

RED METAL LIMITED

ACN 103 367 684

and Controlled Entities

Annual Report
2016

Corporate Directory

Directors	Russell Christopher Barwick	(Non-Executive Chairman)
	Robert Alexander Rutherford	(Managing Director)
	Joshua Norman Pitt	(Non-Executive Director)
Company Secretary	Patrick John Flint	
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Share Registry	Boardroom Pty Limited	
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	225 George Street	
	Sydney NSW 2000 Australia	
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Auditors	HLB Mann Judd (NSW Partnership)	
	Level 19, 207 Kent Street	
	Sydney NSW 2000 Australia	
Stock Exchange Listing	Australian Securities Exchange (Code: RDM)	

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CHAIRMAN'S LETTER

Dear Fellow Shareholders.

Red Metal continued to focus on advancing the promising Maronan Project in Queensland during the 2016 financial year.

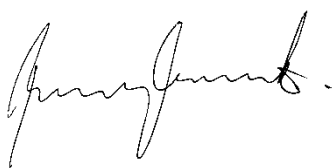
Maiden resource calculations on the separate silver-lead and copper-gold deposits at Maronan were announced, along with the positive results of early-stage metallurgical test work. This information formed the basis for completion of the Preliminary Mine Scoping Study which highlighted the potential for the project to generate strong positive cash flows. The positive results from the study together with the recognition of the potential to extend the known resources down-plunge provide strong support for further infill and step-out exploration drilling. Red Metal is canvassing potential joint venture partners to assist funding the next stage of this exciting project.

In addition to Maronan, Red Metal continues to hold and generate a portfolio of highly prospective base metal projects strategically located in some of Australia's most fertile mineral terrains. Red Metal's strategy continues to be to concentrate on low-cost, proof-of-concept exploration plays in these terrains which have the potential to add significant capital growth if the results are successful. Whilst drilling has recently downgraded the Irindina project the Company is excited by securing the Lawn Hill Zinc Project in the vicinity of the Century Zinc Mine, and new frontier copper-gold plays under the Nullarbor Plain region of Western Australia.

Red Metal's extensive project portfolio will continue to be advanced in the coming year, with detailed geophysical programs and drill testing by Red Metal or its joint venture partners planned on a number of key projects.

On the behalf of the shareholders and your Board, I would like to thank Rob Rutherford and his staff for their continued efforts in regard to technical excellence and operating the company at a standard highly regarded within the industry. I look forward to reporting our progress to you during the course of the exciting year ahead.

Thank you for your continuing support.

A handwritten signature in black ink, appearing to read 'Russell C Barwick', with a stylized flourish at the end.

Russell C Barwick

REVIEW OF OPERATIONS

This year Red Metal's primary focus was a detailed appraisal of the Maronan Project having completed the initial drill out of the resource. A well constrained three-dimensional model was created and a Preliminary Scoping Study completed which applied both the ore deposit characteristics of the model and early stage metallurgical test work results with estimated capital costings.

The Preliminary Scoping Study indicates that the Maronan Project is capable of producing strong positive cash flows and has provided impetus for advancing the project towards a full prefeasibility study (PFS). This will entail infill drilling of the modelled resource, further metallurgical test work, more detailed mine planning, infrastructure studies and financial analysis. Prior to commencing the PFS program, there is ample opportunity to seek extensions to the resource by a program of step-out drilling.

Red Metal's team also maintained a positive strategy of base metal exploration during the recent activity downturn generating and securing several new tenement positions. Standouts include a number of exciting zinc plays on the Lawn Hill Project surrounding the Century Zinc Mine and tenements in the Nullarbor Plain region of Western Australia which is looming as the next major frontier of Australian copper-gold exploration.

To compliment its opportunities with Maronan, Red Metal is well placed to take advantage of the resurgence in the zinc market with the Lawn Hill, Mallapunyah and Cannington South projects all situated in the same world class Carpentaria Zinc Province and offering significant zinc exploration potential.

Red Metal continues to actively seek third party funding opportunities for several projects in its portfolio and is encouraged by an increase in the number of joint venture enquires in recent months.

As the year progresses, Red Metal will look to secure major joint venture or private equity funding for infill and step-out drilling at Maronan. In parallel the Company will continue to advance its exciting base metal portfolio prioritising a series of drill ready targets for potential joint venture or drill testing later in the year while remaining alert for new exploration opportunities.

This strategy aims to optimize the value of the Company's main asset while continuing to provide shareholders exposure to other high-ranking exploration opportunities and potential for significant capital growth if successful.



[Figure 1] Location of Red Metal's Australian projects

MOUNT ISA INLIER - QLD

Maronan Project: Silver-Lead & Copper-Gold

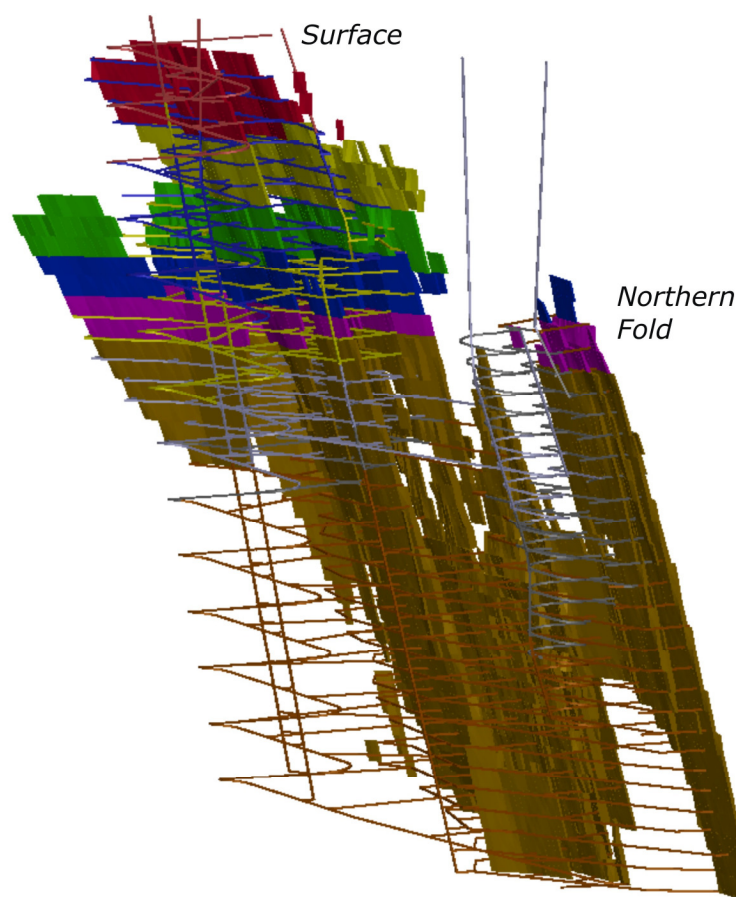
A Preliminary Mine Scoping Study highlights the potential to generate strong positive cash flows and supports further infill and step-out exploration drilling to upgrade the resource status and seek extensions as a prerequisite to firming up mining plans.

The Maronan lead-silver and copper-gold project is an emerging large base metal deposit in the world class Carpentaria Province which hosts several Tier 1 lead-zinc-silver mines including the Dugald River deposit which was recently approved for development by MMG Limited (Figure 3).

In October 2015 Red Metal announced the results of maiden, JORC (2012) compliant, resource calculations on the separate silver-lead and copper-gold deposits:

- Inferred Resource of 30.75 million tonnes @ 6.5% lead, 106 grams per tonne silver (using a 3% lead cut-off grade).
- Inferred Resource of 11.00 million tonnes @ 1.6% copper and 0.8 grams per tonne gold (using a 1.0% copper cut-off grade).

