

**RED METAL LIMITED**  
**AND CONTROLLED ENTITIES**

**A.C.N. 103 367 684**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2022**

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## **RED METAL LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT**

The directors present 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 half-year ended 31 December 2022. 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 2022 was a loss after tax of \$5,247,704 (2021: \$1,089,529).

#### **Subsequent Events**

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

#### **Review of Operations**

### **GREENFIELDS DISCOVERY ALLIANCE WITH OZ MINERALS**

Proof-of-concept drill tests on four standout gravity and magnetic targets on the Gibson’s Tank tenement within the **Gulf Copper-Gold Project** were completed during the period. Both holes into target GT7 intersected magnetite/hematite hydrothermal ironstones hosted in altered, felsic to intermediate volcanic rocks with minor visible copper sulphide mineralisation. The geology, alteration mineralogy and geochemistry are interpreted to be typical of a proximal Iron Oxide Copper-Gold (IOCG) setting. Detailed logging, assaying and interpretation are progressing.

Eight remote drill sites planned for the **Yarrie Copper-Gold-Cobalt Project** were visited during the period to scope-out access logistics ahead of heritage surveying now planned for start of the 2023 field season. Advanced processing of new airborne electromagnetic and magnetic data has enabled the interpretation of several high-priority geophysical targets for follow-up exploration. Drilling is dependent upon completion of heritage surveying and is currently planned for the second quarter of 2023.

Advanced geophysical modelling and a new interpretation of historic geological data on the new Bluebush tenement within the **Lawn Hill Zinc-Lead-Silver & Copper-Cobalt Project** has outlined four high-priority geophysical targets considered prospective for giant stratabound zinc and possibly breccia hosted zinc and copper mineralisation. Higher resolution gravity surveys are planned over key target areas to refine drill positioning.

## RED METAL LIMITED AND CONTROLLED ENTITIES

### DIRECTORS' REPORT (Continued)

#### Review of Operations (Continued)

#### RED METAL FUNDED PROJECTS

At the **Gidyea Copper-Gold Project** 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 five priority IOCG plays in an under explored extension of the Cloncurry terrain. Land access preparations are progressing and an application for a collaborative exploration drilling grant was lodged with the Queensland Geological Survey during the period.

Red Metal was awarded a \$220,000 drilling grant under the Western Australia Government's Exploration Incentive Scheme towards testing a regionally significant gravity and magnetic target at the Forrest tenement within the **Nullarbor Copper & Nickel Project**.

At the **Brunette Downs Copper-Cobalt Project** data compilation has recognized a stratigraphic conductor adjacent to significant basin margin fault. Target validation with ground based magnetotelluric trials are planned for the 2023 field season.

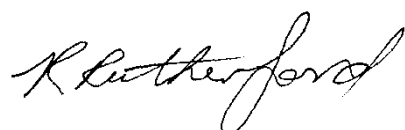
At the **Maronan Lead-Silver and Copper-Gold Project**, the Company's 50% owned subsidiary Maronan Metals Limited (ASX: MMA) has succeeded in identifying a significant bulk copper-gold play, the possibility of a bulk lead-silver mining opportunity at the Northern Fold structure, increased confidence in the potential for high-grade lead-silver horizons nearer to surface and has recently completed the first deep test on the lead-silver. Drill results continue to support the integrity of the geological model and highlight the remarkable down plunge continuity of the lead-silver and copper zones.

*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 2022.

