



RED METAL

ANNUAL REPORT 2023

ACN 103 367 684

Directors

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

Company Secretary Patrick John Flint

Administration and Registered Office

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Stock Exchange Listing Australian Securities Exchange (Code: RDM)

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Red Metal has had a very busy 2023 financial year with a number of initiatives having achieved positive results that add to the portfolio and that we hope will result in additional discoveries. For example, one of the more exciting outcomes was the discovery of the giant acid-soluble Sybella rare earths prospect just 20km south west of Mt Isa.

Although extremely motivated by the potential of this new rare earth find, Red Metal's strategic focus clearly remains on the discovery of giant copper deposits, whilst also remaining alert to other opportunities in Australia's most fertile mineral terrains. In support of this strategy, Red Metal's highly experienced and innovative exploration team has continued to expand the Company's greenfields base metal exploration portfolio, and also secured an enviable portfolio of projects offering scope for a range of other critical metals including lithium, nickel, zinc, cobalt, silver and rare earth minerals.

The FY23 year saw combined exploration expenditure of almost \$10 million on Red Metal equity projects including:

- exploration funding from OZ Minerals (now acquired by BHP) under the Greenfields Discovery Alliance on various base metal projects,
- by Maronan Metals Limited (Red Metal retains a 50% interest) on the Maronan silver-lead and copper-gold project and
- from Red Metal directly on its 100% owned projects.

This extensive work has set a solid foundation for an exciting FY24 exploration program.

Following completion of the recently announced capital raising, successful government grants and ongoing funding by the BHP Alliance and Maronan Metals, we anticipate another active year drill testing multiple standout targets.

Drill programs are planned on the following projects: Sybella (rare earths), Pardoo (lithium-gold-nickel), Gidyea (copper-gold) and Nullarbor (copper-nickel) as well as metallurgical test work of the unique rare earth element enriched granite at Sybella. A proof-of-concept drill program on Yarrie (copper-gold-cobalt) and infill gravity surveys at Gulf (copper-gold) and Lawn Hill (zinc-lead-silver) are also planned under the BHP Alliance arrangement. Red Metal should also benefit from the continuing drilling program on the Maronan base metal project. With such an extensive program planned, optimism for next year is high and I look forward to reporting our progress to you during the course of the exciting year ahead.

Red Metal's experienced exploration team continues to explore to high safety and 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.

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



Russell C. Barwick

Chairman

Sybella Project:
A potential new
source of the
“critical” rare
earth elements
neodymium and
praseodymium
in Northwest
Queensland

Successful exploration for critical minerals such as copper, nickel, silver, lithium and rare earths continued to stimulate investment activity across Australia in FY23 and, with Australia-wide mineral exploration spend reporting a record June quarter in 2023, the future for this sector remains buoyant. Exciting new discoveries driving investment, some in regions where Red Metal explore, include: Azure Minerals’ Andover lithium discovery in the West Pilbara, Carnaby Resources’ multiple copper-gold discoveries in the Mount Isa region and WA1 Resources’ niobium-rich Luni discovery in the remote West Arunta region.

Notable this year, was the BHP expansion of its South Australian copper business and the advanced drill outs by other companies that grew resources on the promising Winu, Haverion, Oak Dam, Hemi and Julimar deposits. These and other successes highlight the significant value that can be created from exploration and development in Australia which underpins Red Metals’ corporate strategy.

Although Red Metal’s primary exploration focus is for giant copper deposits, the Company has secured an enviable portfolio of projects offering scope for a range of other critical metals including lithium, nickel, cobalt, silver and rare earths. A recent standout from our portfolio was our team’s discovery of a potential new style of rare earth oxide (REO) deposit at the Company’s 100% owned Sybella project in Northwest Queensland. Red Metal believe that this new discovery is a “world first” and shows scope for vast tonnages of weak-acid soluble REO mineralisation hosted in a low-acid consuming granite rock. We are very excited for what it could become.

Our exploration team continued advancing the “Greenfields Discovery Alliance” (Alliance) projects on which a total of \$2.6 million in direct exploration funding was expended in FY23. BHP, who are our Alliance funders after their take-over of Oz Minerals this year, have prioritised next seasons drilling towards testing key copper-gold targets on the Yarrie project that include the much anticipated, Haverion and Winu look-alike targets.

Outside of our Alliance arrangements, Red Metal maintains a strong project generation endeavour seeking to secure and advance its own projects. This independent strategy led to the new Sybella REO discovery, identified the exciting lithium and Hemi-style gold targets on the Pardoo tenements and encouraged Red Metal’s exploration team to secure innovative sedimentary-hosted copper-cobalt targets at Brunette Downs and frontier copper-gold breccia targets at Gidyea. Activity on these and other Red Metal copper-gold projects should deliver some exciting news flow in the year ahead.

In addition, Red Metal’s 50% owned subsidiary Maronan Metals Limited (ASX: MMA) had a successful first year. It completed over 15,000 metres of drilling and successfully demonstrated that the silver-lead mineralisation extends upwards closer to surface and the higher-grade copper-gold lenses have good continuity. These results should significantly enhance the economics of any future development. Red Metal’s management will continue to work closely with the MMA team to realise the Maronan projects full potential.



[Figure 1] Red Metal project locations.

OUR NEW DISCOVERY

RED METAL FUNDED PROJECTS

The Sybella Project: Rare Earth Elements Mount Isa Inlier QLD

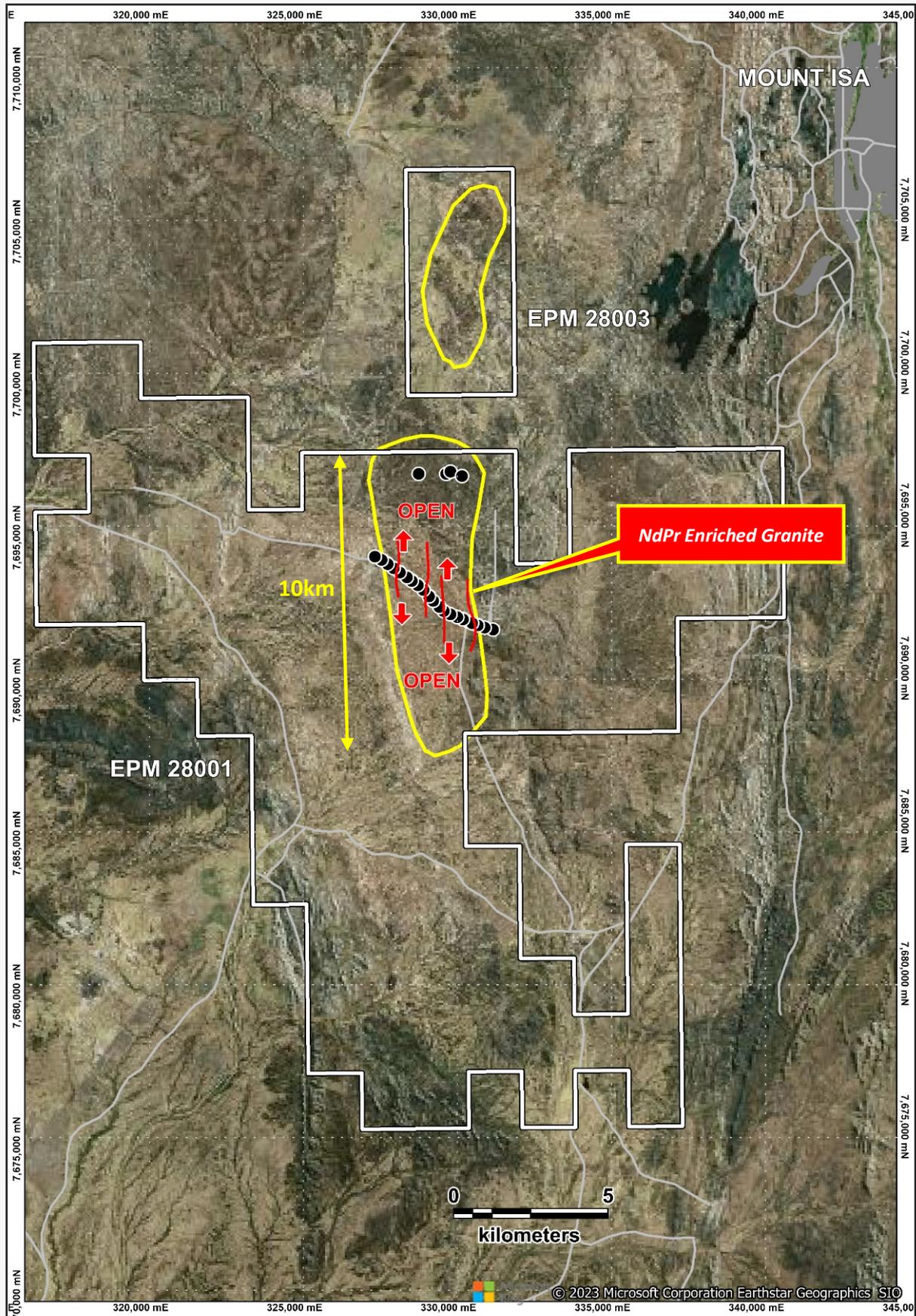
Red Metal announced the exciting new Sybella rare earth oxide (REO) discovery just 20 kilometres southwest of Mount Isa in Northwest Queensland in August 2023 (Figures 2 and 3). Red Metal believe this REO discovery is a new deposit style and potentially a “world first”.