This equates to about 2 million tonnes of lead metal, 105 million ounces of silver plus 170,000 tonnes of contained copper with 300,000 ounces of gold. Both the silver-lead resource and copper-gold resource have steep west northwest plunges and remain open at depth.



[Figure 2] Maronan Project: Three dimensional oblique view of mine development model.

Initial metallurgical test work of the Maronan lead-silver mineralization indicates that a high quality, high grade concentrate could be produced by implementing a relatively simple processing option (as announced in July 2015). Testing also indicated the ore to be quite soft which should keep grinding energy consumption relatively low when compared with other ore types in the district. This work has led to a board reappraisal of the potential of the Maronan Project enabling reduced economic cut-off grade assumptions. These positives have been reflected in the Preliminary Scoping Study resource model with thicker ore blocks and blocks reaching shallower depths with the consequent benefits to mine cash flow assumptions. Ore blocks in this study extend from just 90 metres below surface and have mining widths averaging about 9 metres for the multiple lead-silver resource and about 13 metres for the copper-gold resource.

The Preliminary Scoping Study highlighted the potential to generate strong positive cash flows for either a stand-alone mining option or for a project that assumes trucking ore to an off-site plant with both scenarios appearing robust using current and long term metal price forecasts.

Red Metal is canvassing potential interest for joint venture funding on the project from select third parties. Several companies have initiated detailed data reviews which are ongoing.

Lawn Hill Project: Silver-Lead-Zinc and Copper

New, highly prospective zinc-lead-silver targets defined in terrain surrounding the giant Century zinc-lead-silver deposit.

This year Red Metal secured a large ground position surrounding the giant Century zinc-lead-silver deposit following a new basin-wide structural and stratigraphic analysis (Figure 3). This work was based on the recognition that the giant Mount Isa and McArthur River zinc-lead-silver deposit types form in unique geological time periods and are associated with growth faults and sub-basins containing highly conductive, pyritic stratigraphy. The tenement acquisitions secure targets where prospective stratigraphy and structures are interpreted under shallow cover sequences.

Preliminary work has involved the reprocessing of widely spaced, historic ground electromagnetic data which identified two strong conductors in areas where the superficial cover is estimated at no more than 100 metres. These highly prospective zinc-lead-silver targets remain untested by past explorers.

Ground based and possibly airborne electromagnetic surveying is planned to commence later in 2016 or early in the 2017 field season in preparation for drilling.

Cannington South: Silver-Lead-Zinc

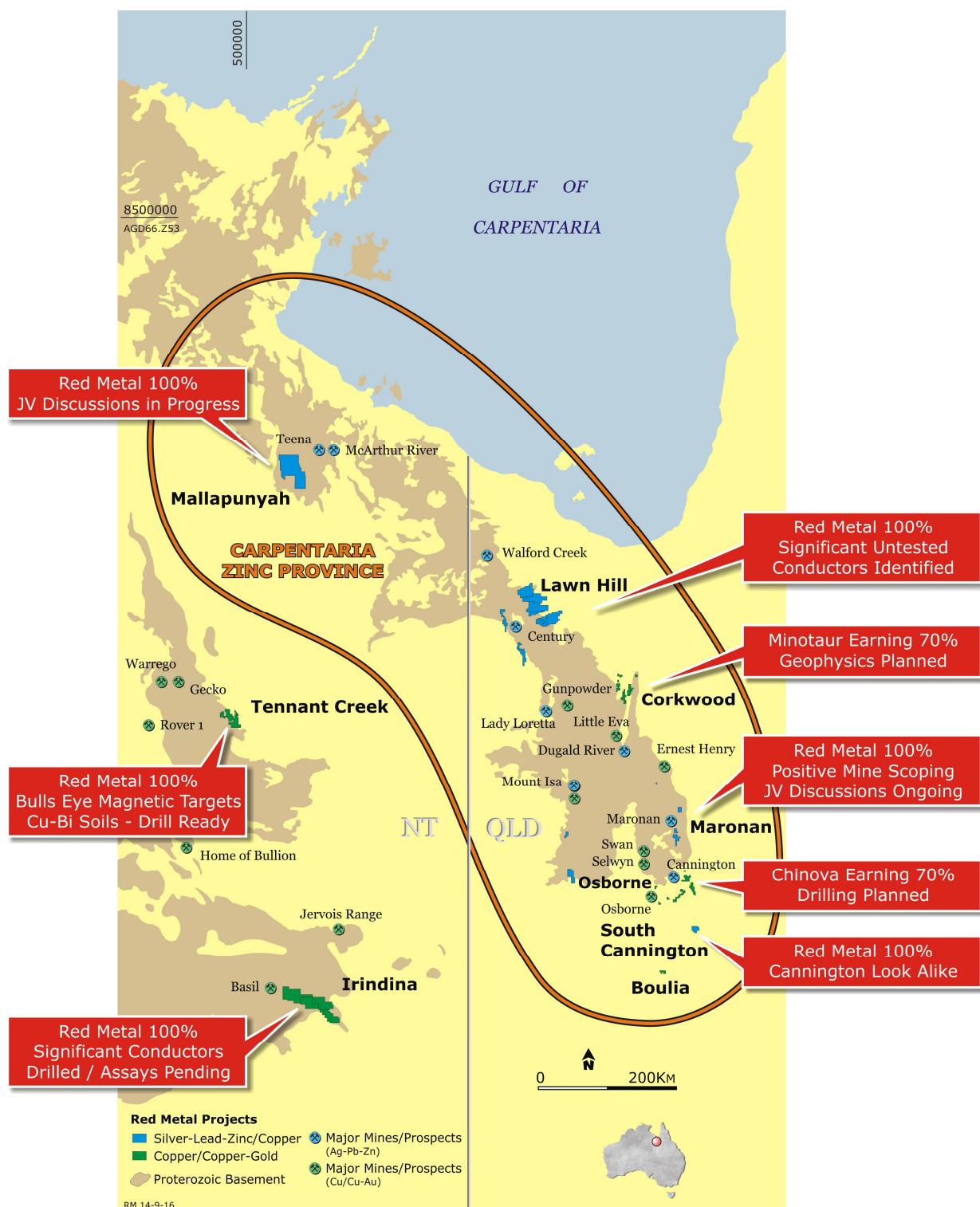
The South32 Cannington mine was discovered as a standout bulls-eye magnetic target and Red Metal is prioritising the search for analogous targets.

This group of projects seeks giant silver-lead-zinc deposits in prospective sedimentary sequences tracked southwards from the nearby Cannington silver-lead mine (Figure 3). The effort draws upon a new Red Metal geological and geophysical interpretation based on knowledge gained from research at Maronan and a detailed review of the Cannington geology. The use of ground based gravity and electromagnetic surveying to prioritise the magnetic targets for drill testing is being evaluated.

Emu Creek Joint Venture: Copper-Gold

The Emu Creek farm-in agreement with Chinova Resources covers a series of geophysical and structural copper-gold targets located within trucking distance of the Osborne operation (Figure 3).

Assay results from first-pass air core drilling by Chinova on the Monster prospect included 20 metres assaying 0.1% copper. Follow-up drilling on this prospect is planned during the 2016 field season.



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

Corkwood JV: Copper-Gold

The Corkwood project contains structurally favorable felsic volcanic rock types and numerous magnetic target zones considered prospective for repeats of the Ernest Henry and Little Eva styles of copper-gold mineralisation (Figure 3).

