

RED METAL LIMITED

ACN 103 367 684

and Controlled Entities

Annual Report
2022

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

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Stock Exchange Listing Australian Securities Exchange (Code: RDM)

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CHAIRMAN'S LETTER

Mineral exploration in Australia continued at record levels during the 2022 financial year, as global markets recovered from the impact of the pandemic. Although inflationary pressures and concerns of a global recession grew in the second half of the year, metal prices have performed reasonably well, particularly in the battery minerals sector.

Red Metal had another active year resulting in significant progress at a number of projects, setting us up for an exciting FY23. A combined total of \$3.8 million of direct exploration funding was expended by Oz Minerals Limited under the Greenfields Discovery Alliance and Red Metal on its 100% owned projects. Key achievements during the year included:

- The successful spin-out and \$15 million IPO of Maronan Metals Limited, with Red Metal retaining a 50% direct interest. Drilling on the Maronan silver-lead and copper-gold project commenced in August 2022, and is expected to be ongoing for at least the next 12 months.
- Proof-of-concept drill tests on the Gulf copper-gold project in north west Queensland generated encouraging results. A follow-up drill campaign has recently commenced with results expected later this year.
- Identification of eight high-priority geophysical targets on the Yarrie copper-cobalt and copper-gold project located in the Paterson Province of Western Australia. Proof-of-concept drilling is planned for the next field season.
- Identification of several standout geophysical anomalies on the Gidyea copper-gold project in north west Queensland. Preparation for drilling in the next field season is in progress.


Red Metal's strategic focus remains firmly on the discovery of large Iron Oxide Copper-Gold (IOCG) breccia systems within Australia, prioritising selected proven and frontier metallogenic provinces, while at the same time remaining alert to new opportunities in our chosen terrains as they arise. Your board continues to strongly believe that this focus will provide the greatest reward for effort to Red Metal shareholders.

Exploration activity will increase significantly in FY23 with a significant drill program in progress on the Gulf project and preparations for proof-of-concept drill programs on Yarrie, Gidyea, Lawn Hill and others being well advanced. Red Metal should also benefit indirectly from the extensive drilling on the Maronan base metal project by its 50% stake in the publicly listed Maronan Metals Limited.

Red Metal's experienced exploration team continues to explore to high environmental standards while maintaining good relations with landholders and local community groups particularly in the interactions and discussions with indigenous people associated with our projects.

On behalf of the shareholders and your Board, I would like thank Rob Rutherford and his staff for their continued efforts advancing the Company's projects at such a difficult time.

Thank you also to all our shareholders for your valued and continuing support.



Russell C. Barwick
Chairman

OPERATIONS REVIEW

A buoyant battery minerals sector and ongoing success at several recent discoveries including Winu, Havieron, Oak Dam, Hemi and Julimar continued to stimulate exploration activity across Australia during the year and, despite current market turbulence, the future for the sector is bright.

A highlight for the year was the highly successful listing of Maronan Metal Limited (MMA) on the ASX as a 50% owned subsidiary of Red Metal by our experienced technical and corporate team. The \$15 million raised will provide Red Metal with a significant exposure to ongoing drill success on this exciting project while retaining a dominant holding. MMA initiated its maiden drill program in August 2022 and expects to be continuously drilling on the Maronan project over the next 12 to 18 months.

In parallel, our exploration team continued to focus their efforts on advancing the “Greenfields Discovery Alliance” (Alliance) projects on which a total of \$2.4 million in direct exploration funding was expended in FY22 bringing the total Alliance expenditure to over \$8 million since inception. An excellent portfolio of drill ready projects continued to be generated including the following. The Gulf Project where a successful proof-of-concept drill campaign will be followed-up by a four-hole diamond drilling program. The Yarrie Project where advanced processing and modelling of new airborne magnetic and electromagnetic data has identified eight priority targets for proof-of-concept drilling next field season. The Lawn Hill Project where compilation of historic geological data and advanced geophysical modelling has identified previously untested, high-priority target opportunities for follow-up next season.

Independent of our Alliance arrangements, Red Metal also maintains a strong project generation endeavour seeking to secure and advance its own projects. Summaries of the Alliance projects and some priority Red Metal owned non-Alliance projects are detailed below.



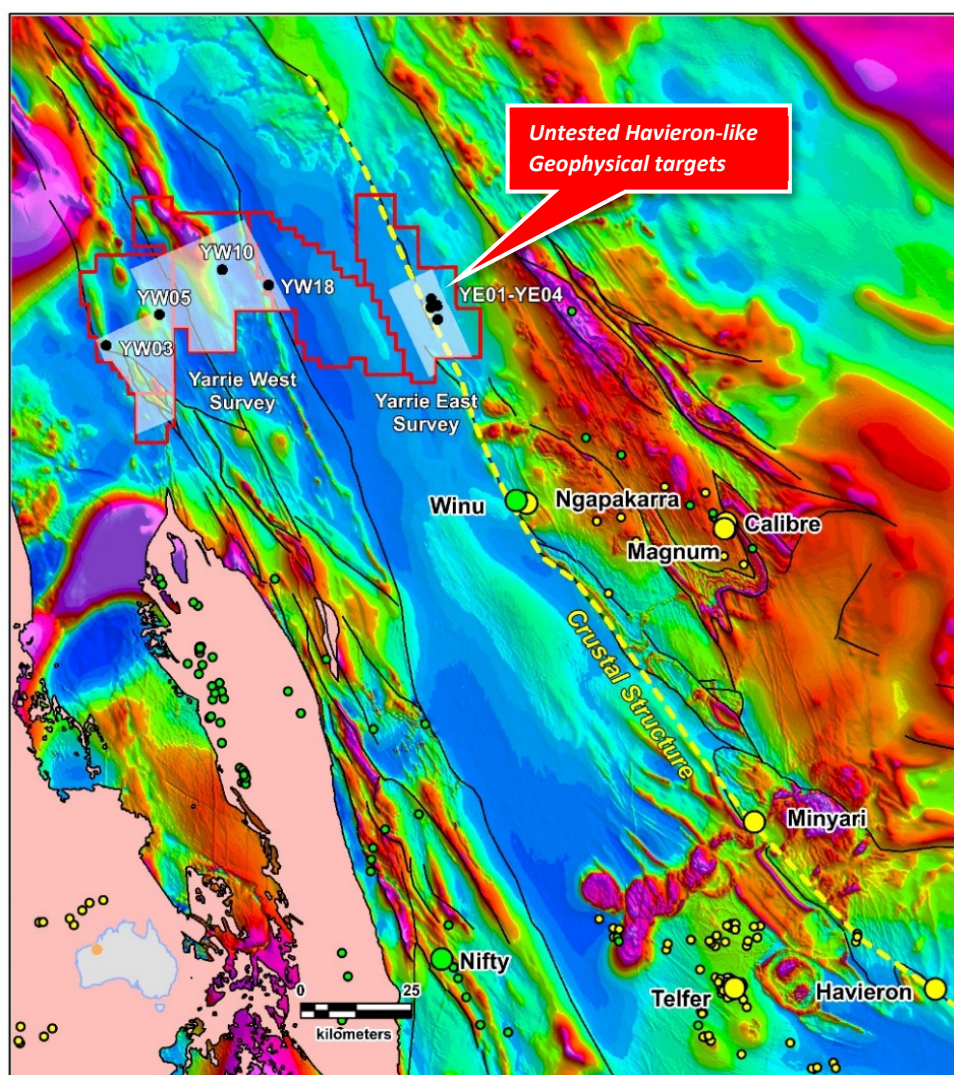
[Figure 1] Red Metal project locations.

GREENFIELDS DISCOVERY ALLIANCE WITH OZ MINERALS

Yarrie Project: Copper-Cobalt & Copper-Gold, Paterson Province WA

The Paterson Province, which is home to the tier one Telfer gold mine and large Nifty copper mine, has come into renewed prominence with several recent discoveries including those at Winu by Rio Tinto, at Havieron by Newcrest and at Minyari by Antipa (Figure 2).

Advanced processing of new airborne electromagnetic and magnetic data flown over Red Metal's Yarrie project this year has enabled the interpretation of eight high-priority geophysical targets for proof-of-concept drilling next field season. Importantly, the Yarrie East targets (YE01-YE04) appear to occur along the same crustal structure that controls the Winu, Ngapakarra, Minyari and Havieron deposits and are situated along the same high gravity ridge as Winu. The magnetic response of Havieron compares favourably with that over our Yarrie East target YE02.



[Figure 2] Paterson Province Yarrie Project: Magnetic imagery overlain by the recently flown airborne electromagnetic and magnetic survey areas (frosted white) showing the Nifty mine, Telfer mine, new Winu and Haverion discoveries and Red Metal's Yarrie tenements (red line). Priority geophysical targets are labelled YE1-YE04 on the Yarrie East survey and YW03, YW06, YW10, YW18 on the Yarrie West survey. The Yarrie East targets are interpreted by Red Metal to occur along the same crustal scale structure (dashed yellow line) as the Havieron, Minyari, Winu and Ngapakarra deposits. Copper-cobalt or copper-gold major deposits and occurrences (green circles); gold or gold-copper major deposits and occurrences (yellow circles). Note the exposed basement terrain of older Archaean rocks (buff coloured polygon).