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



R Rutherford

Director

Dated this 10<sup>th</sup> day of March 2023

**Auditor's Independence Declaration**

To the directors of Red Metal Limited:

As lead auditor for the review of the financial report of Red Metal Limited for the half-year ended 31 December 2022, 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**  
**10 March 2023**



**K L Luong**  
**Partner**

## RED METAL LIMITED AND CONTROLLED ENTITIES

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
<b>Revenue from continuing operations</b>			
Interest income		45,661	101
Project management fees		408,218	338,779
Reimbursement of Alliance expenditure		1,567,126	1,590,196
Other income		48,340	43,520
<b>Expenses from continuing operations</b>			
Exploration expenditure written off		(4,909,050)	(2,349,607)
Employee and consultant expenses		(2,012,464)	(484,588)
Depreciation		(78,647)	(53,073)
Occupancy expenses		(26,854)	(8,373)
Shareholder expenses		(74,902)	(56,347)
Other expenses		(215,132)	(110,137)
<b>Loss before income tax benefit</b>		<b>(5,247,704)</b>	<b>(1,089,529)</b>
Income tax benefit		-	-
Net loss for the period from continuing operations		(5,247,704)	(1,089,529)
Other comprehensive income		-	-
<b>Total comprehensive loss attributable to members of the Company</b>		<b>(5,247,704)</b>	<b>(1,089,529)</b>
Loss for the period is attributable to:			
Non-controlling interest		(2,269,654)	-
Owners of Red Metal Limited	6	(2,978,050)	(1,089,529)
		<b>(5,247,704)</b>	<b>(1,089,529)</b>
Earnings per share attributable to the owners of Red Metal Limited		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share		<b>(1.2)</b>	<b>(0.4)</b>

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

**RED METAL LIMITED AND CONTROLLED ENTITIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 31 December 2022**

	Note	31 Dec 2022 \$	30 Jun 2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		11,248,079	14,922,577
Trade and other receivables		1,327,343	321,202
Other		13,202	55,827
<b>TOTAL CURRENT ASSETS</b>		<b>12,588,624</b>	<b>15,299,606</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		107,920	109,720
Property, plant and equipment		163,305	147,350
Right-of-use assets		576,056	655,965
Exploration, evaluation and development expenditure		444,123	444,123
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,291,404</b>	<b>1,357,158</b>
<b>TOTAL ASSETS</b>		<b>13,880,028</b>	<b>16,656,764</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,641,394	347,042
Lease liabilities		126,261	123,252
Employee benefits		162,866	163,401
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,930,521</b>	<b>633,695</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		499,121	563,271
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>499,121</b>	<b>563,271</b>
<b>TOTAL LIABILITIES</b>		<b>2,429,642</b>	<b>1,196,966</b>
<b>NET ASSETS</b>		<b>11,450,386</b>	<b>15,459,798</b>
<b>EQUITY</b>			
Issued capital	8	36,352,443	36,352,443
Reserves	7	11,388,298	10,683,638
Accumulated losses	6	(41,180,889)	(38,202,839)
Equity attributable to the owners of Red Metal Limited		6,559,852	8,833,242
Non-controlling interest		4,890,534	6,626,556
<b>TOTAL EQUITY</b>		<b>11,450,386</b>	<b>15,459,798</b>

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

## RED METAL LIMITED AND CONTROLLED ENTITIES

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2022

	Issued Capital	Accumulated Losses	Reserves	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	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
<b>Balance at 31 December 2021</b>	36,352,443	(36,998,417)	2,955,810	2,955,810	2,309,836
<b>Balance at 1 July 2022</b>	36,352,443	(38,202,839)	10,683,638	6,626,556	15,459,798
Total comprehensive loss	-	(2,978,050)	-	(2,269,654)	(5,247,704)
Transactions with non-controlling interest	-	-	533,632	533,632	1,067,264
Cost of share-based payments	-	-	171,028	-	171,028
<b>Balance at 31 December 2022</b>	36,352,443	(41,180,889)	11,388,298	4,890,534	11,450,386