Past exploration on Corkwood demonstrated the presence of wide zones of significant copper, gold and silver mineralisation. The Jimmy's Creek breccia prospect which shares similar geological characteristics to the Ernest Henry and Little Eva deposits included a best intersection of 0.4% copper, 0.1 grams per tonne gold and 10 grams per tonne silver over a down-hole interval of 153 metres.

This year Red Metal advanced the Corkwood project with the execution in September 2015 of an exploration Heads of Agreement with Minotaur Exploration Ltd which provides Minotaur with the right to earn up to 70% of the project by funding \$6 million of exploration. Red Metal's equity in any discovery could vary between 49% or 30% dependent upon Minotaur's election.

Joint venture partner Minotaur Exploration Ltd initiated target generation during the year and plans deep penetrating, magneto-telluric surveying during the 2016 field season.

ARUNTA PROVINCE - NT

Irindina: Base Metals, Copper-Cobalt

Cost effective first-pass, proof of concept program completed.

The project is situated within the Irindina Province about 240 kilometres east of Alice Springs in a largely unexplored region of the Eastern Arunta Terrain near the northern margin of the Simpson Desert (Figure 3). Prospective basement rocks in this remote desert region are covered by thin sequences of younger sediments and windblown sands and were targeted for semi-massive copper-cobalt sulphide bodies.

First-pass, widely spaced, soil sampling and gravity traverses, follow-up ground based electromagnetic surveys and several proof of concept drill holes were completed in August this year with negative results and this project has been downgraded.

TENNANT CREEK PROVINCE - NT

Tennant Creek Projects: Gold-Copper-Bismuth

Three Tennant Creek style magnetic targets with supporting copper and bismuth soil geochemistry identified for drill testing.

Red Metal has used airborne magnetic data to define a variety of targets situated under a thin blanket of transported sands and located about 90 kilometres southeast of the Tennant Creek Goldfield (Figure 3). Clay-fraction soil sampling was trialed above nine targets with the aim of ranking magnetic anomalies for drilling using path finder elements. Encouraging low-level copper and bismuth anomalism was measured in soil samples collected above three blind magnetic targets which model between 40 and 80 metres below surface. The targets are ready for drill testing.

McARTHUR BASIN - NT

Mallapunyah: Silver-Lead-Zinc and Copper

Recent success on the Teena project by Teck and Rox Resources Limited has highlighted the potential for additional deposits within this fertile terrain and stimulated joint venture interest in this exciting project.

The Mallapunyah project is located within the highly prospective McArthur Basin and targets sedimentary-hosted styles of copper mineralisation as well as silver-lead-zinc deposits similar to the giant McArthur River and Century mines (Figure 3). Field access is dependent upon successful ongoing land access negotiations. Red Metal is currently negotiating a major joint venture to advance this exciting project.

GAWLER CRATON - SA

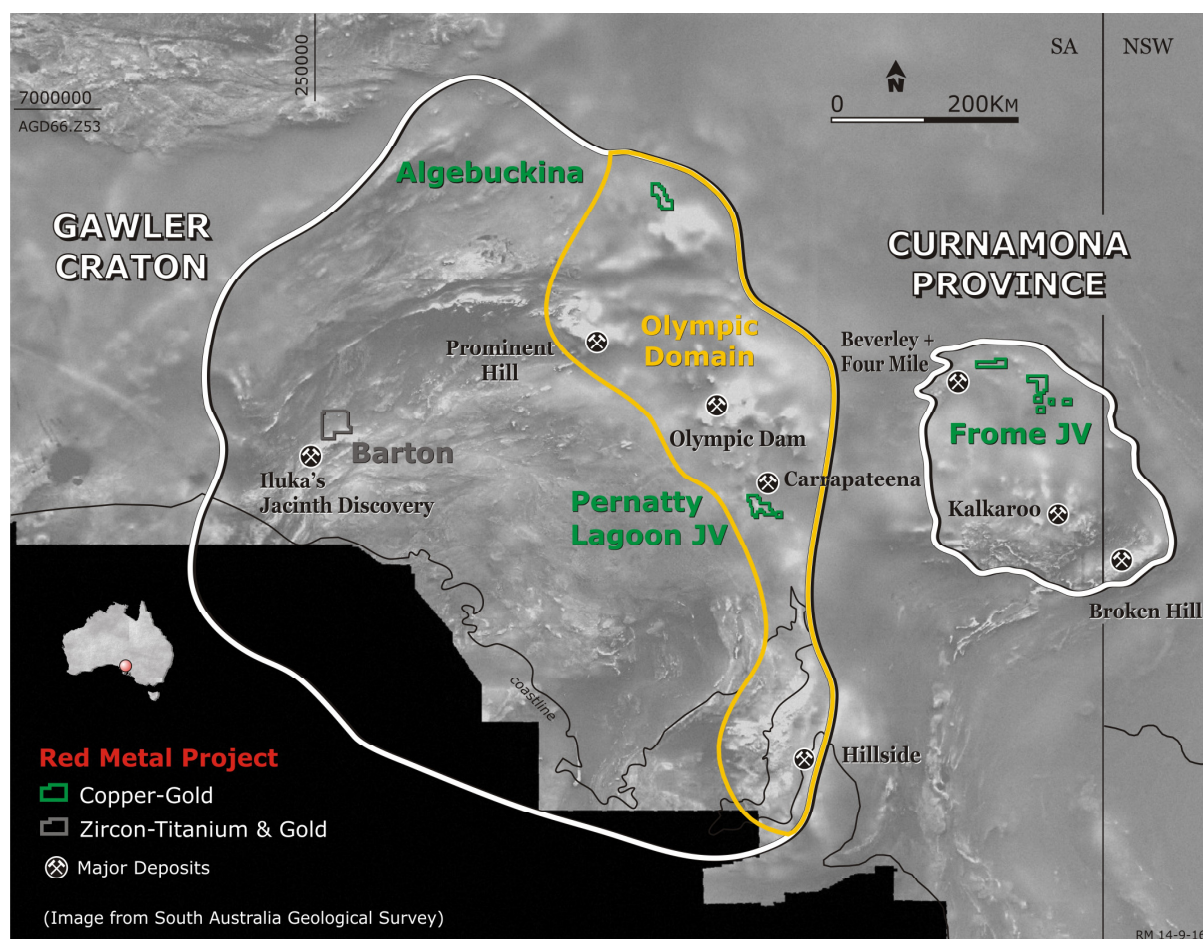
Pernatty Lagoon Project: Copper-Gold

The proven geological potential for very large, high grade, copper-gold deposits in the Gawler Craton together with Australia's low political risk makes this region an ideal location for deep as well as shallow exploration investment.

Red Metal is exploring and actively seeking joint venture funding for the Pernatty Lagoon project which is situated in the Olympic Domain some 50 kilometres south of Oz Mineral's Carrapateena high grade copper-gold deposit currently the subject of feasibility studies (Figure 4).

The Pernatty Lagoon project is centred on a regionally significant gravity and magnetic target comparable with the regional signature over the giant Olympic Dam deposit. Drilling by Red Metal has recognised wide spread halo style alteration including sericite-tourmaline and siderite-chlorite-garnet mineral assemblages and a strong siderite-magnetite±hematite association with copper mineralisation in the district.

Significantly, work at Pernatty Lagoon has highlighted the copper potential of four regionally significant, untested, magnetic and gravity targets on the project. Spectral logging of existing cores seeking to define alteration vectors towards mineralisation was initiated this year and is the current subject of research on the project.