Gulf Project: Copper-Gold, Mount Isa Inlier QLD

The Alliance is targeting large Iron Oxide Copper-Gold (IOCG) breccia systems capable of hosting significant copper-gold mineralisation within an underexplored extension of the Cloncurry terrain (Figure 3 and Figure 4).

Proof-of-concept drill tests on two magnetic targets were completed on the Gibson's Tank tenement during the year with the first drill test on target GT7 (hole GTK2101) intersecting an encouraging hydrothermal ironstone and breccia containing up to 0.34% copper. Step out drilling on GT7 and first drill tests on GT6, GT16 and GT31 commenced in late September 2022.

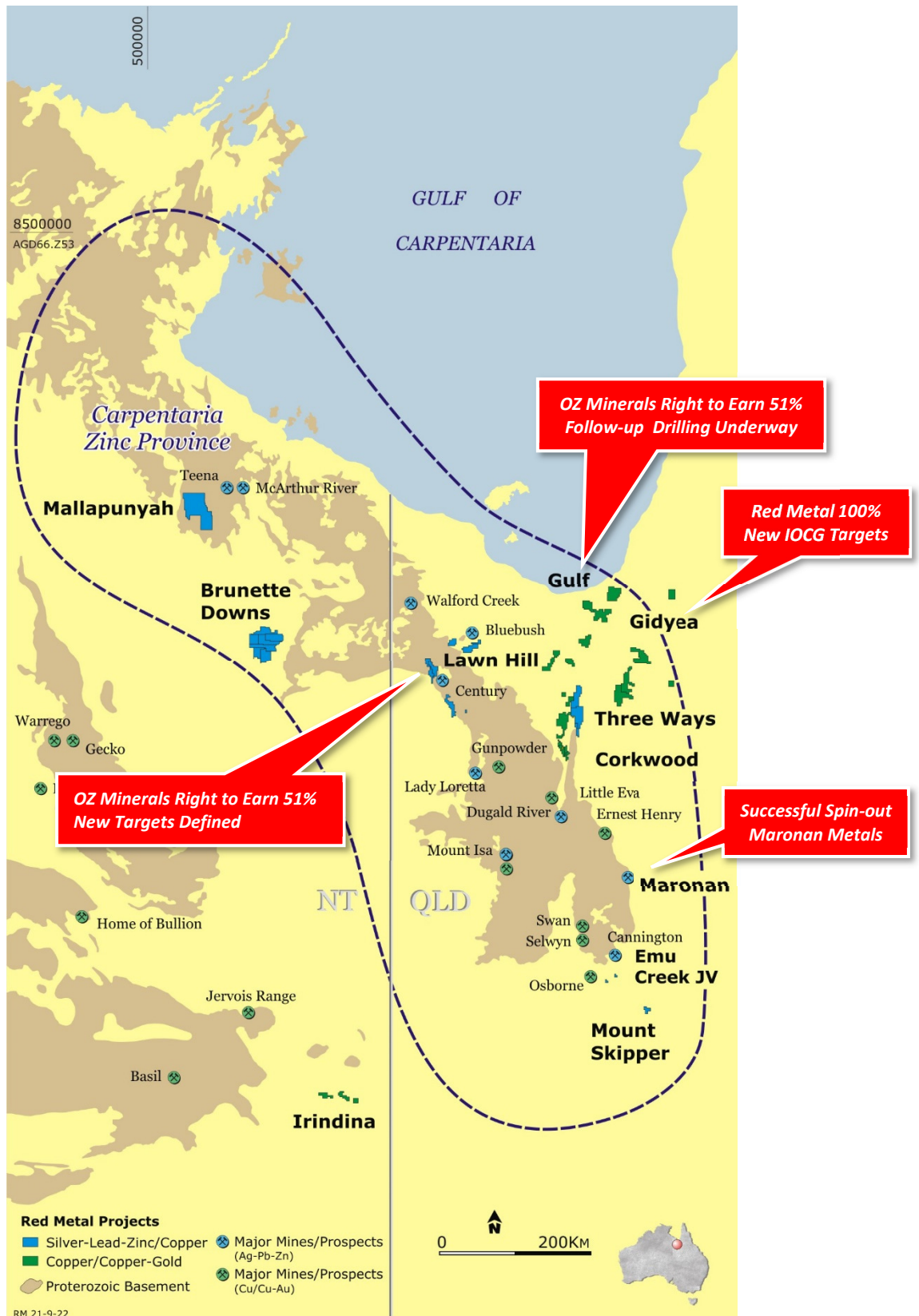
Lawn Hill Project: Zinc-Lead-Silver & Copper-Cobalt Mount Isa Inlier QLD

This regional project targets a range of zinc and possibly copper deposit styles in the vicinity of the giant Century zinc-lead-silver deposit (Figure 3).

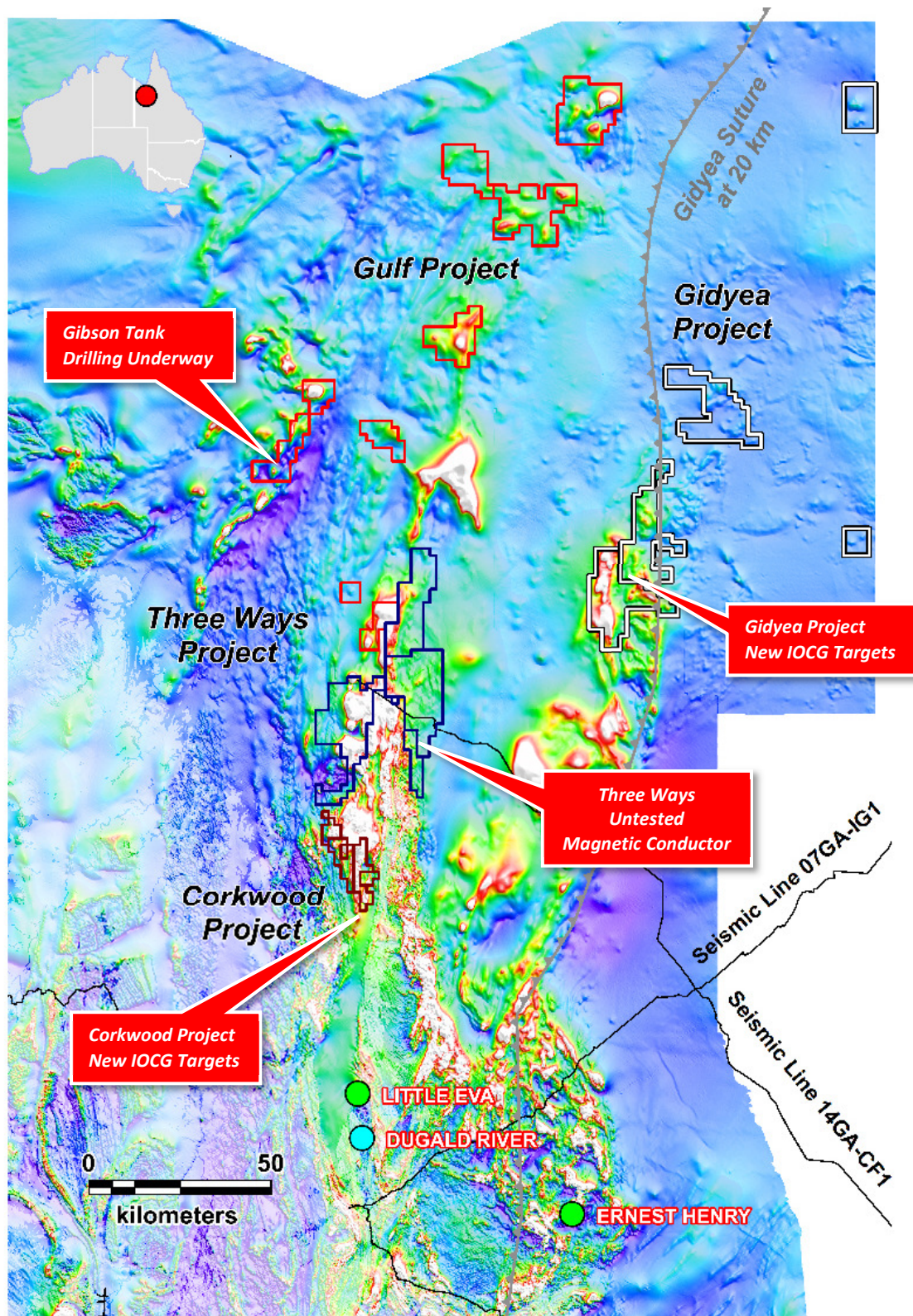
Target generation continued this year aided by revised processing of Red Metal's new magnetotelluric data, three-dimensional compilation of geological data, advanced modelling of existing magnetic and gravity data sets and trial lines of passive seismic.

