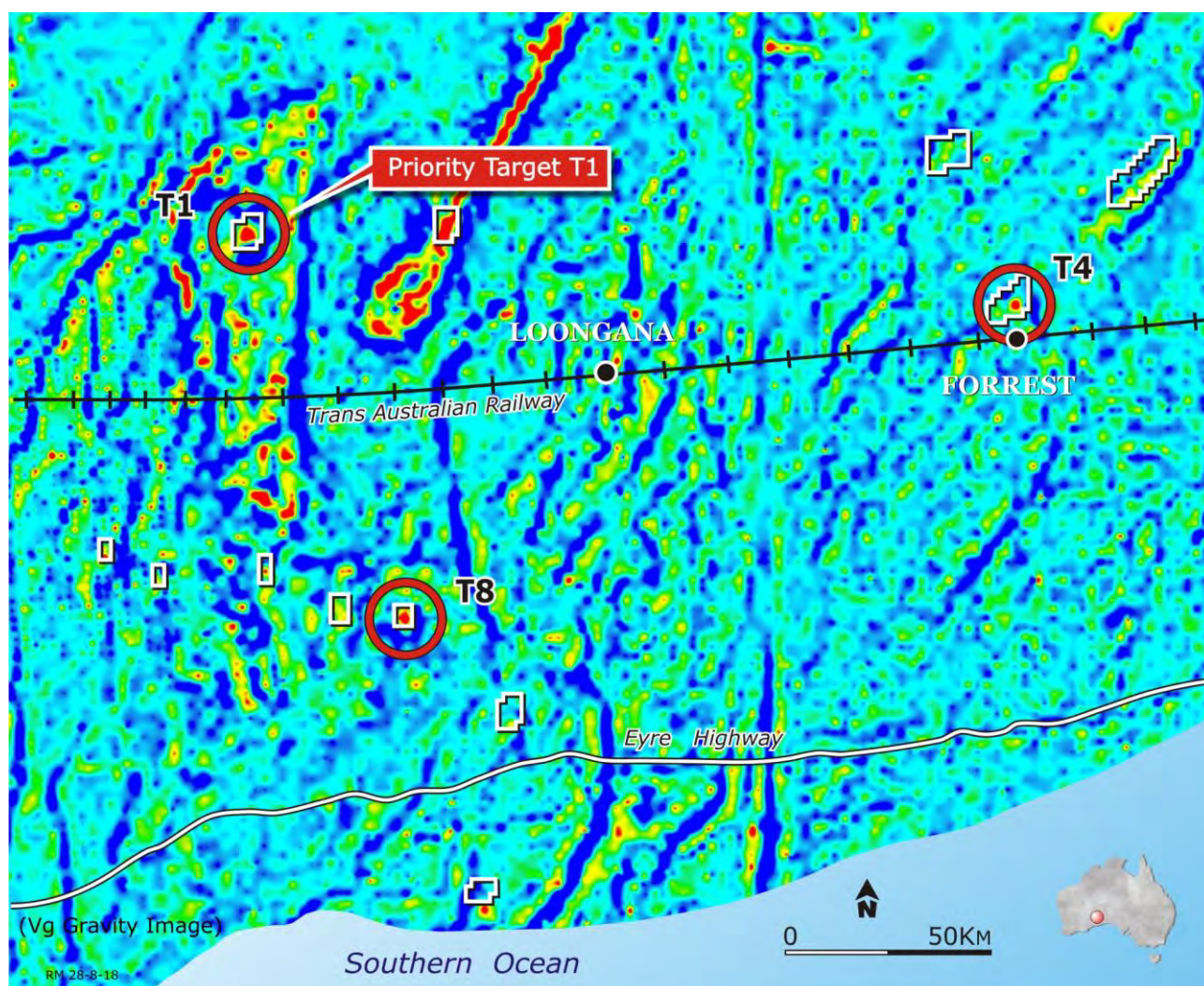
[Figure 9] New “Yarrie” Project: Vertical gradient magnetic imagery highlighting possible antiform dome-shaped structures considered by Red Metal to be prospective for giant sedimentary-hosted copper-cobalt styles. New data sets from the Geological Survey of Westerns Australia and Geoscience Australia greatly assisted Red Metal’s new interpretation.

COOMPANA AND MADURA PROVINCES - WA

Nullarbor Project: Copper-Gold, Copper-Nickel

The Nullarbor projects represent a rare Australian “first-mover” opportunity

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. Standouts from this assessment include three, regionally significant, combined gravity and magnetic targets (T1, T4 and T8) considered prospective for IOCG or mafic/ultramafic intrusion hosted nickel-copper mineralisation (Figure 1 and Figure 8).



[Figure 10] Red Metal Nullarbor Projects: Vertical gradient gravity colour image showing main tenements and existing drill-hole locations. Drill holes that intersected basement rocks are labelled with the depth to basement (metres). Note the standout T1, T4 and T8 targets (circled white). Recent research suggests potential for new copper provinces under the Nullarbor Plain of Western Australia.

OTHER PROJECTS

Other projects in Red Metal portfolio are briefly summarized below in Table 1.

[Table 1] Red Metal Limited: Other projects.

Project	Description	Status
SOUTH AUSTRALIA		
<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 (Figure 6). Several large magnetic and gravity targets remain to be tested for their copper potential.	Ranking with electro-magnetic surveying.
<u>Barton</u> <i>Zircon, Titanium</i>	Scope for higher grade heavy mineral sands immediately southwest of the Barton discovery (Figure 6).	Seeking third party funding.
NORTHERN TERRITORY		
<u>Tennant Creek</u> <i>Cu-Au</i>	Four “bulls eye” magnetic targets 70 kilometres east southeast of Tennant Creek (Figure 3). Encouraging low-level copper and bismuth in transported soil cover. Targets model between 40 and 80 metres below surface.	Drill ready
<u>Irindina</u> <i>Cu-Ni-Co</i>	New target concept in frontier region seeking intrusion hosted copper-nickel-cobalt (Figure 3).	Ground electromagnetic survey proposed
QUEENSLAND		
<u>Mt Dromedary North</u> <i>Flake Graphite</i>	Targets the possible strike extension to the large, high-grade Mount Dromedary graphite deposit. Electromagnetic imagery maps the Mount Dromedary graphitic schists into Red Metal’s exploration license (Figure 4).	Seeking third party funding.