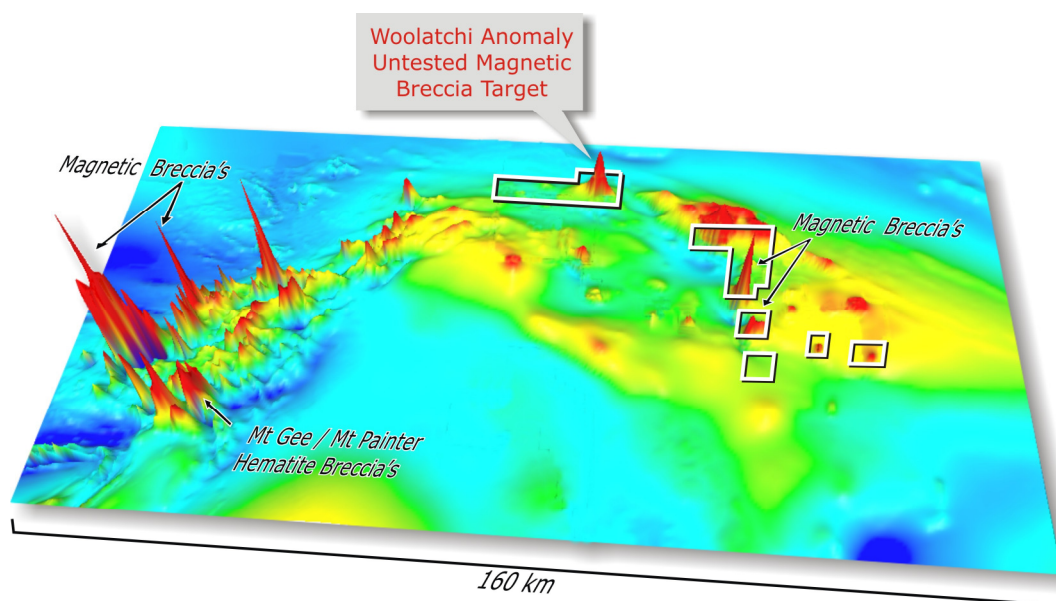
[Figure 4] Red Metal South Australian Projects: Grey scale magnetic image with main project locations.

CURNAMONA PROVINCE – SA

Frome Joint Venture: Copper-Gold

Limited drilling directed towards high regional magnetic anomalies has intersected a number of separate, large hydrothermal breccia's which compare favorably with the geology of mineralised breccia systems in the proven Gawler Craton and Mount Isa Inlier.

The Frome joint venture targets large copper-gold deposits associated with magnetite or hematite breccia's in the basement rocks along the northern margin of the Curnamona Craton (Figure 4). Red Metal's work has defined several untested gravity and magnetic anomalies considered highly prospective for deposits of this style. Red Metal was recently awarded funding support of \$100,000 from the South Australia Government towards a drill test on the large amplitude "Woolatchi" magnetic target (Figure 5).



[Figure 5] Frome Joint Venture: Three dimensional view of total magnetic intensity showing the untested Woolatchi magnetic breccia target.

EUCLA BASIN - SA

Barton Project: Heavy Mineral Sands

Red Metal has identified the potential for higher grade heavy mineral sands immediately southwest of the Barton discovery.

Red Metal originally staked the Barton lease (Figure 4) for heavy mineral (HM) sands after interpreting a prospective ancient shoreline and headland feature on the property. This work successfully lead to a joint venture with Bemax Resources Limited (now Cristal Mining Australia Ltd) and the discovery of the large, but low-grade, Barton heavy mineral deposit.

Barton comprises an Inferred Resource, consistent with the 2004 JORC code estimated in October 2010, of about 285 million tonnes at a grade of about 1.9% heavy mineral (using a 1% cut-off grade). The valuable mineral assemblage is approximately 46.8% total ilmenite, 8.3% total zircon, 2.6% total leucoxene, 2.2% total rutile and has a low clay content averaging about 1.8%. The resource contains 2.6 million tonnes of ilmenite, with 460,000 tonnes of zircon, 140,000 tonnes of leucoxene and 120,000 tonnes of rutile.

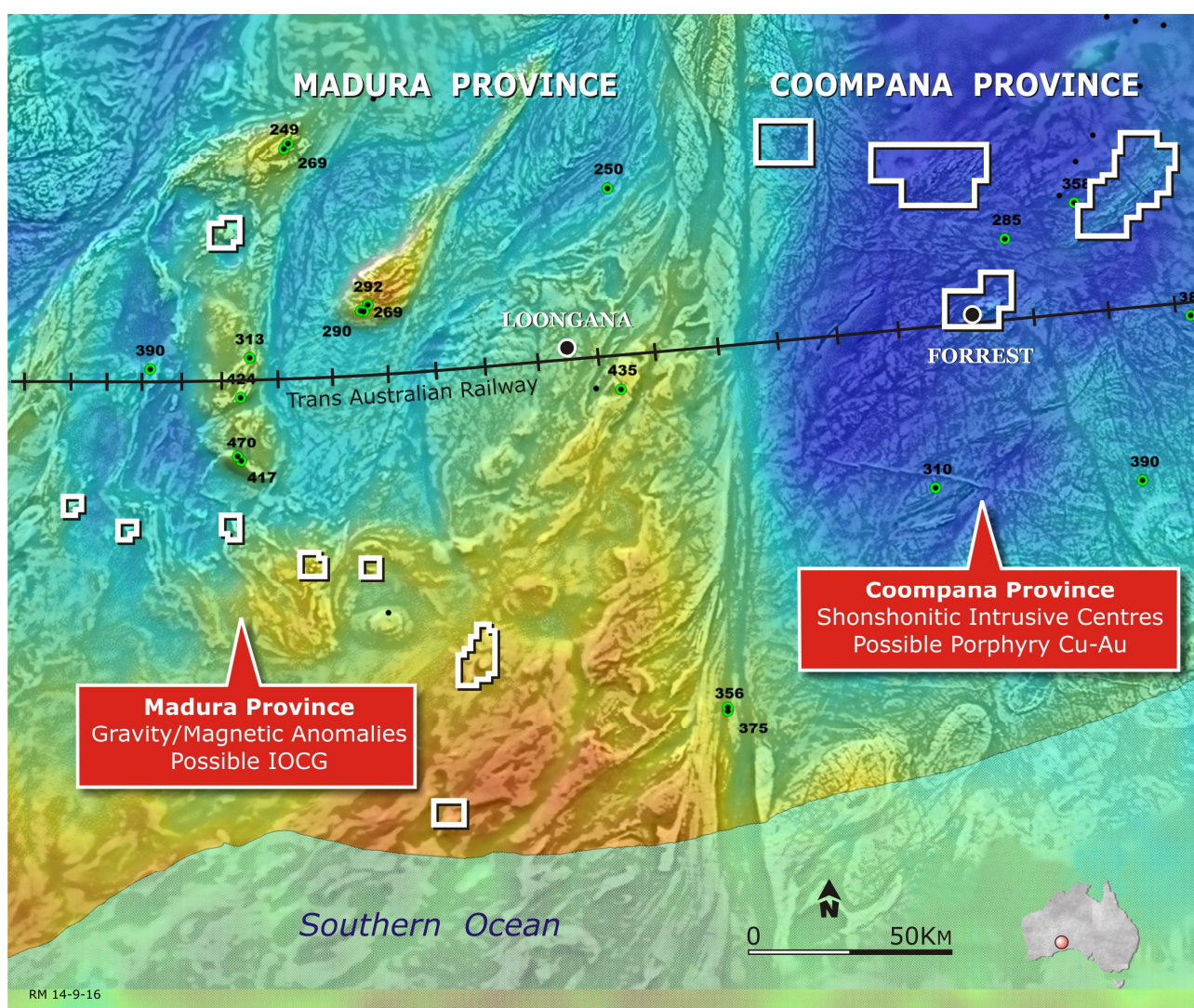
During the year Cristal Mining Australia Ltd withdrew from the joint venture returning the large Barton deposit back to Red Metal (100%).