From this work, Red Metal secured a new tenement application over the historic Bluebush zinc prospect where numerous historic exploration drill holes, over a large area, have encountered thick intercepts of low-grade zinc and lead mineralisation. The Bluebush zinc and lead mineralisation is of similar age to that of the giant McArthur River deposit, and although no high-grade zinc-rich intervals have been encountered to date, Red Metal's exploration team interpret this prospect as a near-miss play. Four previously untested, high-priority, targets have been identified on the new application which will be offered to OZ Minerals Limited for inclusion in the Alliance.

Land access preparations for proof-of-concept drill tests next season are underway.



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



[Figure 4] Three Ways (dark blue), Gulf (red), Gidyea (white) and Corkwood (brown) Projects: Total magnetic intensity image highlighting regional project locations and the interpreted projection of the Gidyea Suture at 20 kilometres below surface. Regions of exposed or outcropping geology highlighted as white translucent areas.

RED METAL FUNDED PROJECTS

Gidyea Project: Copper-Gold, Mount Isa Inlier QLD

The Gidyea project targets several standout regional geophysical anomalies in an under explored extension of the Cloncurry terrain in north west Queensland which offer scope for the discovery of large Iron Oxide Copper-Gold (IOCG) breccia systems (Figure 3 and Figure 4).

Processing and interpretation of new gravity data in combination with the regional magnetic data and new passive seismic data has allowed Red Metal's exploration team to interpret a variety of new IOCG plays. Heritage surveys and land access negotiations in preparation for drilling next season are progressing.

Corkwood Project: Copper-Gold, Mount Isa Inlier QLD

The Corkwood project is situated about 100 kilometres northwest of Evolution's large Ernest Henry copper-gold mine and about 60 kilometres north of the advanced Little Eva copper-gold deposit. Historic exploration drilling over the project has identified favourable porphyritic volcanic host rocks, alteration, trace-element geochemistry and low-grade copper and gold mineralisation typical of that observed in the halo surrounding the large Ernest Henry breccia deposit.

At the Jimmy's Creek prospect, the porphyritic volcanic 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. Better intercepts include 211 metres at 0.33% copper with 0.16 g/t gold and 153 metres at 0.41% copper with 0.1 g/t gold plus 10 g/t silver which included 32 metres at 1.16% copper with 0.3 g/t gold (refer Red Metal ASX announcement dated 21 March 2011).

Red Metal will continue to trial new copper-sulphide targeting techniques over this highly prospective region.

Three Ways Project: Copper-Cobalt-Gold, Mount Isa Inlier QLD

This project is located in covered terrain 130 kilometres along trend from the Dugald River zinc-lead-silver mine and offers potential for large, structure-controlled, copper deposits styles similar to the giant Mount Isa copper deposit (Figure 3 and Figure 4).

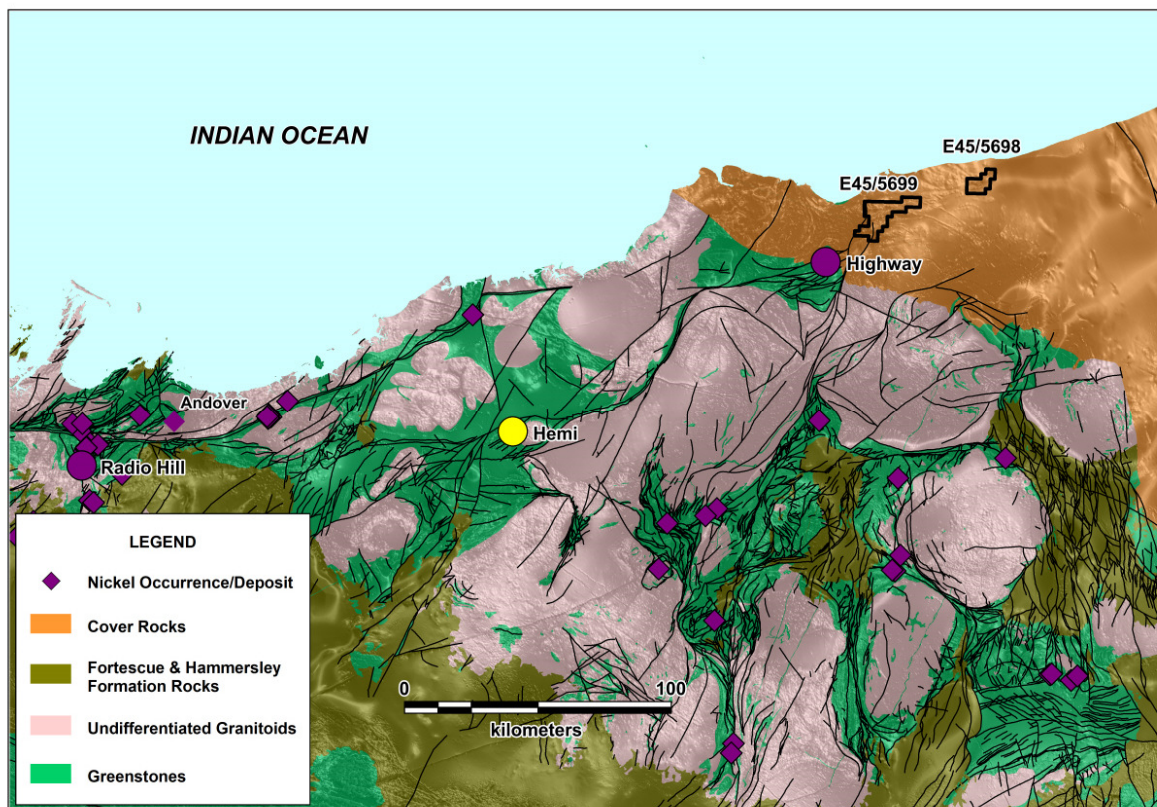
Recent exploration on Three Ways discovered previously unrecognised sequences of heavily sulphidic and graphitic metasediments which are a preferred host rocks for Mount Isa styles of copper mineralisation.

Red Metal are now planning a follow-up program directed towards more discrete, structure controlled, geophysical targets.

Pardoo Project: Nickel-Copper & Gold, Pilbara Craton WA

The Pardoo project targets magmatic nickel-copper sulphides, disseminated Hemi-style gold deposits and lithium-bearing pegmatites along the northwest margin of the Pilbara Craton where it extends under younger sedimentary cover (Figure 5). This project takes in several shallow covered magnetic targets located along strike from the known Highway nickel and copper deposit (50Mt @ 0.3% nickel and 0.13% copper). The project is well located within close proximity to the Great Northern Highway and about 100 kilometres from Port Hedland.

Advanced processing and interpretation of new airborne electromagnetic data failed to detect any significant basement conductors. Trials of fine fraction soil sampling and ground based electromagnetic surveying over key magnetic targets are planned next field season.



[Figure 5] Pardoo Project: Tenement locations on regional geology over greyscale magnetic image showing major structures with known nickel deposits and occurrences and the world class Hemi gold discovery.

Punt Hill and Pernatty Lagoon Projects: Copper-Gold-Zinc, Gawler Craton SA

These projects are located 30 kilometres south of OZ Minerals' large Carrapateena copper-gold deposit and target magnetic skarn style deposits where the regional Iron Oxide Copper-Gold (IOCG) mineral systems invade carbonate host rock types (Figure 6).

