

**RED METAL LIMITED
AND CONTROLLED ENTITIES
A.C.N. 103 367 684**

INTERIM FINANCIAL REPORT 31 DECEMBER 2023

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RED METAL LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present the financial report of the consolidated entity consisting of Red Metal Limited (“Red Metal” or “the Company”) and the entities it controlled (together referred to as “the Group”) for the half-year ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

Directors

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

R C Barwick (Non-Executive Chairman)

R A Rutherford (Managing Director)

J N Pitt (Non-Executive Director)

Results

The result for the half-year ended 31 December 2023 was a loss after tax of \$4,510,114 (2022: \$5,247,704).

Subsequent Events

In February 2024 the Company issued 824,956 shares pursuant to the exercise of 424,956 options at 13 cents each (expiring 25 October 2025) and 400,000 options at 10 cents each (expiring 18 November 2026).

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

Review of Operations

RED METAL FUNDED PROJECTS

In August 2023 Red Metal announced the exciting new **Sybella** rare earth oxide (REO) discovery just 20 kilometres southwest of Mount Isa in Northwest Queensland. The initial RC drilling program (comprising 19 proof-of-concept percussion drill holes) discovered large widths of granite-hosted REO mineralisation at relatively high grades starting at surface, with three broad areas of interest identified - Boundary Fence East, Boundary Fence West, and Donkey Dam. The weathered REO-enriched granite target is over 12 kilometres long and 3 kilometres wide and almost all within Red Metal’s 100% owned tenement. Phase 1 metallurgical test work was subsequently completed showing strong REO extraction with low levels of impurities can be achieved on coarse non-pulverised, RC chip samples using low levels of sulphuric acid at ambient temperature, which points to simple processing options potentially involving heap leach methods.

A seismic refraction trial surveyed along the Boundary Fence traverse was undertaken, allowing the interpretation of weathered granite rock that hosts the shallow mineralisation to about 20 metres below surface. This softer near surface material is potentially rippable offering significant mining and comminution cost advantages. Two metallurgical core holes at representative sites along the Boundary Fence traverse were also drilled in December in preparation for comminution work and additional sized fraction leach tests (as part of the planned Phase 2 testwork).

Following field preparations at the **Nullarbor Project** during the period, a proof-of-concept drill test on the Forrest target located in the remote Nullarbor plain region of Western Australia was undertaken in early 2024. This drill test was supported by a \$200,000 grant awarded under the Western Australian Government’s 2024 Exploration Incentive Scheme.

Infill gravity surveying over regional gravity and magnetic targets was completed at the **Gulf Project**, confirming targets GT9 and GT5 as regional priorities.

RED METAL LIMITED AND CONTROLLED ENTITIES

A proof-of-concept drill test on a standout magnetic target (GT19) at the **Gidyea Project** was completed during the period, however no significant copper mineralisation or hydrothermal breccia was intersected down-grading its status.

At the **Lawn Hill Project** a higher resolution in-fill gravity survey was completed over key targets. Advanced geophysical modelling and a new interpretation of historic geological data on the Bluebush prospect has outlined four high-priority geophysical targets, BB1 to BB4, considered prospective for giant stratabound zinc and possibly breccia hosted zinc and copper mineralization.

GREENFIELDS DISCOVERY ALLIANCE WITH BHP

At the **Yarrie Project** advanced processing of airborne electromagnetic and magnetic data flown by the Alliance has enabled the interpretation of eight high-priority geophysical targets for potential proof-of-concept drilling. Heritage surveying in preparation for drilling was finalised during the period with five of the eight targets cleared for drilling.

CORPORATE

During the period Red Metal completed a capital raising comprising a placement of securities (Placement) and pro rata non-renounceable rights issue (Rights Issue) to raise \$4.48 million (together, the Capital Raising). The Shares pursuant to the Capital Raising were issued at a price of \$0.085 per Share. In addition, subscribers received one free attaching option with an exercise price of \$0.13 and an expiry date of 25 October 2025 for every two Shares applied for.

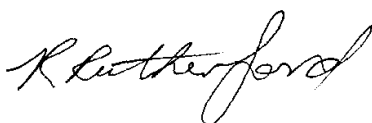
At the **Maronan Project**, the Company's 53% owned subsidiary Maronan Metals Ltd (ASX: MMA) completed the initial 2022/2023 drill campaign during the period having drilled 16,784 metres since the program commenced in August 2022. The many potentially mineable widths of higher-grade silver with lead mineralisation achieved during the 2022/2023 campaign have helped to confirm the resource potential at Maronan and highlight the strong continuity and plunge control of the mineralisation. Importantly, the closer spaced drilling continues to add value by discovering thickened, high grade, shoots between the more widely spaced historic holes.