Recent drill results show consistent grades of REO’s down-hole and over wide intervals highlighting the vast tonnage potential of this new discovery. Two mineralised zones each about 1000 metres wide remain open at depth and along strike north and south (Figure 3). Importantly, the key REO minerals appear to be the soluble fluoro-carbonate minerals bastnasite and synchysite that should be recoverable by the application of a weak acid solution.

Future work will include bench-scale metallurgical tests and more drill profiles along the 10 kilometre strike of the REO-enriched granite intrusion (Figure 3). This work will seek an effective process for REO extraction and provide a more certain indication of the size and grade potential of this exciting new REO discovery.



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



[Figure 3] Sybella Project: Red Metal 2023 percussion drill hole locations (black dots) on satellite imagery. Note the interpreted extent of the REO enriched granite (yellow line) and wide zones of >300ppm NdPr (red).

Proof-of-concept
drilling by
Red Metal
highlights two
separate REO
mineralised
zones each
about 1000m
wide



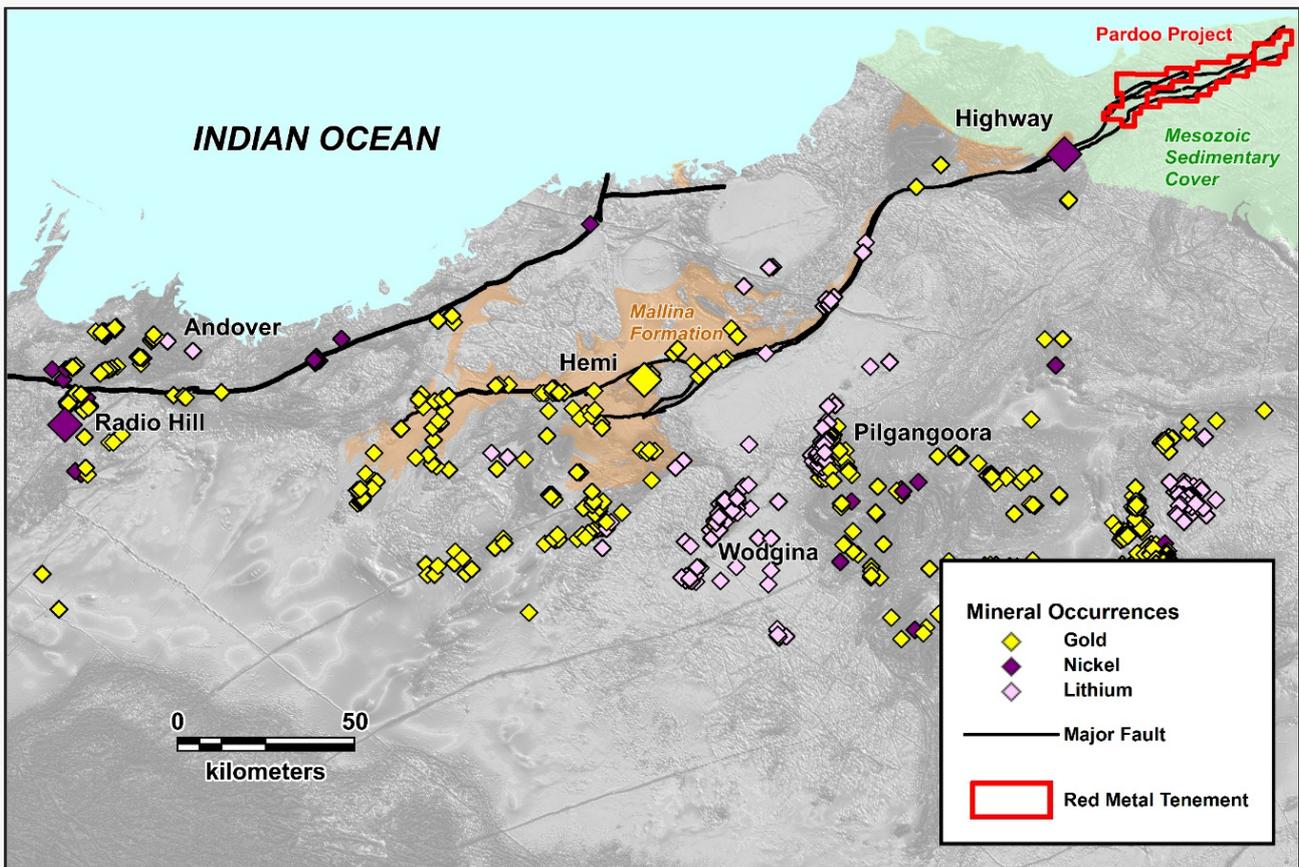
The Pardoo Project: Gold, Nickel-Copper and Lithium Pilbara Craton WA

The Pardoo project is situated within the highly sought after western Pilbara Craton where the De Grey Mining’s giant Hemi discovery (251 Mt @ 1.3 g/t gold for 10.6 million oz) and Azure Minerals’ exciting Andover lithium-pegmatite discoveries (209 metres at 1.4% Li₂O) have captured market attention.

Pardoo incorporates the covered extension of the Hemi structural corridor under about 50-150 metres of younger sedimentary sand cover (Figure 4). The project takes in several discrete bullseye magnetic targets offering potential for Hemi-style intrusion-related gold mineralisation, as well as disseminated magmatic nickel and copper sulphides, and pegmatite-associated lithium.

Trial lines of ultra-fine fraction soil sampling collected over key magnetic targets highlight low level but anomalous arsenic, antimony, bismuth, molybdenum, tungsten, tin, tellurium, silver, zinc and mercury in soils above and adjacent to some magnetic targets. Wide zones of anomalous tin and tantalum were also detected on two soil lines that warrant drill testing for lithium-bearing pegmatites.