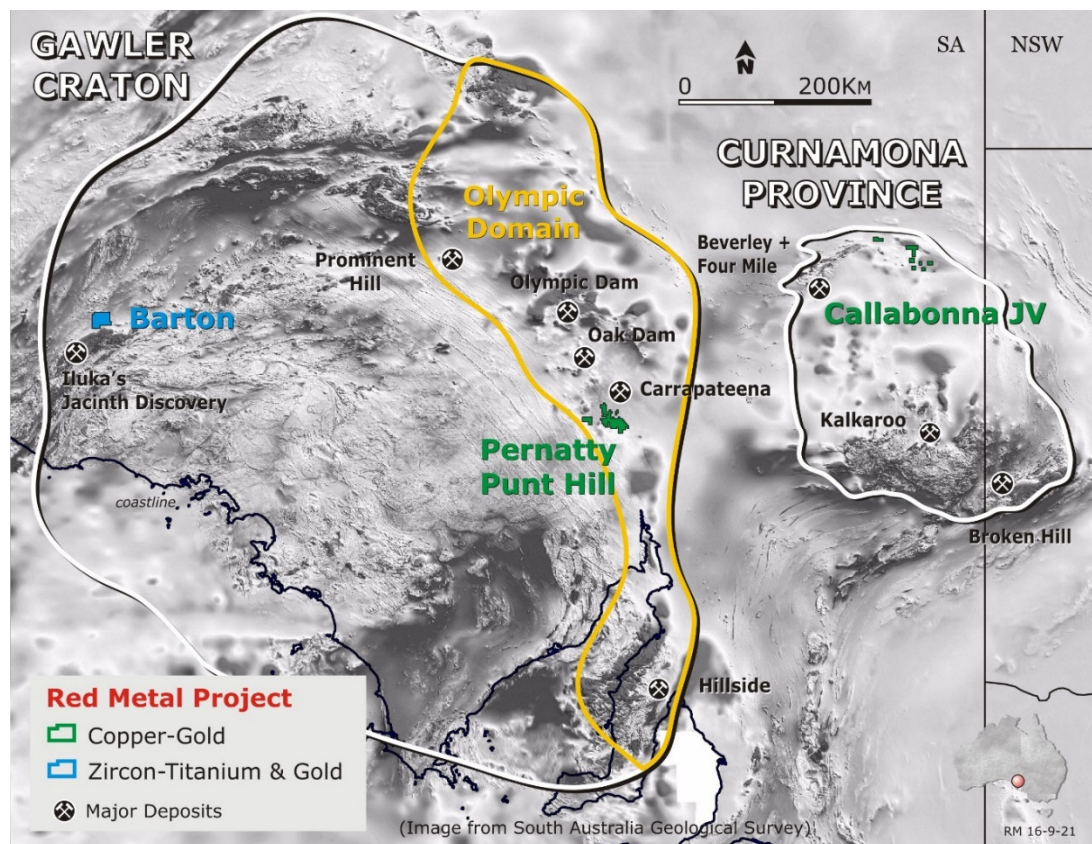
Step out drilling adjacent to historic drill holes with encouraging near-miss geology and geochemistry lead to the discovery of the exciting Oak Dam West deposit by BHP in late 2018. The discovery hole included a world class intercept of 438 metres grading 3.0% copper with 0.6 g/t gold.

On Punt Hill and Pernatty Lagoon several untested magnetic targets, some adjacent to potential near-miss drill holes, have been identified for step-out drilling. Geophysical modelling and land access preparations for possible drilling are progressing.

Callabonna Joint Venture Project: Copper-Gold, Curnamona Craton SA

Red Metal has long recognized the potential for large Iron Oxide Copper-Gold deposits along the northern margin to the Curnamona Province and several large magnetic and gravity targets in remote sand dune covered terrain remain to be tested for their copper-gold potential (Figure 6).

Advanced three-dimensional processing and modelling of gravity, magnetic together with new passive seismic data has prioritised several possible breccia targets for drill testing.



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

OTHER PROJECTS

Some of Red Metal's other projects are briefly summarised below in Table 1.

[Table 1] Red Metal Limited: other projects.

Project	Description	Status
QUEENSLAND		
<u>Emu Creek JV</u> <i>Cu-Au & Pb-Zn-Ag</i>	Joint venture partner Chinova Resources Pty Ltd is seeking Iron Oxide Copper-Gold and Cannington style lead-zinc-silver within trucking distance of the Osborne Mine (Figure 3).	Ongoing prospect evaluation
SOUTH AUSTRALIA		
<u>Barton</u> <i>Zircon, Titanium</i>	Large tonnage, low-grade heavy mineral sand deposit discovered in Eucla Basin near Iluka's Ambrosia zircon mine (Figure 6).	Seeking third party funding.
WESTERN AUSTRALIA		
<u>Nullarbor</u> <i>Ni-Cu</i>	Several significant gravity and magnetic targets in frontier terrains. Marginal cratonic/oceanic crust setting, known mafic/ultramafic intrusions (Figure 1).	Rank targets using low T SQUID ground electromagnetic surveying. Drilling crews for Forrest target delayed.
NORTHERN TERRITORY		
<u>Mallapunyah</u> <i>Pb-Zn-Ag & Cu-Ag-Co</i>	Application on Aboriginal Land located within the McArthur Basin targeting zinc-lead-silver deposits similar to the giant McArthur River and Century mines as well as sedimentary-hosted styles of copper mineralisation. Recent success on the Teena project by Teck has highlighted the potential for additional deposits within this fertile terrain (Figure 3).	Land access meeting planned
<u>Irindina</u> <i>Ni-Cu-Co</i>	This project is centred on a standout magnetic target considered prospective for magmatic nickel-copper sulphide mineralisation (Figure 3).	COVID-related travel restrictions have delayed a planned ground-based gravity/electromagnetic survey
<u>Brunette Downs</u> <i>Cu-Ag-Co and Pb-Zn-Ag</i>	Recent interpretation of seismic line 19GA-B1 by Geoscience Australia and the Northern Territory Geological Survey (NTGS) has mapped base metal prospective, Isa Superbasin sediments adjacent to regionally significant basin margin faults – a key setting for giant copper and zinc deposits in both the Mount Isa and McArthur River regions. Red Metal are targeting these middle Proterozoic sequences for giant sediment-hosted copper-cobalt and zinc-lead-silver deposits.	NTGS infill gravity in progress. Trial magnetotelluric survey lines planned.

SUMMARY OF MINERAL RESOURCE ESTIMATES

Reported according to JORC Category and Project / Deposit

Category	Project / Deposit	30 June 2022		30 June 2021	
		Tonnes (M)	Grade	Tonnes (M)	Grade
Inferred	Maronan* Cut-off 3% lead	30.8	6.5% Lead, 106 g/t Silver	30.8	6.5% Lead, 106 g/t Silver
Inferred	Maronan* Cut-off 1% copper	11.0	1.6% Copper, 0.8 g/t Gold	11.0	1.6% Copper, 0.8 g/t Gold
Inferred	Barton Cut-off 1% Heavy Mineral (HM)	285	1.9% HM	285	1.9% HM

* Project owned 100% by Maronan Metals Limited, a controlled entity of Red Metal Limited

Resource drilling is conducted by NQ and HQ diamond drilling. Drill hole positions are surveyed to high accuracy. Drilling is 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 resources 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 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.

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 21 February 2022. 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.

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 ("Red Metal" or "the Company") and the entities it controlled (together referred to as "the Group") for the financial year ended 30 June 2022 and the independent auditor's report thereon. 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 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) including more recently Chairman of LPI's Chilean operating subsidiary, JV Minera Salar Blanco. Russell was also a director of Regis Resources Ltd from March 2020 to January 2022.

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. Rob is also a director of Maronan Metals Limited (director since 2012).

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 Red Hill Iron Limited (director since 2005) and Non-executive Chairman of Traka Resources Ltd (director since 2003).

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

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

Patrick Flint is an 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 2022 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.

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. The total potential short term incentive available is set at a level so as to provide sufficient incentive to Directors and staff. 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 December 2020 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 2021 Annual General Meeting (AGM) – At the 2021 AGM, less than 5% (2020: 3%) of the votes received (excluding abstentions) did not support the adoption of the remuneration report for the year ended 30 June 2021. 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. 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. Mr Rutherford is paid an annual salary of \$251,800, including statutory superannuation. Mr Rutherford can also receive an annual bonus of up to 50% of the annual remuneration (excluding the statutory superannuation) upon the achievement of certain performance criteria (refer above). As a non-executive director of Maronan Metals Limited Mr Rutherford receives an annual fee of \$50,000, including statutory superannuation.

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 ¹		
Non-executive Russell Barwick	2022	43,636	4,364	16,847	64,847	26.0
	2021	43,836	4,164	19,666	67,666	29.1
	2022	24,000	-	16,847	40,847	41.2
	2021	24,000	-	19,666	43,666	45.0
Executive Robert Rutherford ²	2022	236,834	23,684	369,480	629,998	58.6
	2021	229,954	21,846	39,332	291,132	13.5
Totals	2022	304,470	28,048	403,174	735,692	
	2021	297,790	26,010	78,664	402,464	

Notes:

- (1) 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. These options are the only element of the above remuneration that are performance based.

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

- (2) Share-based payments to Mr Rutherford include the value of incentive options issued by the Company and by Maronan Metals Limited (a controlled entity).

Options and rights over equity instruments granted as compensation

A total of 6 million options were issued to Mr Barwick (500,000 options), Mr Rutherford (5,000,000 options) and Mr Pitt (500,000 options) by the Company in November 2021. The options expire on 30 November 2024 and are exercisable at 13 cents in two equal tranches commencing from 1 December 2022 and 1 December 2023.

A total of 4 million options were issued to Mr Rutherford by Maronan Metals Limited in April 2022. The options expire on 14 April 2025 and are exercisable at 25 cents in two equal tranches commencing from 29 April 2022 and 29 April 2023.