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Mr Rutherford is the Managing Director of the Company. Mr Rutherford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Rutherford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the lead auditor for the review undertaken by HLB Mann Judd to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2023.

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



R Rutherford

Director

Dated this 11th day of March 2024

Auditor's Independence Declaration

To the directors of Red Metal Limited:

As lead auditor for the review of the financial report of Red Metal Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

Sydney, NSW
11 March 2024



K L Luong
Partner

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RED METAL LIMITED AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue from continuing operations			
Interest income		38,138	45,661
Government grants		250,000	-
Project management fees		367,149	408,218
Reimbursement of Alliance expenditure		528,486	1,567,126
Other income		3,220	48,340
Expenses from continuing operations			
Exploration expenditure written off		(4,835,288)	(4,909,050)
Employee and consultant expenses		(549,683)	(2,012,464)
Depreciation		(92,324)	(78,647)
Other expenses		(431,464)	(316,888)
Loss before income tax benefit		(4,721,766)	(5,247,704)
Income tax benefit	5	211,652	-
Net loss for the period from continuing operations		(4,510,114)	(5,247,704)
Other comprehensive income		-	-
Total comprehensive loss attributable to members of the Company		(4,510,114)	(5,247,704)
Loss for the period is attributable to:			
Non-controlling interest		(1,657,166)	(2,269,654)
Owners of Red Metal Limited	6	(2,852,948)	(2,978,050)
		(4,510,114)	(5,247,704)
Earnings per share attributable to the owners of Red Metal Limited		Cents	Cents
Basic and diluted loss per share		(1.1)	(1.2)

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

RED METAL LIMITED AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		5,445,167	6,647,847
Trade and other receivables		724,610	312,314
Other		13,475	33,687
TOTAL CURRENT ASSETS		6,183,252	6,993,848
NON-CURRENT ASSETS			
Trade and other receivables		96,645	107,140
Property, plant and equipment		321,130	358,331
Right-of-use assets		420,051	501,480
Exploration, evaluation and development expenditure		444,123	444,123
TOTAL NON-CURRENT ASSETS		1,281,949	1,411,074
TOTAL ASSETS		7,465,201	8,404,922
CURRENT LIABILITIES			
Trade and other payables		563,805	1,455,675
Lease liabilities		113,974	128,142
Employee benefits		210,102	204,279
TOTAL CURRENT LIABILITIES		887,881	1,788,096
NON-CURRENT LIABILITIES			
Lease liabilities		388,448	439,950
TOTAL NON-CURRENT LIABILITIES		388,448	439,950
TOTAL LIABILITIES		1,276,329	2,228,046
NET ASSETS		6,188,872	6,176,876
EQUITY			
Issued capital	8	40,494,432	36,352,443
Reserves	7	11,973,216	11,562,879
Accumulated losses	6	(47,261,338)	(44,408,390)
Equity attributable to the owners of Red Metal Limited		5,206,310	3,506,932
Non-controlling interest		982,562	2,669,944
TOTAL EQUITY		6,188,872	6,176,876

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

RED METAL LIMITED AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

	Issued Capital	Accumulated Losses	Reserves	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2022	36,352,443	(38,202,839)	10,683,638	6,626,556	15,459,798
Total comprehensive loss	-	(2,978,050)	-	(2,269,654)	(5,247,704)
Transactions with non-controlling interest	-	-	533,632	533,632	1,067,264
Cost of share-based payments	-	-	171,028	-	171,028
Balance at 31 December 2022	36,352,443	(41,180,889)	11,388,298	4,890,534	11,450,386
Balance at 1 July 2023	36,352,443	(44,408,390)	11,562,879	2,669,944	6,176,876
Total comprehensive loss	-	(2,852,948)	-	(1,657,166)	(4,510,114)
Transactions with non-controlling interest	-	-	95,219	(30,216)	65,003
Shares issued during the period	4,482,186	-	-	-	4,482,186
Share issue costs	(340,197)	-	-	-	(340,197)
Cost of share-based payments	-	-	315,118	-	315,118
Balance at 31 December 2023	40,494,432	(47,261,338)	11,973,216	982,562	6,188,872