Preparations for proof-of-concept drilling in 2024 are underway.



[Figure 4] Pardoo Project Location: highlighting the Hemi structural corridor, Mallina Formation rocks, and location of the large Hemi gold deposit, Andover lithium discovery and nearby Highway Ni-Cu-Co deposit.

The 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 Copper-Gold breccia systems (Figure 5).

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 high priority IOCG plays. During the year, Red Metal was awarded a \$275,000 grant from Queensland Geological Survey towards a drill test of priority target GT19 which is planned to commence shortly.

The Corkwood Project: Copper-Gold, Mount Isa Inlier QLD

Corkwood 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 (Figure 5). Historic exploration drilling over the Corkwood 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).

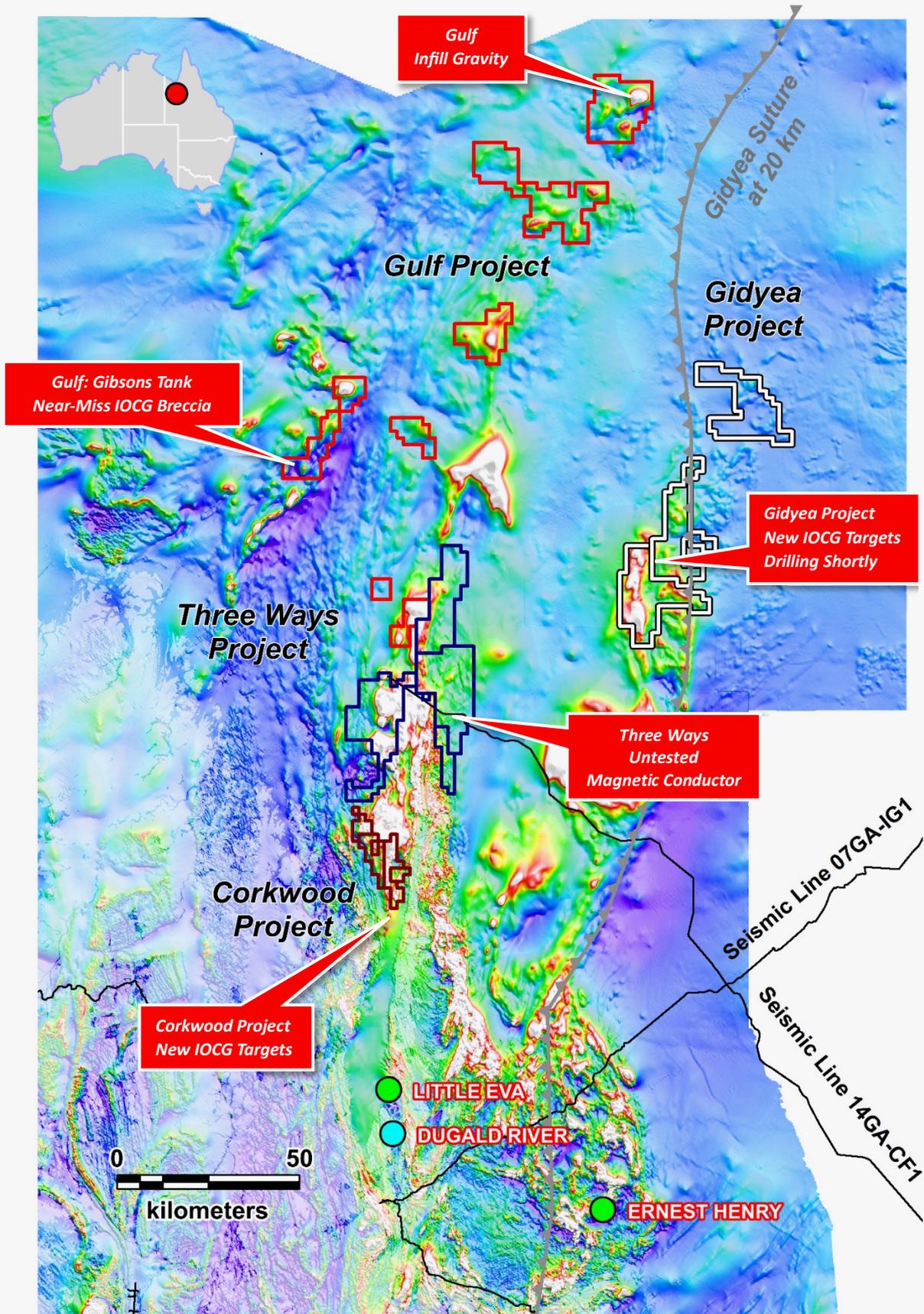
Advanced geophysical modelling by Red Metal has led to the recognition of several untested geophysical targets located adjacent to historic drill holes with encouraging near-miss geology and geochemistry.

The 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 (Figure 5) and offers potential for large, structure-controlled, copper deposits styles similar to the giant Mount Isa copper deposit.

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

Red Metal are now planning a follow-up program directed towards more structural-controlled anomalies visible as discrete, highly conductive, magnetic targets. Land access ahead of drilling is underway.



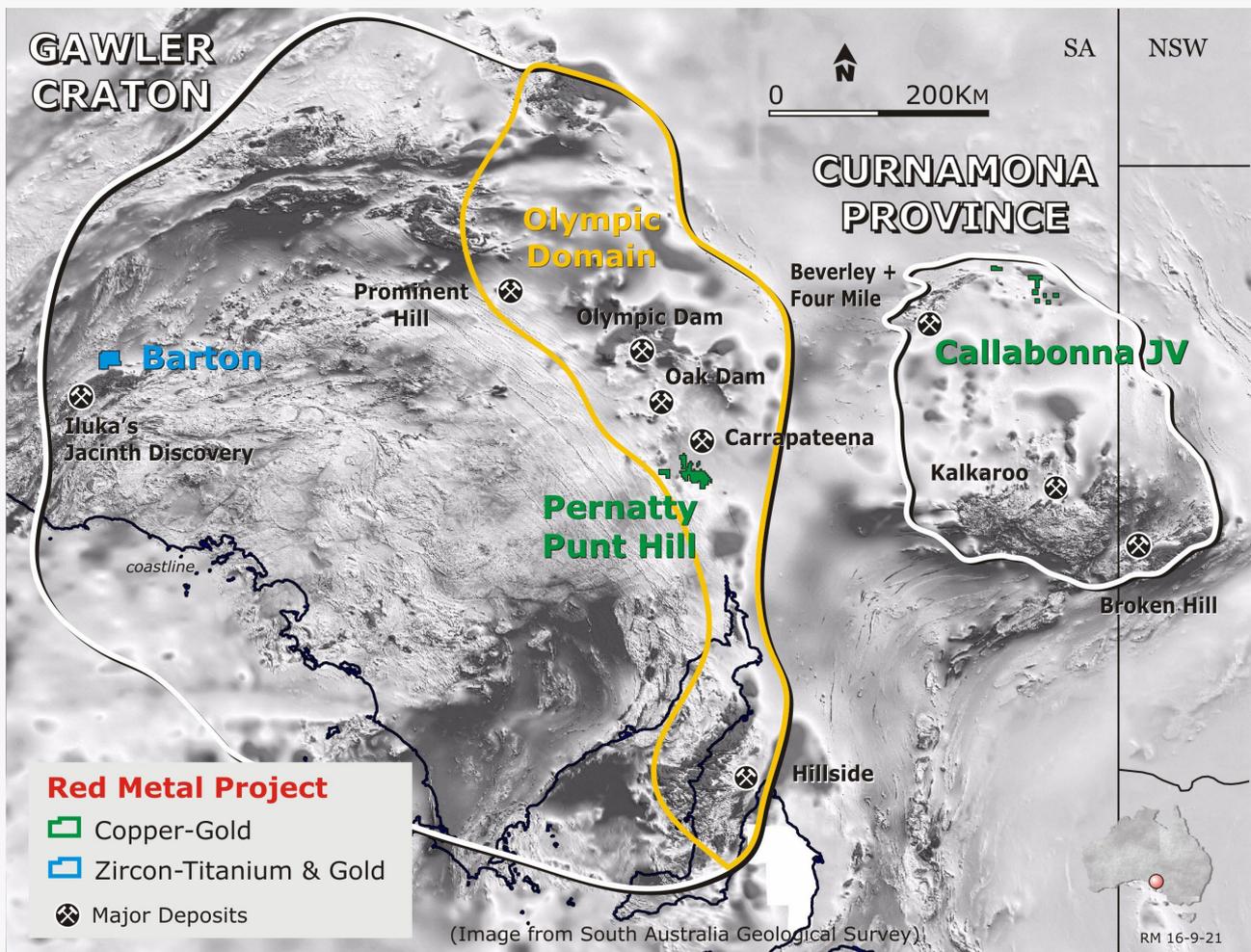
[Figure 5] Three Ways (dark blue), Gulf (red), Gidyea (white) and Corkwood (brown) Projects: Total magnetic intensity image highlighting regional project locations and the interpreted projection of the Gidyea Suture at 20 kilometres below surface. Regions of exposed or outcropping geology highlighted as white translucent areas.