The potential for higher grade heavy mineral trap sites on the headland and embayment target immediately southwest from the Barton discovery remains untested and represents an exciting exploration opportunity. Red Metal is seeking joint venture funding from interested parties.

COOMPANA AND MADURA PROVINCES - WA

Nullarbor Projects: Copper-Gold

Red Metal moved quickly to secure key geophysical targets following new data released by the Geological Survey of Western Australia (GSAWA) outlining what could be exciting new copper-gold provinces under the Nullarbor Plain of Western Australia (Figure 6).



[Figure 6] Red Metal Nullarbor Projects: Greyscale vertical gradient magnetic intensity image with gravity colour drape showing main tenements and existing drill hole locations. Drill holes that intersected basement rocks are labelled with the depth to basement (metres). Recent research suggests potential for new copper-gold provinces under the Nullarbor Plain of Western Australia.

New seismic data, high resolution magnetic and gravity surveys plus recent stratigraphic holes drilled by GSWA and Geoscience Australia have significantly advanced knowledge of the mineral potential in two new geological provinces.

Stratigraphic holes in the more eastern Coompana Province intersected high-magnesium and high-potassium shoshonitic intrusive rocks some with minor visible copper and molybdenite mineralisation. These unusual rock types have geochemistry indicative of fertile magmas prospective for porphyry copper-gold mineralisation and compare favorably with intrusive rocks found in the Macquarie Volcanic Arc in New South Wales which hosts the large Cadia and Goonumbla porphyry copper-gold mines.

New age dates from GSWA on the more western Madura Province identified subduction-related, mafic intrusive rocks dated at about 1,440 million years while stratigraphic drilling logged local veins of magnetite with copper. This Middle Proterozoic intrusive event is close in age to the major copper-gold metallogenic events in the proven Gawler Craton (1,590 million) and Mount Isa Inlier (1,500-1,550 million) where Red Metal has good experience.

Red Metal has targeted large, circular intrusive complexes and regionally significant high-amplitude magnetic and gravity targets for possible iron-oxide or porphyry styles of copper-gold mineralisation. The prospective basement targets are mostly covered by 200 to 400 metres of younger sedimentary cover and can be cost effectively tested with simple proof-of-concept programs.

The Nullarbor projects are an Australian “first-mover” opportunity.

COLORADO – USA

Colorado Potash Project:

Potash is presently extracted from beds over a cumulative thickness of about 25 metres at Belle Plain, Canada, one of the world’s largest solution mines. Oil well logs indicate potash beds over the Dolores anticline on Red Metal’s Colorado project reach a cumulative thickness between 15 and 30 metres and mining scenario studies suggest it may be possible to extract them commercially.

The principal exploration target for the Colorado potash project are indications of multiple beds of probable potassium chloride (sylvite) over good widths and grades along the axis of the Dolores Anticline.

Last year Red Metal commissioned North American based solution mining experts Agapito Associates Inc. to complete a review of the economic potential for potash solution mining on the Colorado Project providing the Company with broad parameters to guide exploration targeting. Positive outcomes from the review have reinforced the upside potential of this significant, previously untested, potash target concept.

Red Metal has opened the project to joint venture investment from interested parties capable of funding the proof of concept drill tests and potentially moving the project through to completion of a feasibility study. No investment support was secured this year.

Summary of Resource Mineral Estimates

Reported according to JORC Category and Project / Deposit

Category	Project / Deposit	30 June 2016		30 June 2015	
		Tonnes (M)	Grade	Tonnes (M)	Grade
Inferred	Maronan	30.75	6.5% Lead, 106g/t Silver	-	-
Inferred	Maronan	19.2	1.24% Copper, 0.6g/t Gold	-	-
Inferred	Barton	285	1.9% HM	285	1.9% HM

The Inferred Resources at the Maronan Project were initially estimated in October 2015. There have been no changes in Mineral Resources at the Barton Project 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 and estimates of Mineral Resources for the Maronan Project was previously reported by the Company in compliance with JORC 2012 in market releases dated 28 January 2014, 21 November 2014, 3 February 2015, 29 July 2015, 27 October 2015 and 8 March 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements dated 28 January 2014, 21 November 2014, 3 February 2015, 29 July 2015, 27 October 2015 and 8 March 2016 and, in the case of the estimate of Mineral Resources all material assumptions and technical parameters underpinning the estimates in the market announcement of 27 October 2015 continue to apply and have not materially changed.

The information in this report that relates to the Colorado Potash Project was previously reported by the Company in compliance with JORC 2012 in a market release dated 31 March 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement dated 31 March 2015.

The information in this report that relates to the Irindina Project was previously reported by the Company in compliance with JORC 2012 in a market release dated 23 August 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement dated 23 August 2016.

The information reported above (other than in respect of the Maronan Project, Colorado Potash Project and Irindina Project) relating to Exploration Results was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in this report that relates to the estimates of Mineral Resources at Barton Project was previously reported by the Company in compliance with JORC 2004 in a market release dated 20 October 2010. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement dated 20 October 2010.

The information in this report that relates to Exploration Results (other than in respect of the Maronan Project, Colorado Potash Project and Irindina Project) is based on, and fairly represents, information and supporting documentation compiled by Mr Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Mr Rutherford is the Managing Director of the Company. Mr Rutherford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Rutherford consents to the form and context in which the Exploration Results and supporting information are presented in this report.

CORPORATE POLICIES

Environmental and Sustainability Policy Statement

Red Metal is a responsible company which recognises and respects the environment and the values and rights of others in the environment.

Red Metal holds the opinion that industry can operate in harmony with minimal impact on the environment. Red Metal recognises that environmental performance is an important factor in its business performance and as a measure of professionalism.

Red Metal recognises that its activities can have environmental impact and that it has obligations to mitigate those for the benefit of all. As a minimum, the Company will comply with all applicable environmental obligations.

Red Metal commits to continually improving its environmental performance and responsibility through the education of its employees and contractors and the following initiatives:

- integrating environmental considerations into project planning and operations;
- implementing environmental controls and strategies to identify, minimise and avoid wherever possible environmental impact from our activities;
- monitoring relevant environmental parameters;
- auditing and reporting on environmental performance;
- preventing pollution by minimising emissions and the generation of waste;
- providing sufficient training and resources for effective environmental management;
- having open communication with communities and other stakeholders about environmental issues; and
- adopting programs which substantially improve the environment in the areas surrounding high impact areas.

Red Metal commits to being a proactive environmental manager, and through consultation with stakeholders and government ensuring that it remains a good corporate citizen.

Occupational Health and Safety Policy Statement

It is the philosophy of Red Metal that industry can operate efficiently and productively without causing injury or damage to people.

Red Metal recognises that the safety and health of its employees is of prime importance and is an essential part of the planning and control of its operations.

It is Company policy to work towards an accident free environment in which hazards are controlled or eliminated and safe working attitudes are promoted through consultation and participation at all levels of the workforce. A collective responsibility binds management and employees to achievement of these goals.

Our ability to prevent injuries and accidents is an important measure of our operational efficiency. Success in our safety endeavours is dependent upon the active involvement of every employee of the Company.