SUMMARY OF RESOURCE MINERAL ESTIMATES

Reported according to JORC Category and Project / Deposit

Category	Project / Deposit	30 June 2017		30 June 2016	
		Tonnes (M)	Grade	Tonnes (M)	Grade
Inferred	Maronan Cut-off 3% lead	30.75	6.5% Lead, 106g/t Silver	30.75	6.5% Lead, 106g/t Silver
Inferred	Maronan; Cut-off 1% copper	19.2	1.24% Copper, 0.6g/t Gold	19.2	1.24% Copper, 0.6g/t Gold
Inferred	Barton Cut-off 1% Heavy Mineral (HM)	285	1.9% HM	285	1.9% HM

Resource drilling at Maronan was conducted by NQ and HQ diamond drilling. Resource drilling at Barton used an air core rig. Drill-hole positions are surveyed to high accuracy. Drilling samples are logged in detail for lithology, alteration, structure and mineralisation. Sampling is typically at 1 metre intervals (down to 0.4 metre or up to 1.5m based on geological controls) and samples are analysed at external recognised laboratories. QA/QC procedures are industry standard with certified standards, blanks and duplicate samples inserted into the sample stream. Mineral Resource estimates are prepared and reported by suitably qualified personnel or external consultants (Competent Person) in accordance with the JORC code and other industry standards.

There have been no material changes in Mineral Resources during the reporting period.

The above annual mineral resource statement is based on and fairly represents information and supporting documentation prepared by competent persons. The above annual mineral resources statement as a whole has been approved 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 consented to the form and context in which the statement is presented in this report.

The information in this report that relates to Exploration Results 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 2012 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.

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 18 July 2018. 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 Exploration Results and estimates of Mineral Resources for the Barton 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.

CORPORATE POLICIES

Environmental and Sustainability Policy Statement

Red Metal is a responsible company which recognises and respects the environment and the values and rights of others in the environment.

Red Metal holds the opinion that industry can operate in harmony with minimal impact on the environment. Red Metal recognises that environmental performance is an important factor in its business performance and as a measure of professionalism.

Red Metal recognises that its activities can have environmental impact and that it has obligations to mitigate those for the benefit of all. As a minimum, the Company will comply with all applicable environmental obligations.

Red Metal commits to continually improving its environmental performance and responsibility through the education of its employees and contractors and the following initiatives:

- integrating environmental considerations into project planning and operations;
- implementing environmental controls and strategies to identify, minimise and avoid wherever possible environmental impact from our activities;
- monitoring relevant environmental parameters;
- auditing and reporting on environmental performance;
- preventing pollution by minimising emissions and the generation of waste;
- providing sufficient training and resources for effective environmental management;
- having open communication with communities and other stakeholders about environmental issues; and
- adopting programs which substantially improve the environment in the areas surrounding high impact areas.

Red Metal commits to being a proactive environmental manager, and through consultation with stakeholders and government ensuring that it remains a good corporate citizen.

Occupational Health and Safety Policy Statement

It is the philosophy of Red Metal that industry can operate efficiently and productively without causing injury or damage to people.

Red Metal recognises that the safety and health of its employees is of prime importance and is an essential part of the planning and control of its operations.

It is Company policy to work towards an accident free environment in which hazards are controlled or eliminated and safe working attitudes are promoted through consultation and participation at all levels of the workforce. A collective responsibility binds management and employees to achievement of these goals.

Our ability to prevent injuries and accidents is an important measure of our operational efficiency. Success in our safety endeavours is dependent upon the active involvement of every employee of the Company.

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of Red Metal Limited ("the Company") and the entities it controlled (together referred to as "the Group") for the financial year ended 30 June 2018 and the auditor's report thereon. The controlled entities did not trade during the year and do not have any assets or liabilities. Red Metal Limited is a listed public company, incorporated in and domiciled in Australia.

OFFICERS OF THE COMPANY

The directors of the Company at any time during or since the end of the financial year are as follows:

Russell Barwick
Dip Min Eng, FAusIMM,
FAICD
Independent Non-Executive
Chairman
(Appointed 12 June 2003)

Russell Barwick is a mining engineer with over 40 years technical, managerial and corporate experience in various commodities. He initially worked for Bougainville Copper Limited (CRA), Pancontinental Mining Limited and CSR Ltd. Following this, Russell spent 17 years with Placer Dome Inc, occupying a number of key development, operational and corporate roles, culminating in being Managing Director of Placer Nuigini Ltd. He then served as Chief Executive Officer of Newcrest Mining Limited where he achieved strong market support. For the four year period up to the end of 2006 Russell was the Chief Operating Officer of Wheaton River Minerals and Goldcorp Inc., during which the quickly evolving company grew its market capitalisation from several hundred million dollars to \$22 billion and became the third largest gold company in the world by market capitalisation. He was subsequently the CEO of Canadian based Gammon Gold Inc, but resigned and returned to Australia for family reasons in 2008. Russell is also a director of Mount Gibson Iron Limited (since 2011) and Lithium Power International Limited (since 2017).

Robert Rutherford
BSc (Geol), Masters Econ
Geol, MAIG
Managing Director
(Appointed 13 January
2003)

Rob Rutherford is a geologist with over 30 years Australian and international exploration experience and has been involved in generative, feasibility and management roles in the copper, gold and basemetal exploration industry. He was formerly employed by Phelps Dodge Australasia Inc. for over 9 years where he was promoted to Australian Exploration Manager and internal expert on Iron-Oxide Copper-Gold hydrothermal systems and Sediment-Hosted copper deposits. Rob founded Red Metal Limited in 2003.

Joshua Pitt
BSc (Geol), MAusIMM,
MAIG
Independent Non-Executive
Director
(Appointed 2 July 2003)

Joshua Pitt is a geologist with over 40 years experience in exploration and corporate management. He has had a successful career in providing seed capital and corporate services to new mining and exploration ventures. He is also Executive Chairman of Hampton Hill Mining NL (director since 1997) and a director of Traka Resources Ltd (since 2003) and Red Hill Iron Limited (since 2005).