The terms and conditions of each grant of incentive options to key management personnel affecting remuneration during the year are as follows:

	Options granted by the Company				Financial years in which grant vests	Value yet to vest	
	Number	Date	% vested in year	Forfeited in year		Min	Max
Russell Barwick	500,000	1 December 2021	50%	Nil	2022 / 2023	Nil	\$3,351
Robert Rutherford	5,000,000	1 December 2021	50%	Nil	2022 / 2023	Nil	\$33,512
Joshua Pitt	500,000	1 December 2021	50%	Nil	2022 / 2023	Nil	\$3,351
	Options granted by Maronan Metals Limited						
Robert Rutherford	4,000,000	29 April 2022	50%	Nil	2022 / 2023	Nil	\$234,614

Assumptions used in valuing the options issued by the Company on 1 December 2021 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
1 December 2021	30 November 2024	3.2 cents	13 cents	10 cents	60%	0.10%	-

Assumptions used in valuing the options issued by Maronan Metals Limited on 29 April 2022 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
27 April 2022	14 April 2025	11.7 cents	25 cents	20 cents	100%	3.13%	-

Each option entitles the holder to purchase one ordinary share in the Company or Maronan Metals Limited as applicable. The estimated values disclosed above are calculated at the date of grant using the Black-Scholes option pricing model.

A total of 2 million options (exercisable at 20 cents each) held by Mr Barwick (500,000 options), Mr Rutherford (1,000,000 options) and Mr Pitt (500,000 options) expired on 26 May 2022.

Other than the above, no options over unissued ordinary shares in Red Metal Limited or its controlled entities 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)***Additional information*

The earnings of the Group for the five years to 30 June 2022 and the share price at financial year end are summarised below:

	2022	2021	2020	2019	2018
Profit / (Loss) before tax (\$)	(2,713,625)	(1,359,892)	258,713	(1,318,126)	(2,280,119)
Basic profit / (loss) per share (cents) attributable to owners of Red Metal Limited	(0.9)	(0.6)	0.1	(0.6)	(1.1)
Share price at financial year end (cents)	8.0	13.5	9.2	8.9	13.5
Dividends (cents)	-	-	-	-	-

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 2022 - Shares

Name	Held at 1 July 2021	Purchases	Exercise of options	Held at 30 June 2022
Specified Directors				
Russell Barwick	4,800,000	-	-	4,800,000
Robert Rutherford	12,361,878	-	-	12,361,878
Joshua Pitt	17,831,822	-	-	17,831,822

30 June 2021 - Shares

Name	Held at 1 July 2020	Purchases	Exercise of options	Held at 30 June 2021
Specified Directors				
Russell Barwick	4,800,000	-	-	4,800,000
Robert Rutherford	12,361,878	-	-	12,361,878
Joshua Pitt	17,831,822	-	-	17,831,822

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

*Option holdings in the Company of key management personnel***30 June 2022 - Options**

Name	Held at 1 July 2021	Granted (i)	Expired	Held at 30 June 2022	Total Vested and exercisable
Specified Directors					
Russell Barwick	1,500,000	500,000	(500,000)	1,500,000	1,250,000
Robert Rutherford	3,000,000	5,000,000	(1,000,000)	7,000,000	4,500,000
Joshua Pitt	1,500,000	500,000	(500,000)	1,500,000	1,250,000

30 June 2021 - Options

Name	Held at 1 July 2020	Granted	Expired	Held at 30 June 2021	Total Vested and exercisable
Specified Directors					
Russell Barwick	1,500,000	500,000	(500,000)	1,500,000	1,250,000
Robert Rutherford	3,000,000	1,000,000	(1,000,000)	3,000,000	2,500,000
Joshua Pitt	1,500,000	500,000	(500,000)	1,500,000	1,250,000

(i) Options granted in November 2021 – refer above.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT (continued)

UNISSUED SHARES UNDER OPTION

As at the date of this report there were 14,650,000 unissued ordinary shares under option. During the financial year 8,250,000 options to subscribe for ordinary shares were issued, no options were exercised and 4,575,000 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 17 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 2022 were the acquisition and exploration of mineral prospects in Australia.

RESULTS AND DIVIDENDS

The loss after tax for the year ended 30 June 2022 was \$2,713,625 (2021: \$1,359,892). 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 2022 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.

The Coronavirus (COVID-19) pandemic did not have a significant direct financial impact on the Company during the year. Staff have worked from home at various times and have remained in good health. The Company is on track to complete the majority of its planned exploration program during the current field season. The Company has maintained relationships with joint venture partners, landowners, native title parties and other stakeholders.

It is not practical to quantify the exact financial impact of COVID-19, but changes in the current year's result that are directly or indirectly attributable to COVID-19 include increased information technology costs and reduced staff travel costs.

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, joint venture arrangements over 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.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW (Continued)

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 (including through joint venture arrangements where appropriate), 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.

The Company's activities are 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;
- joint venture management;
- change in commodity prices and market conditions;
- environmental and occupational health and safety risks;
- Covid-19;
- government policy changes;
- retention of key staff;
- financial reporting and continuous disclosure obligations; 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

On 29 July 2022 the Company issued a total of 2,475,000 incentive options to staff and consultants. The options are exercisable at 11 cents and expire on 28 July 2025.

Other than the above, 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

In April 2022 the Company completed the partial spin-out and initial public offering of its wholly owned subsidiary Maronan Metals Limited ("MMA"). MMA holds the Maronan lead-silver copper-gold project. MMA raised \$15 million and commenced trading on the Australian Securities Exchange on 29 April 2022. Red Metal Limited has retained a 50% interest in the ordinary shares of MMA, and also holds 13.5 million performance shares which convert to ordinary MMA shares upon the satisfaction of specified hurdles.

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

LIKELY DEVELOPMENTS

The Company will continue its mineral exploration activities (subject to any restrictions that may apply in relation to the COVID-19 pandemic) 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.

DIRECTORS' REPORT (continued)**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' 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 ordinary shares	Options over ordinary shares
Russell Barwick	3,922,400	1,500,000
Robert Rutherford	12,153,753	7,000,000
Joshua Pitt	17,807,622	1,500,000

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.

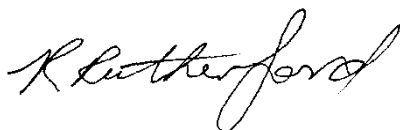
During the financial year the Company agreed to pay an annual insurance premium of \$14,203 in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors and officers of the Company. The insurance premium relates to:

- 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 \$5,600 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 22.

Signed in accordance with a resolution of directors.



Robert Rutherford
Managing Director

Sydney, 30 September 2022

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 followed the recommendations set by the ASX Corporate Governance Council during the reporting period. The Company has disclosed this information on its website at [www.redmetal.com.au/AboutUs/ CorporateGovernance](http://www.redmetal.com.au/AboutUs/CorporateGovernance). The Corporate Governance Statement is current as at 30 June 2022, 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

To the directors of Red Metal Limited:

As lead auditor for the audit of the consolidated financial report of Red Metal Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in relation to Red Metal Limited and the entities it controlled during the period.



Sydney, NSW
30 September 2022

K L Luong
Partner

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HLB Mann Judd (NSW Partnership) is a member of HLB International, the global advisory and accounting network.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenues from continuing operations	2	2,625,256	3,366,528
Expenses from continuing operations			
Employee and consultant expenses		(1,364,681)	(625,512)
Exploration expenditure written off (including employee and consultant expenses)	13	(3,381,568)	(3,678,263)
Depreciation	3	(113,073)	(96,546)
Occupancy expenses		(24,482)	(16,908)
Other expenses from continuing operations		<u>(455,077)</u>	<u>(309,191)</u>
Loss before related income tax (expense) / benefit	3	(2,713,625)	(1,359,892)
Income tax (expense) / benefit	5	<u>-</u>	<u>-</u>
Loss for the year from continuing operations		(2,713,625)	(1,359,892)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss attributable to members of the Company		<u>(2,713,625)</u>	<u>(1,359,892)</u>
Loss for the year is attributable to:			
Non-controlling interest		(419,675)	-
Owners of Red Metal Limited		<u>(2,293,950)</u>	<u>(1,359,892)</u>
		<u>(2,713,625)</u>	<u>(1,359,892)</u>
Earnings per share for loss attributable to the owners of Red Metal Limited		Cents	Cents
Basic profit / (loss) per share	6	(0.93)	(0.56)
Diluted profit / (loss) per share	6	<u>(0.93)</u>	<u>(0.56)</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 2022

	Notes	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	8	14,922,577	2,492,507
Trade and other receivables	9	321,202	1,189,785
Other	10	55,827	-
TOTAL CURRENT ASSETS		15,299,606	3,682,292
NON-CURRENT ASSETS			
Trade and other receivables	9	109,720	83,254
Property, plant and equipment	11	147,350	15,828
Right-of-use assets	12	655,965	135,268
Acquisition, exploration and evaluation expenditure	13	444,123	444,123
TOTAL NON-CURRENT ASSETS		1,357,158	678,473
TOTAL ASSETS		16,656,764	4,360,765
CURRENT LIABILITIES			
Trade and other payables	14	347,042	847,909
Lease liabilities	15	123,252	92,263
Employee benefits	16	163,401	149,364
TOTAL CURRENT LIABILITIES		633,695	1,089,536
NON-CURRENT LIABILITIES			
Lease liabilities	15	563,271	43,005
TOTAL NON-CURRENT LIABILITIES		563,271	43,005
TOTAL LIABILITIES		1,196,966	1,132,541
NET ASSETS		15,459,798	3,228,224
EQUITY			
Issued capital	17	36,352,443	36,352,443
Reserves	18	10,683,638	2,784,669
Accumulated losses	19	(38,202,839)	(35,908,888)
Equity attributable to the owners of Red Metal Limited		8,833,242	3,228,224
Non-controlling interest	20	6,626,556	-
TOTAL EQUITY		15,459,798	3,228,224