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of Red Metal Limited ("the Company") and the entities it controlled (together referred to as "the Group") for the financial year ended 30 June 2016 and the auditor's report thereon. The controlled entities did not trade during the year and do not have any assets or liabilities. Red Metal Limited is a listed public company, incorporated in and domiciled in Australia.

OFFICERS OF THE COMPANY

The directors of the Company at any time during or since the end of the financial year are as follows:

Russell Barwick
Dip Min Eng, FAusIMM,
FAICD
Independent Non-Executive
Chairman
(Appointed 12 June 2003)

Russell Barwick is a mining engineer with over 40 years technical, managerial and corporate experience in various commodities. He initially worked for Bougainville Copper Limited (CRA), Pancontinental Mining Limited and CSR Ltd. Following this, Russell spent 17 years with Placer Dome Inc, occupying a number of key development, operational and corporate roles, culminating in being Managing Director of Placer Nuigini Ltd. He then served as Chief Executive Officer of Newcrest Mining Limited where he achieved strong market support. For the four year period up to the end of 2006 Russell was the Chief Operating Officer of Wheaton River Minerals and Goldcorp Inc., during which the quickly evolving company grew its market capitalisation from several hundred million dollars to \$22 billion and became the third largest gold company in the world by market capitalisation. He was subsequently the CEO of Canadian based Gammon Gold Inc, but resigned and returned to Australia for family reasons in 2008. Russell is also a director of Mount Gibson Iron Limited (since 2011).

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.

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 a director of Traka Resources Ltd (since 2003) and Red Hill Iron Limited (since 2005). Mr Pitt also served as a director of Pan Pacific Petroleum NL between 29 December 2008 and 29 August 2014.

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

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

Patrick Flint is a Chartered Accountant with significant experience in the management and administration of publicly listed mineral exploration companies. He is also Chairman of AVZ Minerals Ltd.

DIRECTORS' REPORT (continued)

DIRECTORS' MEETINGS

The number of meetings of the Company's directors and the number of meetings attended by each director during the year ended 30 June 2016 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 4 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. Executive directors and staff may receive bonuses of up to 25% of the annual remuneration based on the achievement of performance hurdles.

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. 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 January 2016 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 2015 Annual General Meeting (AGM) – At the 2015 AGM, less than 1% of the votes received did not support the adoption of the remuneration report for the year ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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

It is the Company's policy that service agreements for executive directors and senior staff are entered into prior to the commencement of employment, that the agreements be unlimited in term but capable of termination on between 3 and 6 months' notice and that the Company retains the right to terminate the contract immediately, by making payment equal to between 3 and 6 months' pay in lieu of notice. The service agreement outlines the components of remuneration paid to the executive directors and staff but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take account of changes in the scope of the role performed and changes in industry remuneration levels.

Mr Rutherford entered into an employment agreement with the Company on 8 September 2003 to be Managing Director of the Company. Mr Rutherford is paid an annual salary of \$239,810, including statutory superannuation. Mr Rutherford can also receive an annual bonus of up to 25% of the annual remuneration (excluding the statutory superannuation) upon the achievement of certain performance criteria (refer above). 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.

Non-Executive Directors

Total remuneration for all non-executive directors, approved at a shareholders meeting held on 6 June 2003, is not to exceed \$150,000 per annum. Director's fees cover all main Board activities and membership of one committee (if required). Fees may also be paid to non-executive directors for additional consulting services provided to the Company. Directors' base fees are presently \$24,000 for each Director. The Chairman's base fee is \$48,000. Non-executive directors are entitled to receive options (subject to shareholder approval) as it is considered an appropriate method of providing sufficient reward whilst maintaining cash reserves.

Remuneration of Key Management Personnel

Details of the nature and amount of each major element of the remuneration of each director of the Company and the named officers of the Company are:

Name	Short-Term \$		Post- Employ- ment \$	Share- based Payments \$	Total \$	Proportion related to performance %
Directors	Salary / Fees		Super- annuation	Options (A)		
Non-executive Russell Barwick	2016	43,836	4,164	5,040	53,040	9.5
	2015	43,836	4,164	7,875	55,875	14.1
Joshua Pitt	2016	24,000	-	5,040	29,040	17.4
	2015	24,000	-	7,875	31,875	24.7
Executive Robert Rutherford	2016	219,005	20,805	10,080	249,890	4.0
	2015	219,005	20,805	15,750	255,560	6.2
Totals	2016	286,841	24,969	20,160	331,970	
	2015	286,841	24,969	31,500	343,310	

DIRECTORS' REPORT (continued)**REMUNERATION REPORT (CONTINUED)***Remuneration of Key Management Personnel (continued)*

(A) 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. This is the only element of the above remuneration that is performance based.

Options and rights over equity instruments granted as compensation

A total of 1.2 million options were issued to Mr Barwick (300,000 options), Mr Rutherford (600,000 options) and Mr Pitt (300,000 options) in November 2015. The options expire on 22 November 2018 and are exercisable at 5 cents in two equal tranches commencing from 23 November 2015 and 23 November 2016. The terms and conditions of each grant of incentive options to key management personnel affecting remuneration during the year are as follows:

	Options granted				Financial years in which grant vests	Value yet to vest	
	Number	Date	% vested in year	Forfeited in year		Min	Max
Russell Barwick	300,000	23 November 2015	50%	Nil	2016 / 2017	Nil	\$1,260
Robert Rutherford	600,000	23 November 2015	50%	Nil	2016 / 2017	Nil	\$2,520
Joshua Pitt	300,000	23 November 2015	50%	Nil	2016 / 2017	Nil	\$1,260

Assumptions used in valuing the options issued on 23 November 2015 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
23 Nov 2015	22 November 2018	2.1 cents	5 cents	3.7 cents	100%	2.0%	-

Each option entitles the holder to purchase one ordinary share in the Company. All options expire on the earlier of their expiry date or termination of the individual's employment (or cessation of directorship). The estimated value disclosed above is calculated at the date of grant using the Black-Scholes option pricing model.

A total of 1.2 million options (exercisable at 33 cents each) held by Mr Barwick (300,000 options), Mr Rutherford (600,000 options) and Mr Pitt (300,000 options) expired on 31 January 2016.

Other than the above, no options over unissued ordinary shares in Red Metal Limited were granted to, were forfeited by, or were exercised by key management personnel of the Company (as part of their remuneration).

DIRECTORS' REPORT (continued)**REMUNERATION REPORT (CONTINUED)***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 2016 - Shares

Name	Held at 1 July 2015	Purchases	Exercise of options	Held at 30 June 2016
Specified Directors				
Russell Barwick	4,500,000	-	-	4,500,000
Robert Rutherford	10,455,002	-	-	10,455,002
Joshua Pitt	14,754,590	807,740	-	15,562,330

30 June 2015 - Shares

Name	Held at 1 July 2014	Purchases	Exercise of options	Held at 30 June 2015
Specified Directors				
Russell Barwick	4,500,000	-	-	4,500,000
Robert Rutherford	10,455,002	-	-	10,455,002
Joshua Pitt	14,754,590	-	-	14,754,590

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

*Option holdings of key management personnel***30 June 2016 - Options**

Name	Held at 1 July 2015	Granted (i)	Expired	Held at 30 June 2016	Total Vested and exercisable
Specified Directors					
Russell Barwick	800,000	300,000	(300,000)	800,000	650,000
Robert Rutherford	1,600,000	600,000	(600,000)	1,600,000	1,300,000
Joshua Pitt	800,000	300,000	(300,000)	800,000	650,000

30 June 2015 - Options

Name	Held at 1 July 2014	Granted	Held at 30 June 2015	Total Vested and exercisable
Specified Directors				
Russell Barwick	800,000	-	800,000	800,000
Robert Rutherford	1,600,000	-	1,600,000	1,600,000
Joshua Pitt	800,000	-	800,000	800,000

(i) Options granted in November 2015 – refer above.

