

RED METAL LIMITED
AND CONTROLLED ENTITIES

A.C.N. 103 367 684

INTERIM FINANCIAL REPORT 31 DECEMBER 2021

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RED METAL LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present the financial report of Red Metal Limited (“Red Metal” or “the Company”) for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

R C Barwick (Non-Executive Chairman)

R A Rutherford (Managing Director)

J N Pitt (Non-Executive Director)

Results

The result for the half-year ended 31 December 2021 was a loss after tax of \$1,089,529 (2020: \$861,865).

Subsequent Events

In February 2022 the Company’s wholly owned subsidiary and owner of the Maronan Project, Maronan Metals Limited (MMA), issued a prospectus seeking to raise a minimum of \$12,000,000 and a maximum of \$15,000,000 via a public offer of shares. Following completion of the offer the Company will retain between a 50% (if the maximum subscription is raised) and 55.55% (if the minimum subscription is raised) interest in MMA. Upon successful completion of the offer the Company will also receive a cash payment of \$500,000 as partial reimbursement for expenditure incurred in developing the Maronan Project.

Other than as set out above, no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of Red Metal Limited, the results of those operations, or the state of affairs in future financial years.

Review of Operations

GREENFIELDS DISCOVERY ALLIANCE WITH OZ MINERALS

A modern airborne electromagnetic survey was flown over the **Yarrie Copper-Gold-Cobalt Project** during the period. Advanced processing and interpretation of new electromagnetic and magnetic data is near completion. Preparations for ground surveys and drilling during the 2022 field season are underway.

Proof-of-concept drill tests on two magnetic targets were completed on the Gibson’s Tank tenement within the **Gulf Copper-Gold Project** during the period. Drill hole GTK2101 on the combined high magnetic and high gravity target GT07 intersected a 44.4 metre interval from 486.6 metres of hydrothermal ironstone and breccia within a deformed felsic volcanic sequence that defines the source to the geophysical target. The ironstone contains weakly disseminated copper sulphides that returned low copper assay values ranging from 0.008% to 0.34% and very low gold values ranging 0.002g/t to 0.013g/t. Drill hole GTK2102 on the high magnetic but weak gravity target GT4 intersected a felsic to intermediate intrusive rock altered by veinlet networks of chlorite and magnetite that appears to explain the source to the geophysical anomaly. No significant intervals of copper or gold mineralisation were encountered in this hole.

At the **Lawn Hill Project** a passive seismic technique was trialed over a previously untested gravity anomaly on the Watsons Bore tenement. The gravity anomaly is about 1.5 kilometres long and is interpreted as a continuation of the sedimentary sequences that host the extensive, low-grade zinc mineralisation at the nearby Bluebush prospect. Imaging of the depth to basement using the passive seismic technique has shown the gravity anomaly is not the result of a high basement feature (a false positive) but instead relates to the underlying geology. This target offers potential for a large stratabound or structure-controlled zinc-lead-silver deposit and further work is being considered by the OZ Minerals Alliance.

RED METAL LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT (Continued)

Review of Operations (Continued)

RED METAL FUNDED PROJECTS

Details on the revised spin-out strategy of the Company's wholly owned subsidiary Maronan Metals Limited (MMA) and the **Maronan Lead-Silver and Copper-Gold Project** were announced during the period and approved by shareholders in January 2022. The spin-out and initial public offering will enable MMA to test the significant exploration potential of the Maronan Project, including drilling for additional shallow, high value copper-gold and lead-silver mineralisation as well as the potentially larger, higher-grade copper-gold and lead-zinc-silver extensions at depth. A prospectus was issued by MMA in February 2022 seeking to raise a minimum of \$12,000,000 and a maximum of \$15,000,000 via the issue of shares by MMA at an issue price of \$0.20 each. Following completion of the offer the Company will retain between a 50% (if the maximum subscription is raised) and 55.55% (if the minimum subscription is raised) interest in MMA.

Additional gravity surveying and passive seismic trials were completed across key gravity and magnetic targets on the **Callabonna Copper-Gold Project** allowing more precise geophysical modelling. Several untested magnetic targets adjacent to potential near-miss drill holes have been identified for step-out drilling on the **Pernatty Lagoon and Punt Hill Copper-Gold Projects** with geophysical modelling and land access preparations for possible drilling in 2022 underway.