The Secretary of the Company at any time during or since the end of the financial year is:

Patrick Flint
BCom, CA, MAICD
Company Secretary
(Appointed 12 June 2003)

Patrick Flint is a Chartered Accountant with significant experience in the management and administration of publicly listed mineral exploration companies.

DIRECTORS' REPORT (continued)**DIRECTORS' MEETINGS**

The number of meetings of the Company's directors and the number of meetings attended by each director during the year ended 30 June 2018 are:

	Number of meetings attended during period of office	Number of meetings held during period of office
Russell Barwick	4	4
Robert Rutherford	4	4
Joshua Pitt	4	4

There were four directors' meetings held during the period. The Company does not have an audit committee. Due to the small size of the board all matters that would be addressed by committees are dealt with by the full board of directors.

REMUNERATION REPORT - AUDITED*Remuneration policies*

The Board is responsible for determining remuneration policies and packages applicable to the Board members and senior executives of the Company. Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The broad remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities and level of performance, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Where necessary, independent advice on the appropriateness of remuneration packages is obtained.

Remuneration packages include a mix of fixed remuneration and short and long-term performance-based incentives. Executive directors and staff may receive bonuses of up to 25% of the annual remuneration based on the achievement of performance hurdles.

Fixed remuneration – Fixed remuneration consists of base remuneration and statutory superannuation entitlements. Remuneration levels are set by the board based on individual performance and the performance of the Company.

Performance-linked remuneration - Performance-linked remuneration includes both short-term and long-term incentives and is designed to reward directors and staff. The short-term incentive is provided in the form of cash, while the long-term incentive is provided as options over ordinary shares of the Company. The Board exercises discretion in determining the amount of short-term incentives paid and options issued. Performance is measured by the efficiency and effectiveness of the design and implementation of the exploration programme, the enhancement of the Company's exploration portfolio and the success of the Company's exploration activities. Performance-based remuneration is not based on specific financial indicators such as earnings or dividends as the Company is at the exploration stage and during this period is expected to incur operating losses. A performance evaluation of senior staff was completed in November 2017 in accordance with performance measures. There is no separate profit-share plan.

Options have been issued to directors and staff as an incentive and in recognition of the fact that the fixed cash component of remuneration is comparatively modest. The ability to exercise the options is conditional on the holder remaining in the Company's employment. There are no other non-cash benefits available to directors or staff.

Voting and comments made at the Company's 2017 Annual General Meeting (AGM) – At the 2017 AGM, less than 2% of the votes received (excluding abstentions) did not support the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS' REPORT (continued)**REMUNERATION REPORT (CONTINUED)***Service Agreements*

It is the Company's policy that service agreements for executive directors and senior staff are entered into prior to the commencement of employment, that the agreements be unlimited in term but capable of termination on between 3 and 6 months' notice and that the Company retains the right to terminate the contract immediately, by making payment equal to between 3 and 6 months' pay in lieu of notice. The service agreement outlines the components of remuneration paid to the executive directors and staff but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take account of changes in the scope of the role performed and changes in industry remuneration levels.

Mr Rutherford entered into an employment agreement with the Company on 8 September 2003 to be Managing Director of the Company. Mr Rutherford is paid an annual salary of \$239,810, including statutory superannuation. Mr Rutherford can also receive an annual bonus of up to 25% of the annual remuneration (excluding the statutory superannuation) upon the achievement of certain performance criteria (refer above). The duties are those as are customarily expected of a Managing Director and from time to time delegated by the Board. The agreement is terminable by either party on six months written notice.

Non-Executive Directors

Total aggregate fees payable to all non-executive directors, approved at a shareholders meeting held on 6 June 2003, is not to exceed \$150,000 per annum (excluding reimbursement of out of pocket expenses and securities issued with shareholder approval). Director's fees cover all main Board activities and membership of one committee (if required). Fees may also be paid to non-executive directors for additional consulting services provided to the Company. Directors' base fees are presently \$24,000 for each Director. The Chairman's base fee is \$48,000. Non-executive directors are entitled to receive options (subject to shareholder approval) as it is considered an appropriate method of providing sufficient reward whilst maintaining cash reserves.

Remuneration of Key Management Personnel

Details of the nature and amount of each major element of the remuneration of each director of the Company and the named officers of the Company are:

Name	Short-Term \$		Post- Employ- ment \$	Share- based Payments \$	Total \$	Proportion related to performance %
Directors	Salary / Fees		Super- annuation	Options (A)		
Non-executive Russell Barwick	2018	43,836	4,164	41,319	89,319	46.3
	2017	43,836	4,164	24,658	72,658	33.9
Joshua Pitt	2018	24,000	-	41,319	65,319	63.3
	2017	24,000	-	24,658	48,658	50.7
Executive Robert Rutherford	2018	219,005	20,805	82,638	322,448	25.6
	2017	219,005	20,805	49,316	289,126	17.1
Totals	2018	286,841	24,969	165,276	477,086	
	2017	286,841	24,969	98,632	410,442	

DIRECTORS' REPORT (continued)**REMUNERATION REPORT (CONTINUED)***Remuneration of Key Management Personnel (continued)*

(A) The fair value of options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting period. This is the only element of the above remuneration that is performance based.

Options and rights over equity instruments granted as compensation

A total of 2 million options were issued to Mr Barwick (500,000 options), Mr Rutherford (1,000,000 options) and Mr Pitt (500,000 options) in November 2017. The options expire on 12 November 2020 and are exercisable at 20 cents in two equal tranches commencing from 16 November 2017 and 16 November 2018. The terms and conditions of each grant of incentive options to key management personnel affecting remuneration during the year are as follows:

	Options granted				Financial years in which grant vests	Value yet to vest	
	Number	Date	% vested in year	Forfeited in year		Min	Max
Russell Barwick	500,000	16 November 2017	50%	Nil	2018 / 2019	Nil	\$8,283
Robert Rutherford	1,000,000	16 November 2017	50%	Nil	2018 / 2019	Nil	\$16,566
Joshua Pitt	500,000	16 November 2017	50%	Nil	2018 / 2019	Nil	\$8,283

Assumptions used in valuing the options issued on 16 November 2017 are as follows:

Grant Date	Expiry Date	Fair value per option	Exercise price	Price of shares on grant date	Expected Volatility	Risk free interest rate	Dividend yield
16 Nov 2017	12 November 2020	8.7 cents	20 cents	17 cents	85%	1.5%	-

Each option entitles the holder to purchase one ordinary share in the Company. All options expire on the earlier of their expiry date or termination of the individual's employment (or cessation of directorship). The estimated value disclosed above is calculated at the date of grant using the Black-Scholes option pricing model.