DIRECTORS' REPORT (continued)

UNISSUED SHARES UNDER OPTION

As at the date of this report there were 5,550,000 unissued ordinary shares under option. During the financial year 2,425,000 options to subscribe for ordinary shares were issued, and 2,675,000 options to subscribe for ordinary shares expired. No options to subscribe for ordinary shares were exercised during the financial year. 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 14 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 2016 were the acquisition and exploration of mineral prospects in Australia.

RESULTS AND DIVIDENDS

The loss after tax for the year ended 30 June 2016 was \$1,498,049 (2015: \$3,205,010). 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 2016 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.

As an exploration entity, the Company has no operating revenue or earnings and consequently the Company's performance cannot be gauged by reference to those measures. Instead, the Directors' consider the Company's performance based on the success of exploration activity, acquisition of additional prospective mineral interests 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.

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, 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.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW (Continued)

The Company's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Company, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Company and its future performance include but are not limited to:

- geological and technical risk posed to exploration and commercial exploitation success;
- security of tenure including licence renewal, inability to obtain regulatory or landowner consents or approvals and native title issues;
- change in commodity prices and market conditions;
- environmental and occupational health and safety risks;
- government policy changes;
- retention of key staff; 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

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' REPORT (continued)**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	Options over
	ordinary shares	ordinary shares
Russell Barwick	3,622,400	800,000
Robert Rutherford	10,270,002	1,600,000
Joshua Pitt	15,562,330	800,000

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.

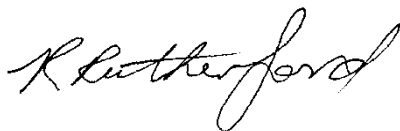
During the financial year the Company agreed to pay an annual insurance premium of \$11,264 in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors and officers of the Company. The insurance premium relates to:

- 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 \$2,850 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 34.

Signed in accordance with a resolution of directors.



Robert Rutherford
Managing Director

Sydney, 19 September 2016

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Red Metal Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Red Metal Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's governance approach aims to achieve exploration, development and financial success while meeting stakeholders' expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. A description of the Company's main corporate governance practices is set out below. The Corporate Governance Statement is current as at 30 June 2016, and has been approved by the Board of Directors. All these practices, unless otherwise stated, were in place for the entire year. They comply with the ASX *Corporate Governance Principles and Recommendations (3rd edition)*.

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

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of the senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board is responsible for:

- Determining the vision and objectives of the Company;
- Overseeing and fostering an appropriate culture for the Company that is directly aligned to its values, strategies and objectives;
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Identifying all areas where written board policy is required, detailing the policies, and overseeing the implementation and monitoring of compliance;
- Formulating short term and long term strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- Approving and monitoring the progress of joint ventures, major expenditure and acquisitions and divestments;
- Approving the annual budgets, and ensuring these are aligned with the Company's strategic objectives;
- Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the Managing Director and the Company Secretary;
- Ratifying the appointment, and where appropriate, the removal of senior executives;
- Evaluating the performance of the Managing Director and the senior management team and determining their remuneration;
- Delegating appropriate powers to the Managing Director and senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Ensuring that policies and procedures are in place consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters; and
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy.

CORPORATE GOVERNANCE STATEMENT (continued)

The Managing Director (MD) is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board.

The MD's specific responsibilities include:

- Responsibility for the achievement of corporate goals and objectives;
- Development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- Implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;
- Advise the Board regarding the most effective organisational structure and oversee its implementation;
- Assessment of business opportunities of potential benefit to the Company;
- Encouraging staff commitment;
- Establish and maintain effective and positive relationships with Board members, shareholders, the investment community and other government and business liaisons;
- Undertake the role of key company spokesperson;
- Recommend policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives;
- Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- Ensure appropriate risk management practices and policies are in place;
- Select and appoint staff; and
- Ensure there is an appropriate staff appraisal system in place in the Company.

This statement of matters reserved for the Board and areas of delegated authority to the Managing Director and senior executives is contained in the Board Charter posted on the Company's website.

Recommendation 1.2:

Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information about any candidate to enable an informed decision to be made on whether or not to elect or re-elect a director.

Recommendation 1.3:

Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.

Each senior executive and executive director has a formal employment contract and the non-executive directors have a letter of appointment including a director's interest agreement with respect to disclosure of security interests.

CORPORATE GOVERNANCE STATEMENT (continued)**Recommendation 1.4:**

The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary has a direct reporting line to the Board, through the Chair.

Recommendation 1.5:

The Company should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Company has not yet formalised this policy into a written document. It is the Board's intention to formalise the policy at a time when the size of the Company and its activities warrants such a structure.

There is currently one woman employee in the organisation who is not in a senior executive position or on the Board. Women represent 33% of the Company employees (excluding directors).

Recommendation 1.6:

The Company should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. The Chairman conducted an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each director were discussed. The board considers that at this stage of the Company's development an informal process is appropriate.

Recommendation 1.7:

The Company should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board undertakes a review of the Managing Director's performance, at least annually, including setting the goals for the coming year and reviewing the achievement of these goals.

Performance has been measured to date by the efficiency and effectiveness of the enhancement of the Company's mineral interest portfolio, the designing and implementation of the exploration and development programme, maintenance of relationships with joint venture partners, the securing of ongoing funding so as to continue its exploration and development activities and ensuring the Company's environmental and occupational health and safety performance is consistent with industry best practice. This performance evaluation 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.

Due to the size of the Company and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program. The Chairman conducted an informal review during the financial year whereby he discussed attitude, performance and approach toward meeting the short and long term objectives of the Company with the Managing Director. The board considers that at this stage of the Company's development an informal process is appropriate.

CORPORATE GOVERNANCE STATEMENT (continued)**Principle 2: Structure the board to add value****Recommendation 2.1:**

The Board should establish a Nomination Committee of which the majority of the members should be independent directors (including the Chair).

The Company does not have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise, and experience of the board. Casual appointments must stand for election at the next Annual General Meeting of the Company.

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. All Directors, with the exception of the Managing Director, serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.

Recommendation 2.2:

The Company should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

	Chairman	Managing Director	Non-executive Director	Company Secretary
Leadership	X	X	X	X
Strategy / Risk	X	X	X	X
Communication	X	X		
Fundraising		X	X	X
Mining Industry	X	X	X	X
Governance	X			X
Health, safety and environment	X	X		
Financial acumen	X	X	X	X

Each director has the right of access to all relevant company information and to the Company's employees and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the Company's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the Board.

Recommendation 2.3:

The Company should disclose the names of the directors considered to be independent directors and length of service of each director.

The names, experience and responsibilities of Directors of the Company in office at the date of this statement are set out in the Directors' Report (including names of the directors considered to be independent directors and length of service of each director).

CORPORATE GOVERNANCE STATEMENT (continued)**Recommendation 2.4:**

A majority of the Board of the Company should be independent directors.

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.1 and other facts, information and circumstances deemed by the Board to be relevant. Using the ASX Best Practice Recommendations on the assessment of the independence of Directors, the Board considers that of a total of three Directors, two are considered to be independent, Mr Russell Barwick (Chairman) and Mr Joshua Pitt.

Mr Pitt and his associates control Wythenshawe Pty Ltd and Perth Capital Pty Ltd, which collectively hold 15,562,330 shares in the Company, or 8.9% of the total shares on issue at 30 June 2016. After taking into consideration the size and nature of other investments in which Mr Pitt has an interest, the interest in the Company is not considered to impact the assessment that Mr Pitt is an independent director.