At the **Gidyea Copper-Gold Project** processing and interpretation of new gravity data in combination with the regional magnetic data has allowed the Company's exploration team to interpret a variety of new IOCG plays. Passive seismic trials are planned across key magnetic and gravity targets to image the depth to basement enabling more precise geophysical modelling. Preparations for drilling in 2022 are underway.

A modern airborne electromagnetic survey was flown over the **Pardoo Nickel-Copper-Gold Project** during the period. Advanced processing and interpretation of the new data is in progress.

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.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the lead auditor for the review undertaken by HLB Mann Judd to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors.



R Rutherford
Director

Dated this 3rd day of March 2022

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Red Metal Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Red Metal Limited and the entities it controlled during the period.



Sydney, NSW
3 March 2022

K L Luong
Partner

RED METAL LIMITED AND CONTROLLED ENTITIES

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Revenue from continuing operations			
Interest income		101	835
Project management fees		338,779	405,192
Reimbursement of Alliance expenditure		1,590,196	1,322,881
Other income		43,520	43,720
Expenses from continuing operations			
Exploration expenditure written off		(2,349,607)	(2,017,261)
Employee and consultant expenses		(484,588)	(446,976)
Depreciation		(53,073)	(48,160)
Occupancy expenses		(8,373)	(7,231)
Shareholder expenses		(56,347)	(40,843)
Other expenses		(110,137)	(74,022)
Loss before income tax benefit		(1,089,529)	(861,865)
Income tax benefit		-	-
Net loss for the period from continuing operations		(1,089,529)	(861,865)
Other comprehensive income		-	-
Total comprehensive loss attributable to members of the Company	6	(1,089,529)	(861,865)
		Cents	Cents
Basic and diluted loss per share		(0.4)	(0.4)

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

RED METAL LIMITED AND CONTROLLED ENTITIES**CONDENSED STATEMENT OF FINANCIAL POSITION****As at 31 December 2021**

	Note	31 Dec 2021 \$	30 Jun 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		1,951,056	2,492,507
Trade and other receivables		48,924	1,189,785
TOTAL CURRENT ASSETS		1,999,980	3,682,292
NON-CURRENT ASSETS			
Receivables		111,184	83,254
Property, plant and equipment		11,715	15,828
Right-of-use assets		607,534	135,268
Exploration, evaluation and development expenditure		444,123	444,123
TOTAL NON-CURRENT ASSETS		1,174,556	678,473
TOTAL ASSETS		3,174,536	4,360,765
CURRENT LIABILITIES			
Trade and other payables		97,268	847,909
Lease liabilities		66,681	92,263
Employee benefits		149,550	149,364
TOTAL CURRENT LIABILITIES		313,499	1,089,536
NON-CURRENT LIABILITIES			
Lease liabilities		551,201	43,005
TOTAL NON-CURRENT LIABILITIES		551,201	43,005
TOTAL LIABILITIES		864,700	1,132,541
NET ASSETS		2,309,836	3,228,224
EQUITY			
Issued capital	7	36,352,443	36,352,443
Option reserve		2,955,810	2,784,669
Accumulated losses	6	(36,998,417)	(35,908,888)
TOTAL EQUITY		2,309,836	3,228,224

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

RED METAL LIMITED AND CONTROLLED ENTITIES

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2020	33,537,693	(34,548,996)	2,646,935	1,635,632
Loss attributable to members of the Company	-	(861,865)	-	(861,865)
Shares issued during the period	3,000,000	-	-	3,000,000
Transaction costs	(185,250)	-	-	(185,250)
Share based payments	-	-	100,373	100,373
Balance at 31 December 2020	36,352,443	(35,410,861)	2,747,308	3,688,890
Balance at 1 July 2021	36,352,443	(35,908,888)	2,784,669	3,228,224
Loss attributable to members of the Company	-	(1,089,529)	-	(1,089,529)
Share based payments	-	-	171,141	171,141
Balance at 31 December 2021	36,352,443	(36,998,417)	2,955,810	2,309,836

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

RED METAL LIMITED AND CONTROLLED ENTITIES

CONDENSED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

	31 Dec 2021 \$	31 Dec 2020 \$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Cash payments in the course of operations	(447,409)	(588,227)
Project management fees received	369,062	385,788
Interest received	101	835
Interest paid	(7,176)	(3,150)
Other income received	36,800	29,680
NET CASH USED IN OPERATING ACTIVITIES	(48,622)	(175,074)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash payments for exploration and evaluation	(965,779)	(481,682)
Advances to joint venture	(169,216)	(33,420)
Reimbursement of advances to joint venture	170,096	31,272
Option fees received	300,000	-
Government grants received	200,000	50,000
Bonds recovered	19,010	-
Bonds paid	(46,940)	-
Purchase of property, plant and equipment	-	(5,905)
NET CASH USED IN INVESTING ACTIVITIES	(492,829)	(439,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	3,000,000
Payments for share issue costs	-	(185,250)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	2,814,750
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS HELD	(541,451)	2,199,941
Cash and cash equivalents at the beginning of the financial period	2,492,507	1,338,885
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	1,951,056	3,538,826

There were no non-cash financing and investing activities during the period.