Other than the above, no options over unissued ordinary shares in Red Metal Limited were granted to, were forfeited by, or were exercised by key management personnel of the Company (as part of their remuneration).

DIRECTORS' REPORT (continued)**REMUNERATION REPORT (CONTINUED)***Shareholdings of key management personnel*

The movement during the reporting period in the number of ordinary shares and options in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

30 June 2018 - Shares

Name	Held at 1 July 2017	Purchases	Exercise of options	Held at 30 June 2018
Specified Directors				
Russell Barwick	4,500,000	-	-	4,500,000
Robert Rutherford	11,761,878	-	-	11,761,878
Joshua Pitt	17,507,622	-	-	17,507,622

30 June 2017 - Shares

Name	Held at 1 July 2016	Purchases	Exercise of options	Held at 30 June 2017
Specified Directors				
Russell Barwick	4,500,000	-	-	4,500,000
Robert Rutherford	10,455,002	1,306,876	-	11,761,878
Joshua Pitt	15,562,330	1,945,292	-	17,507,622

No shares were granted to key management personnel during the reporting period as compensation.

*Option holdings of key management personnel***30 June 2018 - Options**

Name	Held at 1 July 2017	Granted (i)	Expired	Held at 30 June 2018	Total Vested and exercisable
Specified Directors					
Russell Barwick	800,000	500,000	-	1,300,000	1,050,000
Robert Rutherford	1,600,000	1,000,000	-	2,600,000	2,100,000
Joshua Pitt	800,000	500,000	-	1,300,000	1,050,000

30 June 2017 - Options

Name	Held at 1 July 2016	Granted	Expired	Held at 30 June 2017	Total Vested and exercisable
Specified Directors					
Russell Barwick	800,000	500,000	(500,000)	800,000	550,000
Robert Rutherford	1,600,000	1,000,000	(1,000,000)	1,600,000	1,100,000
Joshua Pitt	800,000	500,000	(500,000)	800,000	550,000

(i) Options granted in November 2017 – refer above.

DIRECTORS' REPORT (continued)

UNISSUED SHARES UNDER OPTION

As at the date of this report there were 8,675,000 unissued ordinary shares under option. During the financial year 3,375,000 options to subscribe for ordinary shares were issued, 250,000 options were exercised and nil options to subscribe for ordinary shares expired. Since the end of the financial year no options have been granted, and no options to subscribe for ordinary shares have been exercised or have expired. Further information in respect of these options is set out in Note 14 to the financial statements.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year ended 30 June 2018 were the acquisition and exploration of mineral prospects in Australia.

RESULTS AND DIVIDENDS

The loss after tax for the year ended 30 June 2018 was \$2,206,828 (2017: \$2,138,960). No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the current financial year.

REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW

The Company is primarily engaged in mineral exploration in Australia. A review of the Company's operations, including information on exploration activity and results thereof, financial position, strategies and projects of the Company during the year ended 30 June 2018 is provided in this Financial Report and, in particular, in the "Review of Operations" section immediately preceding this Directors' Report. The Company's financial position, financial performance and use of funds information for the financial year is provided in the financial statements that follow this Directors' Report.

As an exploration entity, the Company has no operating revenue or earnings and consequently the Company's performance cannot be gauged by reference to those measures. Instead, the Directors' consider the Company's performance based on the success of exploration activity, acquisition of additional prospective mineral interests and, in general, the value added to the Company's mineral portfolio during the course of the financial year.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Company, generic to the mining industry and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

The Company's business strategy for the financial year ahead and, in the foreseeable future, is to continue exploration activity on the Company's existing mineral projects, identify and assess new mineral project opportunities and review development strategies where individual projects have reached a stage that allows for such an assessment. Due to the inherent risky nature of the Company's activities, the Directors are unable to comment on the likely results or success of these strategies.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW (Continued)

The Company's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Company, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Company and its future performance include but are not limited to:

- geological and technical risk posed to exploration and commercial exploitation success;
- security of tenure including licence renewal, inability to obtain regulatory or landowner consents or approvals and native title issues;
- change in commodity prices and market conditions;
- environmental and occupational health and safety risks;
- government policy changes;
- retention of key staff; and
- capital requirement and lack of future funding.

This is not an exhaustive list of risks faced by the Company or an investment in it. There are other risks generic to the stock market and the world economy as whole and other risks generic to the mining industry, all of which can impact on the Company.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year.

LIKELY DEVELOPMENTS

The Company will continue its mineral exploration activities with the objective of finding mineralised resources. The Company will also consider the acquisition of further prospective exploration interests and where appropriate secure joint venture partners to assist in financing exploration activities.

ENVIRONMENTAL LEGISLATION

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. There have been no known breaches of environmental laws or permit conditions during the year.

DIRECTORS' REPORT (continued)**DIRECTORS' INTERESTS**

The relevant interest of each director in the shares, options or other instruments issued by the Company, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Red Metal Limited	
	Fully Paid	Options over
	ordinary shares	ordinary shares
Russell Barwick	3,622,400	1,300,000
Robert Rutherford	11,553,753	2,600,000
Joshua Pitt	17,507,622	1,300,000

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreed to indemnify the directors of the Company against all liabilities to another person that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

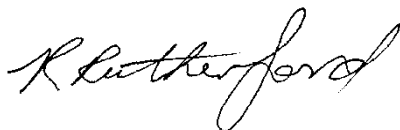
During the financial year the Company agreed to pay an annual insurance premium of \$13,366 in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors and officers of the Company. The insurance premium relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty.