The Pernatty Lagoon Project: Copper-Gold-Zinc Gawler Craton SA

This project is located 30 kilometres south of BHP’s 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 led to the discovery of the exciting Oak Dam 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 the Pernatty Lagoon tenements several untested magnetic targets, some adjacent to potential near-miss drill holes, have been identified for step-out drilling. Land access preparations for possible drilling are progressing.



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

GREENFIELDS DISCOVERY ALLIANCE WITH BHP

The 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 new discoveries including those at Winu by Rio Tinto, at Havieron by Newcrest and at Minyari by Antipa Minerals (Figure 7).

Advanced processing of airborne electromagnetic and magnetic data flown by the Alliance has enabled the interpretation of eight high-priority geophysical targets for proof-of-concept drilling. 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 targets YE01 and YE02.

Heritage surveying in preparations for drilling early in the 2024 field season was recently completed.

The Gulf Project: Copper-Gold Mount Isa Inlier QLD

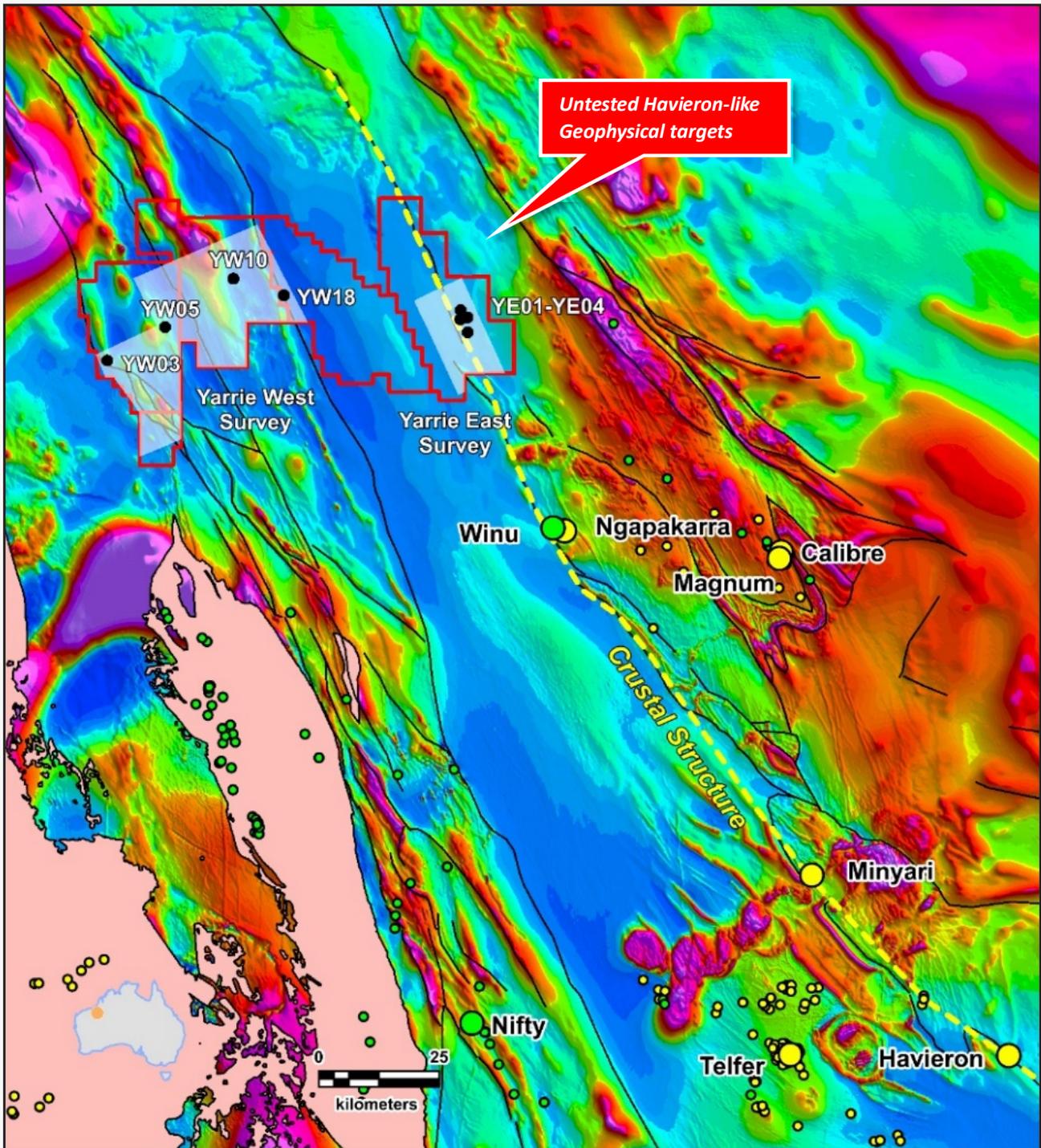
The Alliance is targeting large Iron Oxide Copper-Gold (IOCG) breccia systems capable of hosting significant copper-gold mineralisation within an underexplored extension of the Cloncurry terrain.

Proof-of-concept drill tests on four standout gravity and magnetic targets on the Gibson's Tank tenement were completed this year with two targets interpreted to be typical of a proximal Iron IOCG setting (Figure 5). The host rock, alteration mineralogy and geochemistry intersected at GT7 and GT6 compare favourably with that surrounding the large Ernest Henry copper and gold deposit located 200 kilometres further south, and are a priority for future drilling. Infill gravity surveying over other standout Gulf gravity and magnetic targets is set to begin soon.

The 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 2).

Advanced geophysical modelling and a new interpretation of historic geological data on the Bluebush tenement has outlined four high-priority geophysical targets considered prospective for giant stratabound zinc and possibly breccia hosted zinc and copper mineralisation. Infill gravity surveying over these key targets is planned to commence shortly.



[Figure 7] 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 Haverion, 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).