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 2022

	Notes	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in the course of operations		(953,497)	(939,241)
Project management fees received		498,148	501,849
Government grants – cash boost		-	50,000
Interest paid		(19,114)	(5,605)
Other income received		61,120	43,720
Interest received		1,983	1,055
NET CASH (USED IN) OPERATING ACTIVITIES	23a	(411,360)	(348,222)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash payments for exploration and evaluation		(1,674,094)	(1,209,489)
Advances to joint venture		(201,403)	(60,552)
Repayment of advances to joint venture		202,239	59,131
Option fees received		300,000	-
Grants received		330,000	-
Bonds paid		(63,440)	-
Bonds recovered		36,973	-
Payments for property, plant and equipment		(83,280)	(11,817)
NET CASH (USED IN) INVESTING ACTIVITIES		(1,153,005)	(1,222,727)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(71,231)	(90,179)
Proceeds from issue of shares by controlled entity		15,000,000	-
Proceeds from issue of shares		-	3,000,000
Costs of issue of shares by controlled entity		(934,334)	-
Costs of issue of shares		-	(185,250)
NET CASH PROVIDED BY FINANCING ACTIVITIES		13,994,435	2,724,571
Net increase in cash and cash equivalents held		12,430,070	1,153,622
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,492,507	1,338,885
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	14,922,577	2,492,507

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 2022

	Issued Capital	Accumulated Losses	Reserves	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2020	33,537,693	(34,548,996)	2,646,935	-	1,635,632
Total comprehensive loss	-	(1,359,892)	-	-	(1,359,892)
Shares issued during the year	3,000,000	-	-	-	3,000,000
Share issue costs	(185,250)	-	-	-	(185,250)
Cost of share-based payments	-	-	137,734	-	137,734
Balance at 30 June 2021	36,352,443	(35,908,888)	2,784,669	-	3,228,224
Balance at 1 July 2021	36,352,443	(35,908,888)	2,784,669	-	3,228,224
Total comprehensive loss	-	(2,293,951)	-	(419,674)	(2,713,625)
Non-controlling interest share of subsidiary company net assets at date of acquisition	-	-	-	6,752,963	6,752,963
Transactions with non-controlling interest	-	-	7,662,371	293,267	7,955,638
Cost of share-based payments	-	-	236,598	-	236,598
Balance at 30 June 2022	36,352,443	(38,202,839)	10,683,638	6,626,556	15,459,798

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 2022

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. The consolidated financial statements are for the Group consisting of Red Metal Limited and its subsidiaries.

The financial statements were authorised for issue on 30 September 2022. 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).

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Red Metal Limited ('Company') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Red Metal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity.

Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) Adoption of new and revised standards

In the year ended 30 June 2022, the Company has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the current annual reporting period. There is no material impact of the new and revised Standards and Interpretations on the Group.

The Directors have also reviewed all of the new and revised Standards that have been issued but are not yet effective for the year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations that have been issued but are not yet effective on the Group and, therefore, no change is necessary 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).

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Reimbursement of Alliance expenditure

Alliance exploration activities are conducted by and expenditure incurred in the name of Red Metal Limited as the project manager, and funded directly by OZ Minerals. Reimbursement of Alliance exploration expenditure by OZ Minerals is recognised as revenue at the same time as the expenditure is incurred.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grant income

Income from Government grants is recognised only when the conditions of the grant are satisfied.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 Group 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 collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

(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) Recoverable Amount of Assets and Impairment Testing

The Group 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(k) Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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.

(n) 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. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(o) 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.

(p) Parent Entity Financial Information

The financial information for the parent entity, Red Metal Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
(continued)

	2022	2021
	\$	\$
2. REVENUE FROM CONTINUING OPERATIONS		
Revenue from operating activities:		
Interest – Other parties	1,984	1,055
Government grants	130,000	200,000
Project management fees	439,713	586,660
Alliance JV option fees	-	300,000
Reimbursement of Alliance expenditure	1,884,674	2,217,493
Reimbursement of expenditure	125,365	-
Other income	43,520	61,320
Total revenue from ordinary activities	<u>2,625,256</u>	<u>3,366,528</u>

In January 2019 the Company entered into a multi-project option and joint venture agreement (Alliance JV Agreement) with OZ Minerals Limited (OZ Minerals). The Alliance JV Agreement provides OZ Minerals with an option to fund a series of mutually agreed, proof-of-concept work programs on specified Red Metal projects. Alliance exploration activities are conducted by and expenditure incurred in the name of Red Metal as the project manager, and funded directly by OZ Minerals. Alliance exploration expenditure is written off as incurred.

	2022	2021
	\$	\$
3. LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		
Loss before income tax includes the following specific expenses		
<i>Exploration expenditure written off</i>		
Alliance expenditure	<u>1,884,674</u>	<u>2,217,493</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	<u>19,114</u>	<u>5,605</u>
<i>Depreciation</i>		
Plant and equipment	11,284	6,367
Right-of-use assets	<u>101,789</u>	<u>90,179</u>
	<u>113,073</u>	<u>96,546</u>
<i>Employee benefits expense</i>		
Director salaries, fees and superannuation	332,519	323,800
Share-based payments expense	823,133	137,734
Employee salaries, fees and superannuation	<u>345,657</u>	<u>339,872</u>
	<u>1,501,309</u>	<u>801,406</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
(continued)

	2022	2021
	\$	\$
4. AUDITOR'S REMUNERATION		
Audit services - HLB Mann Judd		
- audit or review of the financial statements on the Company	38,000	31,439
Other services – HLB Mann Judd		
- taxation compliance services	5,600	6,300
Audit services – BDO Audit (WA) Pty Ltd		
- audit or review of the financial statements on controlled entity	40,500	25,900
5. INCOME TAX EXPENSE		
(a) Income tax benefit / (expense)		
Prima facie income tax benefit calculated at 25% (2021: 26%) on the loss from continuing operations:	678,406	353,572
Decrease in income tax benefit due to:		
Equity-based compensation	(205,783)	(35,811)
Capital gain on corporate transaction	(173,056)	-
Other adjusting items	(17,111)	(1,300)
Deferred tax asset not brought to account	(282,456)	(316,461)
Income tax benefit / (expense) attributable to operating loss	-	-
(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	30,887,021	29,937,626
Potential tax benefit at 25% (2021: 26%)	7,721,755	7,783,783
6. EARNINGS PER SHARE		
<i>Classification of securities as ordinary shares</i>		
The Company has only one category of ordinary shares included in basic earnings per share.		
<i>Classification of securities as potential ordinary shares – share options outstanding</i>		
The Company has granted share options in respect of a total of 14,650,000 ordinary shares. Options are considered to be potential ordinary shares. For the year ended 30 June 2022, as the Company was in a loss position, the options are anti-dilutive in nature, as their exercise would 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 in 2022.		
	2022	2021
	\$	\$
Earnings reconciliation		
Loss for the year	(2,713,625)	(1,359,892)
Non-controlling interest	419,675	-
Loss attributable to the owners of Red Metal Limited	2,293,950	(1,359,892)
	Number	Number
Weighted average number of shares used as the denominator	245,591,743	244,221,880

7. SEGMENT INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

	2022	2021
	\$	\$
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	14,922,577	2,492,507
9. TRADE AND OTHER RECEIVABLES		
Current		
Other debtors	321,202	1,189,785
Non-Current		
Sundry deposits	109,720	83,254
Other debtor amounts relate primarily to advances pursuant to the Alliance JV Agreement (2021: also option fees receivable and Government grants receivable). Interest is not charged in respect of these amounts. Collateral is not obtained and the amounts have repayment terms between 30 and 90 days. No amounts are in arrears.		
10. OTHER ASSETS		
Current		
Prepayments	55,827	-
11. PROPERTY, PLANT AND EQUIPMENT		
<i>Plant and equipment</i>		
At cost	285,046	142,240
Less accumulated depreciation	(137,696)	(126,412)
	147,350	15,828
Reconciliation		
<i>Plant and equipment</i>		
Carrying amount at the beginning of the year	15,828	10,378
Additions	142,806	11,817
Depreciation	(11,284)	(6,367)
Carrying amount at the end of the year	147,350	15,828
12. RIGHT-OF-USE ASSETS		
Buildings – right-of-use	735,209	315,626
Less accumulated depreciation	(79,244)	(180,358)
	655,965	135,268
Reconciliation		
<i>Buildings</i>		
Carrying amount at the beginning of the year	135,268	-
Additions	622,486	225,447
Depreciation	(101,789)	(90,179)
Carrying amount at the end of the year	655,965	135,268

The consolidated entity leases its head office under an agreement of three years, with an option to extend for a further three years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

	2022	2021
	\$	\$
13. 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	444,123
Acquisition and exploration costs incurred	3,381,568	3,678,263
Costs written-off	<u>(3,381,568)</u>	<u>(3,678,263)</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.