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

During the year HLB Mann Judd provided taxation services to Red Metal Limited in addition to their statutory audit duties. Fees of \$9,450 were paid for the provision of taxation services. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board. A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included on page 27.

Signed in accordance with a resolution of directors.



Robert Rutherford
Managing Director

Sydney, 10 September 2018

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Red Metal Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Red Metal Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's governance approach aims to achieve exploration, development and financial success while meeting stakeholders' expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

ASX Listing Rule 4.10.3 requires listed companies to disclose the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. The Company's has disclosed this information on its website at www.redmetal.com.au/AboutUs/CorporateGovernance. The Corporate Governance Statement is current as at 30 June 2018, and has been approved by the Board of Directors.

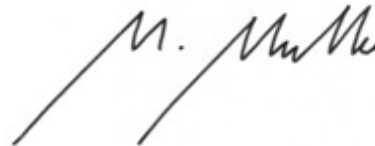
The Company's website at www.redmetal.com.au contains a corporate governance section that includes copies of the Company's corporate governance policies.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Red Metal Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Sydney, NSW
10 September 2018



M D Muller
Partner

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenues from continuing operations	2	121,608	145,466
Expenses from continuing operations			
Employee and consultant expenses (administration)		(381,212)	(293,922)
Exploration expenditure written off (including employee and consultant expenses)	11	(1,771,671)	(1,892,091)
Depreciation	10	(2,649)	(2,590)
Occupancy expenses		(104,853)	(114,763)
Other expenses from continuing operations		<u>(141,342)</u>	<u>(145,113)</u>
Loss before related income tax benefit	3	(2,280,119)	(2,303,013)
Income tax benefit	5	<u>73,291</u>	<u>164,053</u>
Loss for the year from continuing operations		(2,206,828)	(2,138,960)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss attributable to members of the Company		<u>(2,206,828)</u>	<u>(2,138,960)</u>
		Cents	Cents
Basic loss per share	6	(1.1)	(1.1)
Diluted loss per share	6	<u>(1.1)</u>	<u>(1.1)</u>

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Financial Position as at 30 June 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	8	1,976,061	2,215,010
Trade and other receivables	9	29,733	150,387
TOTAL CURRENT ASSETS		2,005,794	2,365,397
NON-CURRENT ASSETS			
Trade and other receivables	9	99,437	113,432
Property, plant and equipment	10	1,455	3,241
Acquisition, exploration and evaluation expenditure	11	444,123	444,123
TOTAL NON-CURRENT ASSETS		545,015	560,796
TOTAL ASSETS		2,550,809	2,926,193
CURRENT LIABILITIES			
Trade and other payables	12	175,977	355,221
Employee benefits	13	110,636	117,627
TOTAL CURRENT LIABILITIES		286,613	472,848
TOTAL LIABILITIES		286,613	472,848
NET ASSETS		2,264,196	2,453,345
EQUITY			
Issued capital	14	33,440,827	31,701,442
Option reserve	15	2,312,952	2,034,658
Accumulated losses		(33,489,583)	(31,282,755)
TOTAL EQUITY		2,264,196	2,453,345

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		-	240
Cash payments in the course of operations		(341,254)	(418,418)
Income tax refund received		59,953	164,053
Interest received		42,582	46,705
NET CASH (USED IN) OPERATING ACTIVITIES	18a	(238,719)	(207,420)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash payments for exploration and evaluation		(1,913,752)	(1,161,683)
Grants received		175,000	-
Payments for property, plant and equipment		(863)	(1,058)
NET CASH (USED IN) INVESTING ACTIVITIES		(1,739,615)	(1,162,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,862,600	1,866,952
Costs of issue of shares		(123,215)	(143,397)
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,739,385	1,723,555
Net increase / (decrease) in cash held		(238,949)	353,394
CASH AT THE BEGINNING OF THE YEAR		2,215,010	1,861,616
CASH AT THE END OF THE YEAR	8	1,976,061	2,215,010

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2018

	Notes	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2016		29,977,887	(29,143,795)	1,868,877	2,702,969
Total comprehensive loss attributable to members of the Company		-	(2,138,960)	-	(2,138,960)
Shares issued during the year		1,866,952	-	-	1,866,952
Share issue costs		(143,397)	-	-	(143,397)
Cost of share based payments		-	-	165,781	165,781
Balance at 30 June 2017		31,701,442	(31,282,755)	2,034,658	2,453,345
Balance at 1 July 2017		31,701,442	(31,282,755)	2,034,658	2,453,345
Total comprehensive loss attributable to members of the Company		-	(2,206,828)	-	(2,206,828)
Shares issued during the year		1,862,600	-	-	1,862,600
Share issue costs		(123,215)	-	-	(123,215)
Cost of share based payments		-	-	278,294	278,294
Balance at 30 June 2018		33,440,827	(33,489,583)	2,312,952	2,264,196

The above statement should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these financial statements are:

(a) Basis of Preparation

These consolidated general-purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Interpretations and with other requirements of the law.

They have also been prepared on the basis of historical costs and, except where stated, do not take into account changing money values or fair values of non-current assets.

Unless otherwise stated, these accounting policies are consistent with those of the previous year.

The Company is a listed public company, incorporated and operating in Australia. It has two subsidiary companies, incorporated in January 2009 and in March 2012, which have not entered into any transactions since incorporation. The consolidated financial statements are for the Group consisting of Red Metal Limited and its subsidiaries. The information in the consolidated financial statements is identical to the information included in the accounts of Red Metal Limited.

The financial statements were authorised for issue on 10 September 2018. The Company has the power and authority to amend and reissue the financial statements.

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards (IFRS).

(b) Adoption of new and revised standards

In the year ended 30 June 2018, the Company has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. It has been determined by the Company that there is no material impact of the new and revised Standards and Interpretations on its financial reporting and, therefore, no change will be required to Group accounting policies.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Taxation

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions for deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

(f) Acquisition of Assets

All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity to the extent of proceeds received, otherwise they are expensed.