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 2).	Ongoing prospect evaluation
WESTERN AUSTRALIA		
<u>Nullarbor</u> <i>Cu-Ni & Nb-REE</i>	This project covers a series of standout regional gravity and magnetic anomalies in the remote Nullarbor Plain region of Western Australia (Figure 1) that offer potential for copper or nickel sulphide mineralisation or carbonatite-hosted niobium and rare earth element mineralisation similar to WA1 Resources' recent Luni discovery.	Drilling ready target at Forrest, SQUID-EM trials planned.
SOUTH AUSTRALIA		
<u>Callabonna JV</u> <i>Cu-Au</i>	Red Metal has long recognised the potential for large Iron Oxide Copper-Gold deposits along the northern margin to the Curnamona Province (Figure 7) and several large magnetic and gravity targets in remote sand dune covered terrain remain to be tested for their copper-gold potential. Advanced three-dimensional processing and modelling of gravity and magnetic data together with new passive seismic data has prioritised several possible breccia targets for drill testing.	Heritage surveys in preparation for potential drilling are planned.
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 (Figure 2).	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 2).	Ground-based gravity and 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 (Figure 2).	Trial magnetotelluric survey lines planned pending heritage survey.

INVESTMENT IN MARONAN METALS

Red Metal's 50% owned subsidiary Maronan Metals Limited (MMA) had a successful first year of exploration with over 15,000 metres of drill activity directed towards infilling and expanding the known resources. Importantly, this work outlined continuous horizons of thickened, high-grade silver with lead mineralisation nearer to surface that could significantly enhance the economics of any future development. Drilling on the copper-gold zone shows potential for continuous higher-grade copper-gold lenses that could be mined in parallel with the silver-lead horizons plus scope for an expanded copper and gold resource at depth.

SUMMARY OF MINERAL RESOURCE ESTIMATES

Reported According to JORC Category and Project / Deposit

Category	Project / Deposit	30 June 2023		30 June 2022	
		Tonnes (Mt)	Grade	Tonnes (Mt)	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

* 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.

Other than the relinquishment of the Barton project tenement and associated heavy mineral sands inferred resource, there have been no 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 Maronan Project was previously reported by the Company and its controlled entity Maronan Metals Limited in compliance with JORC 2012 in various market releases with the last one being dated 9 August 2023. 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.

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.

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 2023 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. Russell was also the Chief Operating Officer of Wheaton River Minerals and Goldcorp Inc. for four years 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. Russell is also a director of Lithium Power International Limited (director since 2017) including more recently Chairman of LPI's Chilean operating subsidiary, JV Minera Salar Blanco. Russell was also a director of Mount Gibson Iron Limited from 2011 to August 2023 and of Regis Resources Ltd from 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' 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 2023 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 November 2022 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 2022 Annual General Meeting (AGM) – At the 2022 AGM, less than 10% (2021: 5%) of the votes received (excluding abstentions) did not support the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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 updated employment arrangement with the Company in January 2023 to continue as 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. Effective from 1 January 2023 Mr Rutherford is paid an annual salary of \$280,000, including statutory superannuation. At the Board's discretion 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 also 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	Options¹		
Non-executive						
Russell Barwick	2023	43,439	4,561	23,045	71,045	32.4
	2022	43,636	4,364	16,847	64,847	26.0
Joshua Pitt	2023	24,000	-	23,045	47,045	49.0
	2022	24,000	-	16,847	40,847	41.2
Executive						
Robert Rutherford ²	2023	290,255	30,477	307,532	628,264	48.9
	2022	236,834	23,684	369,480	629,998	58.6
Totals	2023	357,694	35,038	353,622	746,354	
	2022	304,470	28,048	403,174	735,692	

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.
- (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).

REMUNERATION REPORT (CONTINUED)
Options and rights over equity instruments granted as compensation

A total of 4 million options were issued to Mr Barwick (1,000,000 options), Mr Rutherford (2,000,000 options) and Mr Pitt (1,000,000 options) by the Company in December 2022. The options expire on 28 November 2025 and are exercisable at 9 cents in two equal tranches commencing from 2 December 2022 and 2 December 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					Value yet to vest	
	Number	Date	% vested in year	Forfeited in year	Financial years in which grant vests	Min	Max
Russell Barwick	1,000,000	2 December 2022	50%	Nil	2023 / 2024	Nil	\$5,308
Robert Rutherford	2,000,000	2 December 2022	50%	Nil	2023 / 2024	Nil	\$10,616
Joshua Pitt	1,000,000	2 December 2022	50%	Nil	2023 / 2024	Nil	\$5,308

Assumptions used in valuing the options issued by the Company on 2 December 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
2 December 2022	28 November 2025	2.5 cents	9 cents	7.1 cents	60%	2.85%	-

Each option entitles the holder to purchase one ordinary share in the Company. 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 15 cents each) held by Mr Barwick (500,000 options), Mr Rutherford (1,000,000 options) and Mr Pitt (500,000 options) expired on 28 November 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).

REMUNERATION REPORT (CONTINUED)
Additional information

The earnings of the Group for the five years to 30 June 2023 and the share price at financial year end are summarised below:

	2023	2022	2021	2020	2019
Profit / (Loss) before tax (\$)	(10,822,630)	(2,713,625)	(1,359,892)	258,713	(1,318,126)
Basic profit / (loss) per share (cents) attributable to owners of Red Metal Limited	(2.5)	(0.9)	(0.6)	0.1	(0.6)
Share price at financial year end (cents)	6.6	8.0	13.5	9.2	8.9
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 2023 - Shares

Name	Held at 1 July 2022	Purchases	Exercise of options	Held at 30 June 2023
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 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

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

REMUNERATION REPORT (CONTINUED)
Option holdings in the Company of key management personnel
30 June 2023 - Options

Name	Held at 1 July 2022	Granted (i)	Expired	Held at 30 June 2023	Total Vested and exercisable
Specified Directors					
Russell Barwick	1,500,000	1,000,000	(500,000)	2,000,000	1,500,000
Robert Rutherford	7,000,000	2,000,000	(1,000,000)	8,000,000	7,000,000
Joshua Pitt	1,500,000	1,000,000	(500,000)	2,000,000	1,500,000

30 June 2022 - Options

Name	Held at 1 July 2021	Granted	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

(i) Options granted in December 2022 – refer above.

This concludes the remuneration report, which has been audited.

UNISSUED SHARES UNDER OPTION

As at the date of this report there were 18,550,000 unissued ordinary shares under option. During the financial year 7,275,000 options to subscribe for ordinary shares were issued, no options were exercised and 3,375,000 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 2023 were the acquisition and exploration of mineral prospects in Australia..

RESULTS AND DIVIDENDS

The loss after tax for the year ended 30 June 2023 was \$10,822,630 (2022: \$2,713,625). 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 2023 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 head of the UN World Health Organization declared an end to COVID-19 as a public health emergency in May 2023, whilst noting it remains a global health threat. COVID-19 did not have a significant direct financial impact on the Company during the year. Staff have remained in good health and the Company's planned exploration programs have not been impacted by COVID-19 in any significant way. It is not practical to quantify the exact financial impact of COVID-19 during the year, but the financial impact was not significant to the current year's result.

As an exploration entity, the Company has limited operating revenue and does not generate a profit 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.

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 and heritage issues;
- exploration costs;
- joint venture management;
- change in commodity prices and market conditions;
- environmental and occupational health and safety risks;
- regulatory compliance;
- 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 15 September 2023 the Company announced its intention to raise a total of up to approximately \$4.5 million by (i) the placement of 17,647,060 shares at 8.5 cents each, along with one attaching option for every two shares applied for, to raise \$1.5 million ("Placement"); and (ii) a rights issue to shareholders of the Company on the basis of one share for every seven shares at the record date, for the issue of up to 35,084,535 shares at 8.5 cents each, along with one attaching option for every two shares applied for, to raise \$2,982,185. The options are exercisable at 13 cents each and expire on 25 October 2025. The Company completed the Placement and issued 17,647,060 shares at 8.5 cents each to raise a total of \$1,500,000 (before costs) on 25 September 2023. The Placement shares were issued to selected Australian institutions and professional investors.