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



## RED METAL LIMITED AND CONTROLLED ENTITIES

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2022

	31 Dec 2022 \$	31 Dec 2021 \$
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Cash payments in the course of operations	(891,046)	(401,367)
Project management fees received	261,649	369,062
Interest received	45,661	101
Interest paid	(11,275)	(7,176)
Other income received	-	36,800
NET CASH USED IN OPERATING ACTIVITIES	(595,011)	(2,580)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Cash payments for exploration and evaluation	(3,121,323)	(965,779)
Advances to joint venture	(46,184)	(169,216)
Reimbursement of advances to joint venture	201,205	170,096
Option fees received	-	300,000
Government grants received	-	200,000
Bonds recovered	1,800	19,010
Bonds paid	-	(46,940)
Purchase of property, plant and equipment	(53,843)	-
NET CASH USED IN INVESTING ACTIVITIES	(3,018,345)	(492,829)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(61,142)	(46,042)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(61,142)	(46,042)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>	(3,674,498)	(541,451)
Cash and cash equivalents at the beginning of the financial period	14,922,577	2,492,507
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	11,248,079	1,951,056

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**

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### **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2022**

#### **1. General information**

The interim financial statements are for the consolidated entity consisting of Red Metal Limited and its subsidiaries (“the Group” or “the consolidated entity”). Red Metal Limited is a listed for-profit public company, incorporated and domiciled in Australia.

#### **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 Group 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 2022 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 10 March 2023. 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 Group in this interim financial report are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2022.

For the period ended 31 December 2022, 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 2022. 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**

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

## RED METAL LIMITED AND CONTROLLED ENTITIES

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### NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) For the half-year ended 31 December 2022

#### 5. Individually significant items

	31 Dec 2022	31 Dec 2021
	\$	\$
Alliance exploration expenditure written off	(1,567,126)	(1,590,196)
Interest paid	(11,275)	(7,176)
Interest income	45,661	101

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 (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 2022	31 Dec 2021
	\$	\$
Accumulated losses at the beginning of the half-year	(38,202,839)	(35,908,888)
Net loss attributable to members of the Company	(2,978,050)	(1,089,529)
Accumulated losses at the end of the half-year	(41,180,889)	(36,998,417)

#### 7. Reserves

	31 Dec 2022	30 Jun 2022
	\$	\$
Option Reserve	3,192,296	3,021,267
Transactions with Non-Controlling Interest Reserve	8,196,002	7,662,371
	11,388,298	10,683,638

The increase in transactions with non-controlling interest reserve during the period arose as a result of the share-options issued by Maronan Metals Limited.

## RED METAL LIMITED AND CONTROLLED ENTITIES

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### NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) For the half-year ended 31 December 2022

#### 8. Issued capital

	31 Dec 2022	30 Jun 2022
	\$	\$
<b>Issued and paid-up share capital</b>		
245,591,743 (June 2022: 245,591,743) ordinary shares, fully paid	36,352,443	36,352,443

#### Share Options

Exercise Period	Exercise Price	Balance 1 Jul 2022 No.	Options Issued No.	Options Expired No.	Balance 31 Dec 2022 No.
On or before 28 Nov 2022	\$0.15	3,375,000	-	3,375,000	-
On or before 22 Nov 2023	\$0.14	3,025,000	-	-	3,025,000
On or before 30 Nov 2024	\$0.13	8,250,000	-	-	8,250,000
On or before 28 Jul 2025	\$0.11	-	2,475,000	-	2,475,000
On or before 28 Nov 2025	\$0.09	-	4,800,000	-	4,800,000
		14,650,000	7,275,000	3,375,000	18,550,000

#### 9. Segment Reporting

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

## **RED METAL LIMITED AND CONTROLLED ENTITIES**

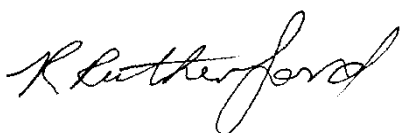
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### **DIRECTORS' DECLARATION**

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 2022 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  
10 March 2023

## **Independent Auditor's Review Report to the Members of Red Metal Limited**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

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 2022, 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 Company comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Company's financial position as at 31 December 2022 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### **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 2022 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**  
**10 March 2023**



**K L Luong**  
**Partner**