14. TRADE AND OTHER PAYABLES

Current

Creditors and accruals	<u>347,042</u>	<u>847,909</u>
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15. LEASE LIABILITIES

Current	123,252	92,263
Non-Current	<u>563,271</u>	<u>43,005</u>
	<u>686,523</u>	<u>135,268</u>

Reconciliation

At beginning of the year	135,268	225,447
Additions	641,853	-
Repayments	<u>(90,598)</u>	<u>(90,179)</u>
At end of the year	<u>686,523</u>	<u>135,268</u>

16. EMPLOYEE BENEFITS

Current

Annual leave	67,200	63,697
Long service leave	<u>96,201</u>	<u>85,667</u>
	<u>163,401</u>	<u>149,364</u>

17. ISSUED CAPITAL

Issued and paid-up share capital

245,591,743 (2021: 245,591,743) ordinary shares, fully paid	<u>36,352,443</u>	<u>36,352,443</u>
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(a) Ordinary shares

Shares issued:

Balance at the beginning of the year	36,352,443	33,537,693
Issued for cash – share placement	-	3,000,000
Share issue costs	-	<u>(185,250)</u>
Balance at the end of the year	<u>36,352,443</u>	<u>36,352,443</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 2022

(continued)

17. ISSUED CAPITAL (continued)

(b) Share Options

Exercise Period	Note	Exercise Price	Balance 1 July 2021 No.	Options Issued No.	Options Expired No.	Balance 30 June 2022 No.
On or before 26 May 2022	(i)	\$0.12	3,675,000	-	(3,675,000)	-
On or before 28 November 2022	(ii)	\$0.15	3,375,000	-	-	3,375,000
On or before 7 May 2023	(iii)	\$0.11	600,000	-	(600,000)	-
On or before 22 November 2023	(iv)	\$0.14	3,325,000	-	(300,000)	3,025,000
On or before 30 November 2024	(v)	\$0.13	-	8,250,000	-	8,250,000
			10,975,000	8,250,000	(4,575,000)	14,650,000

- (i) Incentive options issued to directors and technical and administration staff in May 2019 for \$Nil consideration. Options were not exercised and expired in May 2022.
- (ii) Incentive options issued to directors and technical and administration staff in November 2019 for \$Nil consideration. Options vested in two equal tranches commencing from November 2019 and November 2020.
- (iii) Incentive options issued to technical staff in May 2020 for \$Nil consideration. Options expired in March 2022.
- (iv) Incentive options issued to directors and technical and administration staff in November 2020 for \$Nil consideration. Options vested in two equal tranches commencing from November 2020 and November 2021.
- (v) Incentive options issued to directors and technical and administration staff in November 2021 for \$Nil consideration. Options vest in two equal tranches commencing from November 2021 and November 2022.

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.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. As the Group is at the exploration phase it is expected to incur operating losses or small operating profits. The Group issues new shares to raise capital when required to fund its ongoing exploration programs and working capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

	2022	2021
	\$	\$
18. RESERVES		
Option Reserve	3,021,267	2,784,669
Transactions with Non-Controlling Interest Reserve	7,662,371	-
	<u>10,683,638</u>	<u>2,784,669</u>
<i>Option Reserve</i>		
Balance at the beginning of the year	2,784,669	2,646,935
Equity-based compensation	236,598	137,734
Balance at the end of the year	<u>3,021,267</u>	<u>2,784,669</u>

The Option Reserve is used to recognise the value of incentive options issued to directors and staff as part of their total remuneration. 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 1 December 2021 – exercise price of 13 cents, expiry date of 30 November 2024, 0.10% risk free rate, 60% volatility, 3 year expected life, and share price at grant date of 13 cents.
- Options issued in prior periods are detailed in Note 17(b).

<i>Transactions with Non-Controlling Interest Reserve</i>		
Balance on initial non-controlling interest	7,369,103	-
Equity-based compensation	293,268	-
Balance at the end of the year	<u>7,662,371</u>	<u>-</u>

The Transactions with Non-Controlling Interest Reserve is used to recognise the difference between the book value and cost of the Non-controlling interest.

19. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	35,908,888	34,548,996
Loss for the year	2,293,951	1,359,892
Accumulated losses at the end of the financial year	<u>38,202,839</u>	<u>35,908,888</u>

20. EQUITY – NON-CONTROLLING INTEREST

Issued capital	13,952,854	-
Reserves	(6,906,623)	-
Accumulated losses	(419,675)	-
	<u>6,626,556</u>	<u>-</u>

The non-controlling interest has a 50% (2021: Nil) equity holding in Maronan Metals Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

21. 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. 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 Group's maximum exposure to credit risk at the reporting date was:

	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	14,922,577	2,492,507
Trade and other receivables	321,202	1,189,785
Other	55,827	-
	15,299,606	3,682,292

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 2022

(continued)

21. 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 Group's cash and cash equivalents and lease liabilities. The Group leases office premises in Sydney – refer note 15 for further information.

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

	2022	2021
	\$	\$
<i>Fixed rate Instruments</i>		
Financial assets	-	-
Financial liabilities	(585,263)	(135,268)
	<u>(585,263)</u>	<u>(135,268)</u>
<i>Variable rate Instruments</i>		
Financial assets	14,922,577	2,492,507
Financial liabilities	-	-
	<u>14,922,577</u>	<u>2,492,507</u>

Cash flow sensitivity analysis for variable rate instruments

The impact of a 1% movement in the interest rate on the funds invested when all other variables are held constant is immaterial.

(iii) Net fair values

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 2022

(continued)

22. COMMITMENTS

(a) Mineral exploration commitments

The Group holds exploration tenements in various Australian States. In order to maintain current rights of tenure to exploration tenements, the Group is required to comply with tenement obligations (including performing exploration work) specified by State Governments. Tenement obligations differ between States, with some States requiring strict compliance with annual exploration expenditure commitments, other States allowing flexibility if exploration expenditure commitments are not achieved, and other States setting activities-based work programs which are assessed over the life of the tenement (ie no set annual expenditure amount). Certain States also allow for the variation of tenement obligations. If tenement obligations are not met it may result in the tenement right of tenure being removed or the tenement area being reduced.

The commitments detailed below are an estimate of annual expenditure required to meet tenement obligations over the tenure period. Certain of these obligations are subject to renegotiation when application for renewed tenure is made. The commitments exceed planned exploration costs. The Group intends to comply with the required commitments over the tenure period 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. Any such relinquishment will have no effect on amounts capitalised included in note 13 as the Group has planned to undertake exploration work on the tenements to which these amounts relate. Refer also to Note 2, the Group has not recognised commitments pertaining to tenements which Oz Minerals are committed to fund under the Alliance JV Agreement. These obligations are not provided for in the financial report and are payable:

	2022	2021
	\$	\$
Within one year	3,823,500	1,448,500
One year or later and no later than five years	16,623,500	15,855,500
	<u>20,447,000</u>	<u>17,304,000</u>

23. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of loss from continuing operations after income tax to net cash used in operating activities

Loss from continuing operations after income tax	(2,713,625)	(1,359,892)
Add/(less) non-cash items:		
Depreciation	113,073	96,546
Share-based payments	823,133	137,734
Exploration expenditure write-off (excluding Alliance exploration expenditure)	<u>1,496,894</u>	<u>1,460,770</u>
Net cash (used in) / provided by operating activities before change in assets and liabilities	(280,525)	335,158
Government grants, option fees received, classified as Investing Activities	(630,000)	-
Change in assets and liabilities		
Decrease / (Increase) in debtors	381,592	(558,726)
(Increase) in prepayments	(55,827)	-
Increase / (Decrease) in payables	<u>173,400</u>	<u>(124,654)</u>
Net cash used in operating activities	<u>(411,360)</u>	<u>(348,222)</u>

(b) Non-cash financing and investing activities

- (i) In November 2021 the Company issued a total of 8,250,000 incentive options to directors, technical and administrative staff and consultants of the Company – refer note 17(b).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

24. INTEREST IN SUBSIDIARIES

The consolidated financial statements include the financial statements of Red Metal Limited and the subsidiaries listed in the following table. Red Metal Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Entity	Country / Date of incorporation	Equity holding	Equity holding	Class of Shares
		2022	2021	
		%	%	
RM Potash	USA / January 2009	-	100	Ord
Maronan Metals Limited	Australia / March 2012	50	100	Ord

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. RM Potash did not trade during the year, did not have any assets or liabilities and was deregistered during the year.