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

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

LIKELY DEVELOPMENTS

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

ENVIRONMENTAL LEGISLATION

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

DIRECTORS' 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	2,000,000
Robert Rutherford	12,153,753	8,000,000
Joshua Pitt	20,122,692	2,000,000

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 \$12,480 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 \$15,820 were paid for the provision of taxation services. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board. A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included on page 27.

Signed in accordance with a resolution of directors.



Robert Rutherford

Managing Director

Sydney, 27 September 2023



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. The Corporate Governance Statement is current as at 30 June 2023, and has been approved by the Board of Directors.

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



Auditor's Independence Declaration

As lead auditor for the audit of the consolidated financial report of Red Metal Limited for the year ended 30 June 2023, 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
27 September 2023

A handwritten signature in black ink, appearing to read 'K L Luong', with a long horizontal flourish extending to the right.

K L Luong
Partner

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

RED METAL LIMITED 2023

	Notes	2023 \$	2022 \$
Revenues from continuing operations	2	2,744,889	2,625,256
Expenses from continuing operations			
Employee and consultant expenses		(2,917,682)	(1,364,681)
Exploration expenditure written off (including employee and consultant expenses)	13	(9,883,902)	(3,381,568)
Depreciation	3	(155,934)	(113,073)
Occupancy expenses		(39,171)	(24,482)
Other expenses from continuing operations		(570,830)	(455,077)
Loss before related income tax (expense) / benefit	3	(10,822,630)	(2,713,625)
Income tax (expense) / benefit	5	-	-
Loss for the year from continuing operations		(10,822,630)	(2,713,625)
Other comprehensive income		-	-
Total comprehensive loss attributable to members of the Company		(10,822,630)	(2,713,625)
Loss for the year is attributable to:			
Non-controlling interest		(4,617,079)	(419,675)
Owners of Red Metal Limited		(6,205,551)	(2,293,950)
		(10,822,630)	(2,713,625)
Earnings per share for loss attributable to the owners of Red Metal Limited		Cents	Cents
Basic profit / (loss) per share	6	(2.53)	(0.93)
Diluted profit / (loss) per share	6	(2.53)	(0.93)

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 2023

RED METAL LIMITED 2023

	Notes	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	8	6,647,847	14,922,577
Trade and other receivables	9	312,314	321,202
Other	10	33,687	55,827
TOTAL CURRENT ASSETS		6,993,848	15,299,606
NON-CURRENT ASSETS			
Trade and other receivables	9	107,140	109,720
Property, plant and equipment	11	358,331	147,350
Right-of-use assets	12	501,480	655,965
Acquisition, exploration and evaluation expenditure	13	444,123	444,123
TOTAL NON-CURRENT ASSETS		1,411,074	1,357,158
TOTAL ASSETS		8,404,922	16,656,764
CURRENT LIABILITIES			
Trade and other payables	14	1,455,675	347,042
Lease liabilities	15	128,142	123,252
Employee benefits	16	204,279	163,401
TOTAL CURRENT LIABILITIES		1,788,096	633,695
NON-CURRENT LIABILITIES			
Lease liabilities	15	439,950	563,271
TOTAL NON-CURRENT LIABILITIES		439,950	563,271
TOTAL LIABILITIES		2,228,046	1,196,966
NET ASSETS		6,176,876	15,459,798
EQUITY			
Issued capital	17	36,352,443	36,352,443
Reserves	18	11,562,879	10,683,638
Accumulated losses	19	(44,408,390)	(38,202,839)
Equity attributable to the owners of Red Metal Limited		3,506,932	8,833,242
Non-controlling interest	20	2,669,944	6,626,556
TOTAL EQUITY		6,176,876	15,459,798

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 2023

RED METAL LIMITED 2023

	Notes	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in the course of operations		(1,266,358)	(953,497)
Project management fees received		568,032	498,148
Government grants – cash boost		-	-
Interest paid		(21,850)	(19,114)
Other income received		52,960	61,120
Interest received		104,517	1,983
NET CASH (USED IN) OPERATING ACTIVITIES	23a	(562,699)	(411,360)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash payments for exploration and evaluation		(7,479,074)	(1,674,094)
Advances to joint venture		(116,730)	(201,403)
Repayment of advances to joint venture		262,429	202,239
Option fees received		-	300,000
Grants received		-	330,000
Bonds paid		(1,700)	(63,440)
Bonds recovered		4,280	36,973
Payments for property, plant and equipment		(313,717)	(83,280)
NET CASH (USED IN) INVESTING ACTIVITIES		(7,644,512)	(1,153,005)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(69,604)	(71,231)
Proceeds from issue of shares by controlled entity		2,085	15,000,000
Costs of issue of shares by controlled entity		-	(934,334)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		(67,519)	13,994,435
Net (decrease) increase in cash and cash equivalents held		(8,274,730)	12,430,070
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		14,922,577	2,492,507
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	6,647,847	14,922,577

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 2023

RED METAL LIMITED 2023

	Issued Capital	Accumulated Losses	Reserves	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$
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
Balance at 1 July 2022	36,352,443	(38,202,839)	10,683,638	6,626,556	15,459,798
Total comprehensive loss	-	(6,205,551)	-	-	(6,205,551)
Transactions with non-controlling interest	-	-	660,465	(3,956,612)	(3,296,147)
Cost of share-based payments	-	-	218,776	-	218,776
Balance at 30 June 2023	36,352,443	(44,408,390)	11,562,879	2,669,944	6,176,876

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



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 27 September 2023. 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 2023 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 2023, 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 2023. 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(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 BHP Group Limited. Reimbursement of Alliance exploration expenditure by BHP 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.

(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.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Taxation (continued)

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.

(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.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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>
Property	5%
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.

(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.



	2023	2022
	\$	\$

2. REVENUE FROM CONTINUING OPERATIONS

Revenue from operating activities:

Interest – Other parties	104,517	1,984
Government grants	-	130,000
Project management fees	612,317	439,713
Reimbursement of Alliance expenditure	1,951,818	1,884,674
Reimbursement of expenditure	-	125,365
Other income	76,237	43,520
Total revenue from ordinary activities	2,744,889	2,625,256

In January 2019 the Company entered into a multi-project option and joint venture agreement (Alliance JV Agreement) with OZ Minerals Limited (acquired in May 2023 by BHP Group Limited, "BHP"). The Alliance JV Agreement provides BHP 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 BHP. Alliance exploration expenditure is written off as incurred.

	2023	2022
	\$	\$

3. LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX

Loss before income tax includes the following specific expenses

Exploration expenditure written off

Alliance expenditure	1,951,818	1,884,674
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Finance costs

Interest and finance charges paid/payable on lease liabilities	21,850	19,114
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Depreciation

Plant and equipment	50,276	11,284
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Right-of-use assets	105,658	101,789
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	155,934	113,073
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	2023	2022
	\$	\$
4. AUDITOR'S REMUNERATION		
Audit services - HLB Mann Judd		
- audit or review of the financial statements on the Company	40,500	38,000
Other services – HLB Mann Judd		
- taxation compliance services	15,820	5,600
Audit services – BDO Audit (WA) Pty Ltd		
- audit or review of the financial statements on controlled entity	48,600	40,500
5. INCOME TAX EXPENSE		
(a) Income tax benefit / (expense)		
Prima facie income tax benefit calculated at 25% (2022: 25%) on the loss from continuing operations:	2,705,658	678,406
Decrease in income tax benefit due to:		
Equity-based compensation	(384,406)	(205,783)
Capital gain on corporate transaction	-	(173,056)
Other adjusting items	(41,915)	(17,111)
Deferred tax asset not brought to account	(2,279,337)	(282,456)
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	40,078,101	30,887,021
Potential tax benefit at 25% (2022: 25%)	10,019,525	7,721,755

6. EARNINGS PER SHARE

Classification of securities as ordinary shares

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

Classification of securities as potential ordinary shares – share options outstanding

The Company has granted share options in respect of a total of 18,550,000 ordinary shares. Options are considered to be potential ordinary shares. For the year ended 30 June 2023, 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 2023.