(g) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(h) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

(i) Acquisition, Exploration and Evaluation Expenditure

Acquisition costs of mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

Each area of interest is also reviewed annually and acquisition costs written off to the extent that they will not be recoverable in the future.

Exploration, evaluation and development costs of mining tenements are written off as incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Recoverable amount of Assets and Impairment Testing

The Company assesses at each reporting date whether any objective indications of impairment are present. Where such an indicator exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Any resulting impairment loss is recognised immediately in profit or loss.

(k) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	25% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows, including related on-costs, to be made for those benefits.

(m) Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(n) Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the net profit or loss by the weighted average number of ordinary shares and dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
(continued)

	2018	2017
	\$	\$
2. REVENUE FROM CONTINUING OPERATIONS		
Revenue from operating activities:		
Interest – Other parties	46,608	45,226
Government grants	75,000	100,000
Other revenue	-	240
Total revenue from ordinary activities	<u>121,608</u>	<u>145,466</u>
3. LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX BENEFIT		
Individually significant items included in loss from ordinary activities before income tax benefit		
<i>Employee benefits expense</i>		
Director salaries, fees and superannuation	311,810	311,810
Share based payments expense	278,294	165,781
Employee salaries, fees and superannuation	<u>270,083</u>	<u>318,525</u>
	<u>860,187</u>	<u>796,116</u>
4. AUDITOR'S REMUNERATION		
Audit services:		
- Auditors of the company – HLB Mann Judd	<u>22,000</u>	<u>21,500</u>
Other services:		
- Auditors of the company – HLB Mann Judd, for taxation compliance services	<u>9,450</u>	<u>6,000</u>
5. INCOME TAX EXPENSE		
(a) Income tax benefit / (expense)		
Prima facie income tax benefit calculated at 30% on the loss from continuing operations:	662,048	641,688
Decrease in income tax benefit due to:		
Equity based compensation	(83,488)	(49,734)
Refund on research and development items	73,291	164,053
Other non-deductible items	(3,000)	(3,000)
Deferred tax asset not brought to account	<u>(575,560)</u>	<u>(588,954)</u>
Income tax benefit attributable to operating loss	<u>73,291</u>	<u>164,053</u>
(b) Deferred tax asset arising from income tax losses		
Income tax losses not brought to account at balance date as recovery of tax losses is not considered probable:		
Income tax losses	27,643,052	25,724,519
Potential tax benefit at 30%	<u>8,292,916</u>	<u>7,717,356</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(continued)

6. EARNINGS PER SHARE

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic earnings per share.

Classification of securities as potential ordinary shares – share options outstanding

The Company has granted share options in respect of a total of 8,675,000 ordinary shares. Options are considered to be potential ordinary shares. However, as the Company is in a loss position they are anti-dilutive in nature, as their exercise will not result in a diluted earnings per share that shows an inferior view of earnings performance of the Company than is shown by basic earnings per share. The options have not been included in the determination of basic earnings per share.

	2018	2017
	\$	\$
Earnings reconciliation		
Loss for the year after refund on research and development items	2,206,828	2,138,960
	Number	Number
Weighted average number of shares used as the denominator	205,477,245	187,045,701

7. SEGMENT INFORMATION

During the period the Group operated predominantly in the mining industry in Australia.

8. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	326,061	615,010
Bank short term deposits and paying interest at a weighted average interest rate of 2.6% (2017: 2.5%)	1,650,000	1,600,000
	<u>1,976,061</u>	<u>2,215,010</u>

9. TRADE AND OTHER RECEIVABLES

Current

Other debtors	<u>29,733</u>	<u>150,387</u>
---------------	---------------	----------------

Non-Current

Sundry deposits	<u>99,437</u>	<u>113,432</u>
-----------------	---------------	----------------

Other debtor amounts relate primarily to a government grant receivable (in 2017), GST recoverable and accrued interest. Interest is not charged in respect of these amounts. Collateral is not obtained and the amounts have repayment terms between 30 and 90 days.

10. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment

At cost	117,563	116,700
Less accumulated depreciation	<u>(116,108)</u>	<u>(113,459)</u>
	1,455	3,241

Reconciliation

Plant and equipment

Carrying amount at the beginning of the year	3,241	4,773
Additions	863	1,058
Depreciation	<u>(2,649)</u>	<u>(2,590)</u>
Carrying amount at the end of the year	1,455	3,241

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
(continued)

	2018	2017
	\$	\$
11. ACQUISITION, EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of areas of interest in exploration and/or evaluation phase:		
Balance at beginning of year	444,123	1,000,103
Acquisition and exploration costs incurred	1,771,671	1,336,111
Costs written-off – current year and prior year carried forward cost	<u>(1,771,671)</u>	<u>(1,892,091)</u>
Total acquisition, exploration and evaluation expenditure	<u>444,123</u>	<u>444,123</u>

The ultimate recoupment of costs carried forward for acquisition, exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas.

12. TRADE AND OTHER PAYABLES

Creditors and accruals	<u>175,977</u>	<u>355,221</u>
------------------------	----------------	----------------

13. EMPLOYEE BENEFITS

Current		
Annual leave	38,238	44,353
Long service leave	<u>72,398</u>	<u>73,274</u>
	<u>110,636</u>	<u>117,627</u>

14. ISSUED CAPITAL

Issued and paid-up share capital

210,283,409 (2017: 196,818,409) ordinary shares, fully paid	<u>33,440,827</u>	<u>31,701,442</u>
---	-------------------	-------------------

(a) Ordinary shares

Shares issued:		
Balance at the beginning of the year	31,701,442	29,977,887
Issued for cash – share placement and options exercise	1,862,600	1,866,952
Share issue costs	<u>(123,215)</u>	<u>(143,397)</u>
Balance at the end of the year	<u>33,440,827</u>	<u>31,701,442</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(continued)

14. ISSUED CAPITAL (continued)

(b) Share Options

Exercise Period	Note	Exercise Price	Balance 1 July 2017	Options Issued	Options Exercised / Expired	Balance 30 June 2018
			No.	No.	No.	No.
On or before 22 November 2018	(i)	\$0.05	2,225,000	-	(250,000)	1,975,000
On or before 13 November 2019	(ii)	\$0.14	3,325,000	-	-	3,325,000
On or before 12 November 2020	(iii)	\$0.20	-	3,375,000	-	3,375,000
			5,550,000	3,375,000	(250,000)	8,675,000

- (i) Incentive options issued to directors and technical and administration staff in November 2015 for \$Nil consideration. Options vested in two equal tranches commencing from November 2015 and November 2016.
- (ii) Incentive options issued to directors and technical and administration staff in November 2016 for \$Nil consideration. Options vest in two equal tranches commencing from November 2016 and November 2017.
- (iii) Incentive options issued to directors and technical and administration staff in November 2017 for \$Nil consideration. Options vest in two equal tranches commencing from November 2017 and November 2018.