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

RED METAL LIMITED AND CONTROLLED ENTITIES**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the half-year ended 31 December 2023**

	31 Dec 2023 \$	31 Dec 2022 \$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Cash payments in the course of operations	(548,643)	(891,046)
Project management fees received	432,637	261,649
Interest received	38,138	45,661
Interest paid	(10,013)	(11,275)
Other income received	11,580	-
NET CASH USED IN OPERATING ACTIVITIES	(76,301)	(595,011)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash payments for exploration and evaluation	(5,339,452)	(3,121,323)
Advances to joint venture	(234,826)	(46,184)
Reimbursement of advances to joint venture	242,683	201,205
Bonds recovered	11,000	1,800
Purchase of property, plant and equipment	(2,294)	(53,843)
NET CASH USED IN INVESTING ACTIVITIES	(5,322,889)	(3,018,345)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,482,186	-
Share issue costs	(238,752)	-
Repayment of lease liabilities	(46,924)	(61,142)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	4,196,510	(61,142)
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD	(1,202,680)	(3,674,498)
Cash and cash equivalents at the beginning of the financial period	6,647,847	14,922,577
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	5,445,167	11,248,079

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

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

RED METAL LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the half-year ended 31 December 2023

1. General information

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

2. Statement of compliance

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

The interim financial report does not include all of the information required for a full annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Red Metal Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

This interim financial report was approved by the Board of Directors on 11 March 2024. The Directors have the authority to amend and reissue the interim financial report.

3. Statement of significant accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2023.

For the period ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. There is no material impact of the new and revised Standards and Interpretations on the Group.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

4. Subsequent Events

In February 2024 the Company issued 824,956 shares pursuant to the exercise of 424,956 options at 13 cents each (expiring 25 October 2025) and 400,000 options at 10 cents each (expiring 18 November 2026).

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

RED METAL LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued) For the half-year ended 31 December 2023

5. Individually significant items

	31 Dec 2023	31 Dec 2022
	\$	\$
Alliance exploration expenditure written off	(528,486)	(1,567,126)
Interest paid	(10,013)	(11,275)
Interest income	38,138	45,661
Income tax benefit – Refund on research and development items	211,652	-

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.

6. Accumulated losses

	31 Dec 2023	31 Dec 2022
	\$	\$
Accumulated losses at the beginning of the half-year	(44,408,390)	(38,202,839)
Net loss attributable to members of the Company	(2,852,948)	(2,978,050)
Accumulated losses at the end of the half-year	(47,261,338)	(41,180,889)

7. Reserves

	31 Dec 2023	30 Jun 2023
	\$	\$
Option Reserve	3,555,161	3,240,043
Transactions with Non-Controlling Interest Reserve	8,418,055	8,322,836
	11,973,216	11,562,879

RED METAL LIMITED AND CONTROLLED ENTITIES

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the half-year ended 31 December 2023

8. Issued capital

	31 Dec 2023	30 Jun 2023
	\$	\$
Issued and paid-up share capital		
298,323,338 (June 2023: 245,591,743) ordinary shares, fully paid	40,494,432	36,352,443

Share Options

Exercise Period	Exercise Price	Balance 1 Jul 2023 No.	Options Issued No.	Options Expired No.	Balance 31 Dec 2023 No.
On or before 22 Nov 2023	\$0.14	3,025,000	-	(3,025,000)	-
On or before 30 Nov 2024	\$0.13	8,250,000	-	-	8,250,000
On or before 28 Jul 2025	\$0.11	2,475,000	-	-	2,475,000
On or before 28 Nov 2025	\$0.09	4,800,000	-	-	4,800,000
On or before 18 Nov 2026	\$0.10	-	10,750,000	-	10,750,000
On or before 25 Oct 2025	\$0.13	-	32,227,363	-	32,227,363
		18,550,000	42,977,363	(3,025,000)	58,502,363

9. Segment Reporting

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

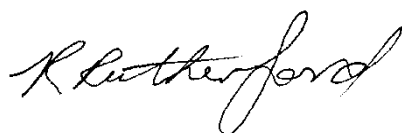
RED METAL LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

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

1. The financial statements and notes set out on pages 4 to 10 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2023 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



R Rutherford
Director

Sydney
11 March 2024

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Red Metal Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, including material accounting policy information and other explanatory information, and the directors' declaration, for the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

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

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



HLB Mann Judd
Chartered Accountants

Sydney, NSW
11 March 2024



K L Luong
Partner