	2023	2022
	\$	\$
Earnings reconciliation		
Loss for the year	(10,822,630)	(2,713,625)
Non-controlling interest	4,617,079	419,675
Loss attributable to the owners of Red Metal Limited	(6,205,551)	2,293,950
	Number	Number
Weighted average number of shares used as the denominator	245,591,743	245,591,743

7. SEGMENT INFORMATION

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

	2023	2022
	\$	\$
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	6,647,847	14,922,577
9. TRADE AND OTHER RECEIVABLES		
Current		
Other debtors	312,314	321,202
Non-Current		
Sundry deposits	107,140	109,720
Other debtor amounts relate primarily to GST receivable and advances pursuant to the Alliance JV Agreement (2022 advances pursuant to the Alliance JV Agreement). 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	33,687	55,827
11. PROPERTY, PLANT AND EQUIPMENT		
<i>Property, plant and equipment</i>		
At cost	546,303	285,046
Less accumulated depreciation	(187,972)	(137,696)
	358,331	147,350
Reconciliation		
<i>Plant and equipment</i>		
Carrying amount at the beginning of the year	147,350	15,828
Additions	313,717	142,806
Disposals	(52,460)	-
Depreciation	(50,276)	(11,284)
Carrying amount at the end of the year	358,331	147,350
12. RIGHT-OF-USE ASSETS		
Buildings – right-of-use	686,382	735,209
Less accumulated depreciation	(184,902)	(79,244)
	501,480	655,965
Reconciliation		
<i>Buildings</i>		
Carrying amount at the beginning of the year	655,965	135,268
Additions	-	622,486
Depreciation	(105,658)	(101,789)
Transfers	(48,827)	-
Carrying amount at the end of the year	501,480	655,965

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



	2023	2022
	\$	\$

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	9,883,902	3,381,568
Costs written-off	(9,883,902)	(3,381,568)
Total acquisition, exploration and evaluation expenditure	444,123	444,123

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	1,455,675	347,042
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15. LEASE LIABILITIES

Current	128,142	123,252
Non-Current	439,950	563,271
	568,092	686,523

Reconciliation

At beginning of the year	686,523	135,268
Additions	-	641,853
Repayments	(118,431)	(90,598)
At end of the year	568,092	686,523

16. EMPLOYEE BENEFITS

Current

Annual leave	109,505	67,200
Long service leave	94,774	96,201
	204,279	163,401

17. ISSUED CAPITAL

Issued and paid-up share capital

245,591,743 (2022: 245,591,743) ordinary shares, fully paid	36,352,443	36,352,443
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(a) Ordinary shares

Shares issued:

Balance at the beginning and end of the year	36,352,443	36,352,443
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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.

17. ISSUED CAPITAL (continued)

(b) Share Options

Exercise Period	Note	Exercise Price	Balance 1 July 2022	Options Issued	Options Expired	Balance 30 June 2023
			No.	No.	No.	No.
On or before 28 November 2022	(i)	\$0.15	3,375,000	-	(3,375,000)	-
On or before 22 November 2023	(ii)	\$0.14	3,025,000	-	-	3,025,000
On or before 30 November 2024	(iii)	\$0.13	8,250,000	-	-	8,250,000
On or before 28 July 2025	(iv)	\$0.11	-	2,475,000	-	2,475,000
On or before 28 November 2025	(v)	\$0.09	-	4,800,000	-	4,800,000
			14,650,000	7,275,000	(3,375,000)	18,550,000

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) Incentive options issued to technical and administration staff in July 2022 for \$Nil consideration. Options vest in two equal tranches commencing from July 2022 and July 2023.
- (v) Incentive options issued to directors and technical staff in December 2022 for \$Nil consideration. Options vest in two equal tranches commencing from December 2022 and December 2023.

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.



	2023	2022
	\$	\$
18. RESERVES		
Option Reserve	3,240,043	3,021,267
Transactions with Non-Controlling Interest Reserve	8,322,836	7,662,371
	<u>11,562,879</u>	<u>10,683,638</u>
<i>Option Reserve</i>		
Balance at the beginning of the year	3,021,267	2,784,669
Equity-based compensation	218,776	236,598
Balance at the end of the year	<u>3,240,043</u>	<u>3,021,267</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:		
<ul style="list-style-type: none"> - Options issued on 29 July 2022 – exercise price of 11 cents, expiry date of 28 July 2025, 1.85% risk free rate, 60% volatility, 3 year expected life, and share price at grant date of 8.6 cents. - Options issued on 2 December 2022 – exercise price of 9 cents, expiry date of 28 November 2025, 2.85% risk free rate, 60% volatility, 3 year expected life, and share price at grant date of 7.1 cents. - Options issued in prior periods are detailed in Note 17(b). 		
<i>Transactions with Non-Controlling Interest Reserve</i>		
Balance at the beginning of the year	7,662,371	7,369,103
Equity-based compensation	659,422	293,268
Other items	1,043	-
Balance at the end of the year	<u>8,322,836</u>	<u>7,662,371</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	38,202,839	35,908,888
Loss for the year	6,205,551	2,293,951
Accumulated losses at the end of the financial year	<u>44,408,390</u>	<u>38,202,839</u>
20. EQUITY – NON-CONTROLLING INTEREST		
Issued capital	13,805,228	13,952,854
Reserves	(6,098,530)	(6,906,623)
Accumulated losses	(5,036,754)	(419,675)
	<u>2,669,944</u>	<u>6,626,556</u>

The non-controlling interest has a 50% (2022: 50%) equity holding in Maronan Metals Limited.

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:

	2023	2022
	\$	\$
Financial Assets		
Cash and cash equivalents	6,647,847	14,922,577
Trade and other receivables	312,314	321,202
Other	33,687	55,827
	6,993,848	15,299,606

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.

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:

	2023	2022
	\$	\$
Fixed rate Instruments		
Financial assets	-	-
Financial liabilities	(563,092)	(686,523)
	<u>(563,092)</u>	<u>(686,523)</u>
Variable rate Instruments		
Financial assets	6,647,847	14,922,577
Financial liabilities	-	-
	<u>6,647,847</u>	<u>14,922,577</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.

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 BHP are committed to fund under the Alliance JV Agreement. These obligations are not provided for in the financial report and are payable:

	2023	2022
	\$	\$
Within one year	4,018,000	3,823,500
One year or later and no later than five years	9,412,000	16,623,500
	13,430,000	20,447,000

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	(10,822,630)	(2,713,625)
Add/(less) non-cash items:		
Depreciation	155,934	113,073
Share-based payments	1,537,624	823,133
Exploration expenditure write-off (excluding Alliance exploration expenditure)	7,965,834	1,496,894
Net cash (used in) / provided by operating activities before change in assets and liabilities	(1,163,238)	(280,525)
Government grants, option fees received, classified as Investing Activities	-	(630,000)
Change in assets and liabilities		
Decrease / (Increase) in debtors	(147,480)	381,592
(Increase) in prepayments	5,731	(55,827)
Increase / (Decrease) in payables	742,288	173,400
Net cash used in operating activities	(562,699)	(411,360)

(b) Non-cash financing and investing activities

- (i) In July 2022 and December 2022 the Company issued a total of 7,275,000 incentive options to directors, technical and administrative staff and consultants of the Company – refer note 17(b).