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

RED METAL LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

1. Reporting entity

Red Metal Limited (“the Company”) is a company domiciled in Australia. The annual financial report of the Company for the year ended 30 June 2021 is available upon request from the Company’s registered office or at www.redmetal.com.au.

2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Red Metal Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

This interim financial report was approved by the Board of Directors on 3 March 2022. The Directors have the authority to amend and reissue the interim financial report.

3. Statement of significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2021.

For the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current 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 and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

4. Subsequent Events

In February 2022 the Company’s wholly owned subsidiary and owner of the Maronan Project, Maronan Metals Limited (MMA), issued a prospectus seeking to raise a minimum of \$12,000,000 and a maximum of \$15,000,000 via a public offer of shares. Following completion of the offer the Company will retain between a 50% (if the maximum subscription is raised) and 55.55% (if the minimum subscription is raised) interest in MMA. Upon successful completion of the offer the Company will also receive a cash payment of \$500,000 as partial reimbursement for expenditure incurred in developing the Maronan Project.

Other than as set out above, no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of Red Metal Limited, the results of those operations, or the state of affairs in future financial years.

RED METAL LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) For the half-year ended 31 December 2021

5. Individually significant items

	31 Dec 2021	31 Dec 2020
	\$	\$
Alliance exploration expenditure written off	(1,590,196)	(1,773,087)
Interest paid	(7,176)	(3,150)
Interest income	101	835

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 a two year option to fund a series of mutually agreed, proof-of-concept work programs (with a total minimum commitment of \$8.05 million) on certain 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.

6. Accumulated losses

	31 Dec 2021	31 Dec 2020
	\$	\$
Accumulated losses at the beginning of the half-year	(35,908,888)	(34,548,996)
Net loss attributable to members of the Company	(1,089,529)	(861,865)
Accumulated losses at the end of the half-year	(36,998,417)	(35,410,861)

7. Issued capital

	31 Dec 2021	30 Jun 2021
	\$	\$
Issued and paid-up share capital		
245,591,743 (June 2021: 245,591,743) ordinary shares, fully paid	36,352,443	36,352,443
Ordinary shares		
Shares issued:		
Balance at the beginning of the period	36,352,443	33,537,693
Issued for cash pursuant to share placement	-	3,000,000
Share issue costs	-	(185,250)
Balance at the end of the period	36,352,443	36,352,443

RED METAL LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) **For the half-year ended 31 December 2021**

7. Issued capital (continued)

Share Options

Exercise Period	Exercise Price	Balance 1 Jul 2021 No.	Options Issued No.	Options Expired No.	Balance 31 Dec 2021 No.
On or before 26 May 2022	\$0.12	3,675,000	-	-	3,675,000
On or before 28 Nov 2022	\$0.15	3,375,000	-	-	3,375,000
On or before 7 May 2023	\$0.11	600,000	-	-	600,000
On or before 22 Nov 2023	\$0.14	3,325,000	-	-	3,325,000
On or before 30 Nov 2024	\$0.13	-	8,250,000	-	8,250,000
		<u>10,975,000</u>	<u>8,250,000</u>	<u>-</u>	<u>19,225,000</u>

8. Segment Reporting

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

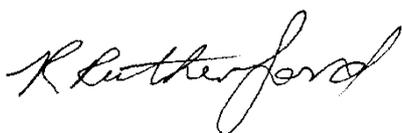
RED METAL LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

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

1. The financial statements and notes set out on pages 4 to 10 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2021 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



R Rutherford
Director

Sydney
3 March 2022

Independent Auditor's Report to the members of Red Metal Limited

We have reviewed the half-year financial report of Red Metal Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Conclusion

On our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Red Metal Limited does not comply with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



HLB Mann Judd
Chartered Accountants

Sydney, NSW
3 March 2022



K L Luong
Partner