In April 2022 the Company completed the partial spin-out and initial public offering of its wholly owned subsidiary Maronan Metals Limited ("MMA"). MMA holds the Maronan lead-silver copper-gold project. MMA raised \$15 million and commenced trading on the Australian Securities Exchange on 29 April 2022. Red Metal Limited has retained a 50% interest in the ordinary shares of MMA, and also holds 13.5 million performance shares, with a 5 year term, which convert to ordinary MMA shares upon the satisfaction of specified hurdles.

25. DIRECTORS AND EXECUTIVES DISCLOSURES AND RELATED PARTY TRANSACTIONS

(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:

	2022	2021
	\$	\$
Short-term employee benefits	304,470	297,790
Share-based payments	403,174	78,664
Post-employment benefits	28,048	26,010
	<u>735,692</u>	<u>402,464</u>

Information regarding individual directors' compensation is provided in the Remuneration report on pages 14 to 17.

(c) Other transactions with the Group

No director has entered into a material contract (apart from employment) with the Company since 1 July 2021 and there were no other material contracts involving directors' interests existing at year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(continued)

25. DIRECTORS AND EXECUTIVES DISCLOSURES AND RELATED PARTY TRANSACTIONS

(continued)

(d) Related party transactions

In April 2022 the Company completed the partial spin-out and initial public offering of its wholly owned subsidiary Maronan Metals Limited ("MMA"). As part of the spin-out eligible shareholders of the Company (i) could participate in the MMA capital raising offer (being the issue of shares at an issue price of \$0.20 each together with one free attaching option for every three shares issued) and (ii) received an allocation of bonus options from MMA on a pro rata basis.

The number of MMA shares, attaching options and bonus options subscribed for and issued to key management personnel (and their related parties) as part of the MMA spin-out, and held by the parties at 30 June 2022, is as follows:

Name	Shares Number	Attaching options Number	Bonus options Number
Specified Directors			
Russell Barwick	-	-	530,244
Robert Rutherford	200,000	66,666	1,365,590
Joshua Pitt	5,280,000	1,759,999	1,969,842

All transactions were made on normal commercial terms and conditions and at market rates.

26. SUBSEQUENT EVENTS

On 29 July 2022 the Company issued a total of 2,475,000 incentive options to staff and consultants. The options are exercisable at 11 cents and expire on 28 July 2025.

Other than the above 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.

27. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
(continued)

28. PARENT ENTITY DISCLOSURES

(a) Summary financial information

Financial Position

	2022	2021
	\$	\$
Assets		
Current assets	2,090,073	3,682,282
Non-current assets	8,218,241	678,474
Total assets	<u>10,308,314</u>	<u>4,360,756</u>
Liabilities		
Current liabilities	368,413	1,089,536
Non-current liabilities	515,660	43,005
Total liabilities	<u>884,073</u>	<u>1,132,541</u>
Net assets	<u>9,424,241</u>	<u>3,228,215</u>
Equity		
Issued capital	36,352,443	36,352,443
Reserves	3,021,267	2,784,669
Accumulated losses	(29,949,469)	(35,908,897)
Total equity	<u>9,424,241</u>	<u>3,228,215</u>
Financial performance		
Profit / (Loss) for the year after income tax	5,959,428	(1,359,901)
Other comprehensive income / (loss)	-	-
Total comprehensive profit / (loss)	<u>5,959,428</u>	<u>(1,359,901)</u>

(b) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Red Metal Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(c) Contingent liabilities of the parent

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes set out on pages 23 to 43 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 2022 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, 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 2022.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'R Rutherford', written in a cursive style.

Robert Rutherford
Managing Director

Dated at Sydney this 30th day of September 2022

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 2022, 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 2022 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Valuation of Share Options	
Description The company issued a number of share options to directors in Red Metal Limited. The company valued these options to assess their fair value. The key assumptions used in determining the fair value of the options are set out in Note 17 to the financial statements. We focused on this area as a key audit matter due to the judgement involved in assessing the fair value of the options.	We reviewed the valuations of the options, and the methodology used. We also reviewed the key assumptions in the valuation. We assessed whether the Group's disclosures met the requirements of various accounting standards.

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 2022, 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

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 14 to 17 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Red Metal Limited for the year ended 30 June 2022 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.



HLB Mann Judd
Chartered Accountants

Sydney, NSW
30 September 2022



K L Luong
Partner

Shareholder Information

The shareholder information set out below was applicable as at 16 September 2022.

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	17,807,622	7.25%
Freeport-McMoran Australasia Inc	12,476,471	5.08%

Distribution of equity security holders

Size of Holding	Ordinary Shares	Options
1 to 1,000	86	-
1,001 to 5,000	333	-
5,001 to 10,000	386	-
10,001 to 100,000	1,192	1
100,001 and over	366	12
	<u>2,363</u>	<u>13</u>

The number of holdings comprising less than a marketable parcel was 503.

Unquoted equity securities

Class	Number
Options - exercisable at 15 cents on or before 28 November 2022	3,375,000
Options - exercisable at 14 cents on or before 22 November 2023	3,025,000
Options - exercisable at 13 cents on or before 30 November 2024	8,250,000
Options - exercisable at 11 cents on or before 28 July 2025	2,475,000

On-market buy-back

There is no current on-market buy-back.

Twenty Largest Shareholders as at 16 September 2022

	Number of Shares	% Held
Perth Capital Pty Ltd	17,496,372	7.12
Freeport-McMoran Australasia Inc	12,476,471	5.08
Robert Alexander Rutherford	10,803,753	4.40
Jetosea Pty Ltd	8,575,568	3.49
Sambor Trading Pty Ltd	4,124,259	1.68
Warrambo Holdings Pty Ltd	4,115,059	1.68
Robert Geoffrey & Angela Margaret Page (Page Group Super Fund A/C)	3,250,000	1.32
SDG Nominees Pty Ltd (T J Strapp Super Fund A/C)	3,000,000	1.22
Russell Barwick	2,841,000	1.16
Arnold & Ruth Getz	2,800,000	1.14
Citicorp Nominees Pty Limited	2,614,290	1.07
Huon Pine Pty Ltd (Huon Pine Investment A/C)	2,509,522	1.02
Bluestar Management Pty Ltd	2,400,000	0.98
BNP Paribas Nominees Pty Ltd (IB AU Noms)	2,385,577	0.97
Xiaodan Wu	2,070,591	0.84
Cue Diversified Pty Ltd	2,000,000	0.81
Nalmor Pty Ltd (John Chappell Super Fund A/C)	1,954,794	0.80
Xiaodan Wu (Sharada A/C)	1,786,000	0.73
Radrob Pty Ltd	1,755,000	0.72
Sharon Anne Margaret Goad	1,558,125	0.63
	<u>90,516,381</u>	<u>36.86</u>

TENEMENT DIRECTORY**Granted Exploration Tenements held at 16 September 2022 are as follows:**

Project	Tenement Reference	Company Interest %	Comment
Corkwood	EPMs 13380, 26032, 27472, 27665, 27808	100	
Lawn Hill	EPMs 25902, 25905, 25985, 26157, 27179, 27224	100	Refer note 1
Gulf	EPMs 26434, 26436, 26654, 26655, 26656, 26657, 26672, 26674	100	Refer note 1
Gidyea	EPMs 27308, 27309, 27567, 27568, 26569	100	
Three Ways	EPMs 26941, 26943, 27371, 27803	100	
Mount Skipper	EPM 19232	100	
Emu Creek JV	EPM 15385	100	Refer note 2
Sybella	EPMs 28001, 28003	100	
Barton	EL 5888	100	
Callabonna JV	ELs 6204, 6318	51	Refer note 3
Pernatty Lagoon JV	EL 6014	90	Refer note 4
Punt Hill	EL 6035	100	
Birthday Well	EL 6289	100	
Irindina	EL 27266	100	
Nullarbor	ELs 69/ 3428, 3433, 3436, 3437, 3438, 3439, 3441, 3595, 3596, 3602, 3603, 2783, 3784	100	
Yarrie	ELs 45/ 5185, 5186, 5225, 5236, 5187	100	Refer note 1
Pardoo	ELs 45/ 5698, 5699	100	
Brunette Downs	ELs 32708, 32709, 32710, 32711, 32712, 32713, 32714	100	
Maronan	EPM 13368		Refer note 5

Notes:

1. Greenfields Discovery Alliance Agreement between Red Metal (diluting to 49%) and OZ Exploration Pty Ltd (earning 51%).
2. Joint venture between Red Metal (diluting to 30%) and Chinova Resources (Osborne) Pty Ltd (earning 70%).
3. Joint venture between Red Metal (51%, earning 70%) and Variscan Mines Limited (49% diluting to 30%).
4. Joint venture between Red Metal (90%) and Havilah Resources NL (10%).
5. Tenement held 100% by Maronan Metals Limited, a controlled entity of Red Metal Limited