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
		2023	2022	
		%	%	
Maronan Metals Limited	Australia / March 2012	50	50	Ord
Sybella Minerals Pty Ltd	Australia / August 2022	100	-	Ord

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

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:

	2023	2022
	\$	\$
Short-term employee benefits	357,694	304,470
Share-based payments	353,622	403,174
Post-employment benefits	35,038	28,048
	<u>746,354</u>	<u>735,692</u>

Information regarding individual directors' compensation is provided in the Remuneration report on pages 18 to 22.

(c) Other transactions with the Group

No director has entered into a material contract (apart from employment) with the Company since 1 July 2022 and there were no other material contracts involving directors' interests existing at year end.

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 and at 30 June 2023, 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

A total of 4 million incentive options were also issued to Mr Rutherford by Maronan Metals Limited in April 2022, and were held by Mr Rutherford at 30 June 2022 and at 30 June 2023. 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.

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

26. SUBSEQUENT EVENTS

On 15 September 2023 the Company announced its intention to raise a total of up to approximately \$4.5 million by (i) the placement of 17,647,060 shares at 8.5 cents each, along with one attaching option for every two shares applied for, to raise \$1.5 million ("Placement"); and (ii) a rights issue to shareholders of the Company on the basis of one share for every seven shares at the record date, for the issue of up to 35,084,535 shares at 8.5 cents each, along with one attaching option for every two shares applied for, to raise \$2,982,185. The options are exercisable at 13 cents each and expire on 25 October 2025. The Company completed the Placement and issued 17,647,060 shares at 8.5 cents each to raise a total of \$1,500,000 (before costs) on 25 September 2023. The Placement shares were issued to selected Australian institutions and professional investors.

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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes-Merton model, using various assumptions.

**28. PARENT ENTITY DISCLOSURES****(a) Summary financial information**

	2023	2022
	\$	\$
Financial Position		
Current assets	812,307	2,090,073
Non-current assets	8,332,031	8,218,241
Total assets	9,144,338	10,308,314
Liabilities		
Current liabilities	636,473	368,413
Non-current liabilities	439,950	515,660
Total liabilities	1,076,423	884,073
Net assets	8,067,915	9,424,241
Equity		
Issued capital	36,352,443	36,352,443
Reserves	3,240,043	3,021,267
Accumulated losses	(31,524,571)	(29,949,469)
Total equity	8,067,915	9,424,241
Financial performance		
Profit / (Loss) for the year after income tax	(1,575,102)	5,959,428
Other comprehensive income / (loss)	-	-
Total comprehensive profit / (loss)	(1,575,102)	5,959,428

(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 2023 or 30 June 2022.



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

- (a) the financial statements and notes set out on pages 28 to 47 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 2023 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 2023.

Signed in accordance with a resolution of the directors.

Robert Rutherford

Managing Director

Dated at Sydney this 27th day of September 2023



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 2023, 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 2023 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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	
<p>Description In the current and previous periods, the Group has issued a number of share options to directors and employees.</p> <p>As detailed in note 1 of the financial statements, and in accordance with AASB 2: Share-based Payment, the fair value of the options at grant date are determined by management, and utilised to account for the share-based payment expense and options issued.</p> <p>The key assumptions used in determining the fair value of the options are set out in Note 18 to the financial statements.</p> <p>We considered this to be a key audit matter due to the complexity and significant management estimation and judgement involved in determining the fair value of the share-based payments issued.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We reviewed and verified the key terms of the options issued as share-based payments during the year, to the supporting agreements and documentation. • We reviewed the fair valuation calculation for the options, with reference to the methodology utilised and the key assumptions adopted in the valuation. • We tested the accuracy of the recorded share-based payment expense for the period in the statement of profit or loss and option reserve. • We assessed the accuracy of the Group's disclosures of the share-based payment arrangement and options on issue in the financial statements with reference to the requirements of 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 2023, 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 18 to 22 of the directors' report for the year ended 30 June 2023.



In our opinion, the Remuneration Report of Red Metal Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

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

HLB Mann Judd
Chartered Accountants

Sydney, NSW
27 September 2023

A handwritten signature in black ink that reads 'K L Luong'.

K L Luong
Partner

The shareholder information set out below was applicable as at 11 September 2023.

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	20,122,692	8.19%
Freeport Minerals Corporation	12,476,471	5.08%

Distribution of equity security holders

Size of Holding	Ordinary Shares	% of Shares Issued
1 to 1,000	88	-
1,001 to 5,000	338	0.50
5,001 to 10,000	400	1.32
10,001 to 100,000	1,133	18.76
100,001 and over	369	79.42
	<u>2,328</u>	<u>100.00</u>

The number of holdings comprising less than a marketable parcel was 338.

Unquoted equity securities

Class	Number
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
Options - exercisable at 9 cents on or before 28 November 2025	4,800,000

On-market buy-back

There is no current on-market buy-back.

Twenty Largest Shareholders as at 11 September 2022	Number of Shares	% Held
Perth Capital Pty Ltd	19,811,442	8.07
Freeport Minerals Corporation	12,476,471	5.08
Robert Alexander Rutherford	10,803,753	4.40
Jetosea Pty Ltd	5,933,556	2.41
Huon Pine Pty Ltd (Huon Pine Investment A/C)	4,935,217	2.01
Warrambo Holdings Pty Ltd	4,115,059	1.67
Robert Geoffrey & Angela Margaret Page (Page Group Super Fund A/C)	3,150,000	1.28
Citicorp Nominees Pty Limited	3,146,067	1.28
Sambor Trading Pty Ltd	3,109,508	1.26
SDG Nominees Pty Ltd (T J Strapp Super Fund A/C)	3,000,000	1.22
BNP Paribas Nominees Pty Ltd (IB AU Noms)	2,990,352	1.22
Russell Barwick	2,841,000	1.16
Bluestar Management Pty Ltd	2,400,000	0.98
Arnold & Ruth Getz	2,225,000	0.90
Aaron Keith Rowe	2,030,929	0.83
Nalmor Pty Ltd (John Chappell Super Fund A/C)	1,954,794	0.80
Xiaodan Wu	1,933,887	0.79
Xiaodan Wu (Sharada A/C)	1,786,000	0.73
Radrob Pty Ltd	1,755,000	0.71
Sharon Anne Margaret Goad	1,563,625	0.64
	<u>91,961,660</u>	<u>37.44</u>

Granted Exploration Tenements held at 12 September 2023 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	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	
Callabonna JV	ELs 6204, 6318	51	Refer note 3
Pernatty Lagoon JV	EL 6014	90	Refer note 4
Punt Hill	EL 6035	100	
Irindina	EL 27266	100	
Nullarbor	ELs 69/ 3428, 3433, 3436, 3437, 3441, 3596	100	
Yarrie	ELs 45/ 5185, 5186, 5187, 5225, 5236	100	Refer note 1
Pardoo	ELs 45/ 5698, 5699	100	
Brunette Downs	ELs 32708, 32709, 32710, 32714	100	
Maronan	EPM 13368		Refer note 5

Notes:

1. Greenfields Discovery Alliance Agreement between Red Metal (diluting to 49%) and BHP Group 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.





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