None of the options have any voting rights, any entitlement to dividends or any entitlement to the proceeds of liquidation in the event of a winding up.

2018	2017
\$	\$

15. OPTION RESERVE

Balance at the beginning of the year	2,034,658	1,868,877
Equity based compensation	278,294	165,781
Balance at the end of the year	2,312,952	2,034,658

The assumptions used with the Black-Scholes valuation model for the determination of the equity-based compensation for the options issued during the year are:

- Options issued on 16 November 2017 – exercise price of 20 cents, expiry date of 12 November 2020, 1.5% risk free rate, 85% volatility, 3 year expected life, and share price at grant date of 17 cents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(continued)

16. FINANCIAL INSTRUMENTS

Overview

The Group has exposure to the following risks from use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

(a) Credit risk exposures

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The credit risk on financial assets of the Group which have been recognised on the statement of financial position is the carrying amount. The Group is not materially exposed to any individual debtor. As the Group operates in the mining exploration sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. The Group undertakes exploration and evaluation activities exclusively in Australia. At the statement of financial position date there were no significant concentrations of credit risk.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	1,976,061	2,215,010
Trade and other receivables	29,733	150,387
	2,005,794	2,365,397

None of the receivables were overdue at balance date.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

If the Group anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Group will raise future capital will depend on market conditions existing at that time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(continued)

16. FINANCIAL INSTRUMENTS (continued)

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency Risk

The Group is currently not exposed to currency risk.

(ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rate relates primarily to the Company's cash and cash equivalents.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	2018	2017
	\$	\$
<i>Fixed rate Instruments</i>		
Financial assets	-	-
Financial liabilities	-	-
	-	-
<i>Variable rate Instruments</i>		
Financial assets	1,976,061	2,215,010
Financial liabilities	-	-
	<u>1,976,061</u>	<u>2,215,010</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates for the whole of the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below, where interest is applicable. This analysis assumes that all other variables remain constant.

	Profit or (Loss)		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
30 June 2018				
Variable rate instruments	21,833	(21,833)	21,833	(21,833)
30 June 2017				
Variable rate instruments	21,153	(21,153)	21,153	(21,153)

(iii) Net fair values

Methods and assumptions used in determining net fair value.

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Group has no financial assets where carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(continued)

17. COMMITMENTS

(a) Mineral exploration commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments and joint venture agreements. Certain of these obligations are subject to renegotiation when application for renewed tenure is made. The commitments detailed below exceed planned exploration costs. The Company intends to meet commitments on those tenements considered to be the most prospective and plans to relinquish or reduce the area (and thereby the expenditure commitment) of lower priority tenements. If tenement commitments are not met it may result in the tenement right of tenure being removed or the tenement area being reduced. Any such loss will have no effect on amounts capitalised included in note 11 as the Company has planned to undertake exploration work on the tenements to which these amounts relate. These obligations are not provided for in the financial report and are payable:

	2018	2017
	\$	\$
Within one year	2,896,600	3,041,100
One year or later and no later than five years	12,036,500	8,457,600
	<u>14,933,100</u>	<u>11,498,700</u>

(b) Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

Within one year	102,828	102,780
Later than one year but not later than five years	51,414	154,170
	<u>154,242</u>	<u>256,950</u>

18. NOTES TO THE STATEMENT OF CASH FLOWS

	2018	2017
	\$	\$
(a) Reconciliation of loss from continuing operations after income tax to net cash used in operating activities		
Loss from continuing operations after income tax	(2,206,828)	(2,138,960)
Add/(less) non-cash items:		
Depreciation	2,649	2,590
Share based payments	278,294	165,781
Exploration expenditure write-off	1,771,671	1,892,091
Net cash used in operating activities before change in assets and liabilities	(154,214)	(78,498)
Government grants received, classified as Investing Activities	(175,000)	-
Change in assets and liabilities:		
(Increase) / Decrease in debtors	82,636	(98,521)
(Decrease) / Increase in payables	7,859	(30,401)
Net cash used in operating activities	<u>(238,719)</u>	<u>(207,420)</u>

(b) Non-cash financing and investing activities

- (i) In November 2017 the Company issued a total of 3,375,000 incentive options to directors, technical and administrative staff and consultants of the Company – refer note 14(b).

19. INTEREST IN SUBSIDIARIES

In January 2009 and in March 2012 two wholly owned subsidiary companies were incorporated. The companies did not trade during the year and do not have any assets and liabilities. The carrying value of the investments held by the parent company is \$Nil.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(continued)

20. DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of key management personnel

Directors

Russell Barwick (Chairman)
Robert Rutherford (Managing Director)
Joshua Pitt (Non-Executive Director)

There are no other persons within the Company who are classified as key management personnel.

(b) Key management personnel compensation

The key management personnel compensation included in “Employee and Consultant Expenses” and “Exploration Expenditure” is as follows:

	2018	2017
	\$	\$
Short-term employee benefits	286,841	286,841
Share-based payments	165,276	98,632
Post-employment benefits	24,969	24,969
	<u>477,086</u>	<u>410,442</u>

Information regarding individual directors’ compensation is provided in the Remuneration report on pages 19 to 22.

(c) Other transactions with the Group

No director has entered into a material contract (apart from employment) with the Company since 1 July 2017 and there were no other material contracts involving directors’ interests existing at year end.

21. CRITICAL ACCOUNTING JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Exploration expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors’ decision is made after considering the likelihood of finding commercially viable reserves.

22. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

22. PARENT INFORMATION

The financial statements of the Company are identical to the consolidated financial statements.

DIRECTORS' DECLARATION

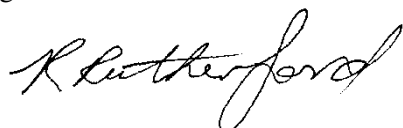
In the opinion of the directors of Red Metal Limited ("the Company"):

- (a) the financial statements and notes set out on pages 28 to 42 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2018 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the remuneration report in the directors' report complies with the disclosure requirements of Section 300A of the Corporations Act 2001.

The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the directors.



Robert Rutherford
Managing Director

Dated at Sydney this 10th day of September 2018

RED METAL LIMITED**ACN 103 367 684****INDEPENDENT AUDITOR'S REPORT**

To the Members of Red Metal Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT**Opinion**

We have audited the financial report of Red Metal Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

RED METAL LIMITED

ACN 103 367 684

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Capitalised Exploration Expenditure Note 11	
Description	Audit Approach
Carrying amount of exploration and evaluation asset.	Our procedures included but were not limited to:
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises acquisition costs of rights to explore and applies the cost model after recognition.	<ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; • We considered the Director's assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for the period from 1 September 2018 to 30 September 2019 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation of its areas of interest: and • We examined the disclosures made in the financial report.
Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, because this is one of the significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

RED METAL LIMITED

ACN 103 367 684

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Directors for the Financial Report (continued)

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

RED METAL LIMITED

ACN 103 367 684

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 22 of the directors' report for the year ended 30 June 2018.

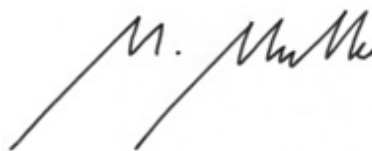
In our opinion, the Remuneration Report of Red Metal Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in black ink that appears to read 'M. D. Muller'.

**M D Muller
Partner**

**Sydney, NSW
10 September 2018**

Shareholder Information

The shareholder information set out below was applicable as at 31 August 2018.

Substantial shareholders

An extract of the Company's register of substantial shareholders is set out below.

Shareholder	Number of Shares	Percentage
Perth Capital Pty Ltd	17,507,622	8.33%
Freeport-McMoran Australasia Inc	12,476,471	5.93%
Robert Rutherford	11,553,753	5.49%

Distribution of equity security holders

Size of Holding	Ordinary Shares	Options
1 to 1,000	69	-
1,001 to 5,000	303	-
5,001 to 10,000	326	-
10,001 to 100,000	1,055	2
100,001 and over	319	7
	<u>2,072</u>	<u>9</u>

The number of holdings comprising less than a marketable parcel was 315.

Unquoted equity securities

Class	Number
Options - exercisable at 5 cents on or before 22 November 2018	1,975,000
Options - exercisable at 14 cents on or before 13 November 2019	3,325,000
Options - exercisable at 20 cents on or before 12 November 2020	3,375,000

On-market buy-back

There is no current on-market buy-back.

Twenty Largest Shareholders as at 31 August 2018

	Number of Shares	% Held
Perth Capital Pty Ltd	17,496,372	8.32
Freeport-McMoran Australasia Inc	12,476,471	5.93
Robert Rutherford	10,203,753	4.85
Warrambo Holdings Pty Ltd	4,115,059	1.96
Xiaodan Wu	3,400,384	1.62
Sambor Nominees Pty Ltd (Susanne and Moniak Sambor A/C)	3,324,259	1.58
Robert Geoffrey Page	3,050,000	1.45
SDG Nominees Pty Ltd (T J Strapp Super Fund A/C)	2,600,000	1.24
Russell Barwick	2,541,000	1.21
JP Morgan Nominees Australia Pty Ltd	2,323,012	1.10
Carda Pty Ltd (Carda Super Fund A/C)	2,029,052	0.97
Xiaodan Wu (Sharada A/C)	1,786,000	0.85
Chris Christodoulou	1,633,024	0.78
Sharon Goad	1,558,125	0.74
Bluestar Management Pty Ltd	1,500,000	0.71
Nalmor Pty Ltd (John Chappell Super Fund A/C)	1,354,794	0.64
Jaycon Investments Pty Ltd	1,343,800	0.64
Jetosea Pty Ltd	1,339,865	0.64
Gerald & Michael Pauley (Pauley Super Fund A/C)	1,219,694	0.58
Sam Gannon (Sam Gannon Super Fund A/C)	1,210,000	0.58
	<u>76,504,664</u>	<u>36.38</u>

TENEMENT DIRECTORY**Granted Exploration Tenements held at 31 August 2018 are as follows:**

Project	Tenement Reference	Company Interest %	Comment
Cannington	EPMs 19232, 19531, 25871	100	
Chinova JV	EPMs 15385, 16251	100	Refer note 1.
Maronan	EPM 13368	100	
Corkwood	EPMs 13380, 26032, 26125, 26436, 26671, 26672, 26674	100	
Lawn Hill	EPMs 25902, 25904, 25905, 25907, 25912, 25985, 26116, 26157, 26293, 26402, 26406, 26407	100	
Barton	EL 5888	100	
Irindina	EL 27266	100	
Callabonna JV	EL 5360	-	Refer note 2.
Pernatty Lagoon JV	EL 6014	87.4	Refer note 3.
Punt Hill JV	EL 6035	100	Refer note 4.
South Gap	EL 5996	100	
Tennant Creek	EL 24009	100	
Nullarbor	ELs 3429, 3430, 3432, 3437, 3438, 3439, 3441, 3494	100	
Gulf	EPMs 26654, 26655, 26656, 26657, 26673	100	
Gibsons Tank	EPM 26434	100	

Notes:

1. Joint venture between Red Metal (diluting to 30%) and Chinova Resources (Osborne) Pty Ltd (earning 70%).
2. Joint venture between Red Metal (earning 70%) and Variscan Mines Limited (diluting to 30%).
3. Joint ventures between Red Metal (87.4%, diluting), Havilah Resources NL (12.6%) 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%).