Mr Barwick and Mr Pitt have both served on the Board for more than 10 years, both having joined in 2003. The Board is of the view that Mr Barwick's expertise and broad industry experience enhance the skills and experience of the Board and that he continues to make a valuable contribution as Chairman of the Board. The Board is of the view that Mr Pitt also continues to make a valuable contribution to the Board. Mr Pitt's geological expertise, joint venture experience and market knowledge adds significantly to the skills and and experience of the Board.

The Board does not believe that Mr Barwick's or Mr Pitt's tenure materially interferes with their ability to act in the best interests of the Company. The Board believes that each of Mr Barwick and Mr Pitt has retained independence of character and judgement and has not formed associations with management (or others) that might compromise their ability to exercise independent judgement or act in the best interests of the Company.

Mr Robert Rutherford is the Managing Director of the Company and is not considered to be independent. The Company considers that each of the directors possesses the skills and experience suitable for building the Company and that the current composition of the Board is adequate for the Company's current size and operations.

Recommendation 2.5:

The Chair of the Board should be an independent director, and should not be the CEO of the Company.

Mr Russell Barwick is Independent Chairman of the Company. Mr Robert Rutherford is the Managing Director of the Company.

Recommendation 2.6:

The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board Charter provides for induction and professional development for the Board.

CORPORATE GOVERNANCE STATEMENT (continued)**Principle 3: Act ethically and responsibly****Recommendation 3.1:**

Companies should have a Code of Conduct for its directors, senior executives and employees.

The Company has developed a Code of Conduct (“the Code”) which has been endorsed by the Board and applies to all employees, Directors and officers. The Code may be amended from time to time as necessary to ensure it reflects the practices necessary to maintain confidence in the Company’s integrity and to take into account legal obligations and reasonable expectations of the Company’s stakeholders. The Code outlines the responsibility and accountability of Company personnel to report and investigate reports of unethical practices. A copy of the Code is available on the Company’s website.

Trading in Company securities is regulated by the Corporations Act 2001 and the ASX Listing Rules. The Board makes all Directors, officers and employees aware on appointment that it is prohibited to trade in the Company’s securities whilst that Director, officer or employee is in the possession of price sensitive information.

For details of shares held by Directors and officers please refer to the Directors’ Report. Directors are required to report to the Company Secretary any movements in their holdings of Company securities, which are reported to ASX in the required timeframe prescribed by the ASX Listing Rules.

Principle 4: Safeguard Integrity in Financial reporting**Recommendation 4.1**

The Board should have an Audit Committee.

The Company does not have an audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company’s activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.

External Auditors

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

It is HLB Mann Judd’s policy to rotate audit engagement partners on listed companies at least every 5 years.

Recommendation 4.2

The Board of the Company should, before it approves the Company’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

CORPORATE GOVERNANCE STATEMENT (continued)

The Board receives the necessary declaration in writing from the Managing Director and the Company Secretary/Financial Controller with respect to the financial records, the financial statements and the system of risk management and internal control before it approves the Company's financial statements for a financial period.

Recommendation 4.3

The Company should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

The Company invites the auditor or representative of the auditor to the AGM.

Principle 5 – Make timely and balanced disclosure**Recommendation 5.1:**

Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

The Company has developed an ASX Listing Rules Disclosure Strategy which has been endorsed by the Board. The ASX Listing Rules Disclosure Strategy ensures compliance with ASX Listing Rules and Corporations Act 2001 obligations to keep the market fully informed of information which may have a material effect on the price or value of its securities and outlines accountability at a senior executive level for that compliance. All ASX announcements are to be posted to the Company's website as soon as possible after confirmation of receipt is received from ASX, including all financial reports.

Principle 6 – Respect the rights of security holders**Recommendation 6.1:**

Companies should provide information about itself and its governance to investors via its website.

The Company is committed to maintaining a Company website with general information about the Company and its operations, information about governance and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by the ASX, the following are posted to the Company's website:

- relevant announcements made to the market via the ASX;
- notices of meetings;
- investment updates;
- company presentations and media releases;
- copies of press releases and announcements for (at least) the preceding three years; and
- copies of annual, half-yearly and quarterly reports including financial statements for (at least) the preceding three years.

CORPORATE GOVERNANCE STATEMENT (continued)**Recommendations 6.2 and 6.3:**

Companies should design and implement an investor relations program to facilitate two-way communication with investors.

Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Managing Director makes himself available to meet shareholders and regularly responds to enquiries made via telephone or email.

The Board encourages full participation of shareholders at the Annual General Meeting. In preparing for general meetings of the Company, the Company drafts the notice of meeting and related explanatory information so that shareholders are provided with all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. The Company allows shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting. The external auditor of the Company is asked to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Important issues are presented to the shareholders as single resolutions. The shareholders are also responsible for voting on the appointment of Directors.

Recommendation 6.4:

Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Information about the Company is regularly emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses and on submitting information requests with the Company is available on the Company's website. Shareholders can receive communications from, and send communications to, the Company's security registry electronically.

Principle 7 – Recognise and manage risk**Recommendation 7.1:**

The Board should have a committee or committees to oversee risk.

The Company is not currently of a size to require the formation of committees to oversee risk. The full Board has the responsibility for the risk management, compliance and internal controls systems of the Company.

Management, through the Managing Director, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. The Company's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Company's business. The Company adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. The risks involved in a resources sector company and the specific uncertainties for the Company continue to be regularly monitored and the Managing Director regularly appraises the Board as to the effectiveness of the Company's management of its material business risks. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal.

CORPORATE GOVERNANCE STATEMENT (continued)**Recommendation 7.2:**

The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

The Board considers risks and discusses risk management at each Board meeting. Review of the risk management framework is an on-going process rather than an annual formal review. The Company's main areas of risk include:

- exploration;
- security of tenure including native title risk;
- joint venture management;
- new project acquisitions;
- environment;
- occupational health and safety;
- government policy changes;
- funding;
- commodity prices;
- retention of key staff;
- financial reporting; and
- continuous disclosure obligations.

Recommendation 7.3:

The Company should disclose if it has an internal audit function.

The Company does not have an internal audit function but reviews its risk management and internal control processes on a regular basis.

Internal Audit Function

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Board as a whole regularly evaluates and improves the effectiveness of its risk management (refer above) and internal control processes.

Recommendation 7.4:

The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Refer to the Company's Environmental and Sustainability Policy Statement on page 14. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.

CORPORATE GOVERNANCE STATEMENT (continued)**Principle 8 – Remunerate fairly and responsibly****Recommendation 8.1:**

The Board should have a Remuneration Committee.

The Company does not have a remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a remuneration committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee.

Recommendation 8.2:

A company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company provides disclosure of all Directors and executives remuneration in its annual report.

The remuneration policy of Red Metal has been designed to align director's objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Red Metal believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company. Directors' remuneration is approved by resolutions of the Board. The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

Non-Executive Directors

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Payments to the non-executive Directors are reviewed annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Non-executive Directors are entitled to receive incentive options (subject to shareholder approval) as it is considered an appropriate method of providing sufficient reward whilst maintaining cash reserves. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors. The value of shares and incentive options where they are granted to non-executive directors are calculated using the Black-Scholes-Merton option pricing model.

CORPORATE GOVERNANCE STATEMENT (continued)*Executives*

The senior executive of the Company is the Managing Director. The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of senior executives may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any incentive option issues with thresholds approved by shareholders; and
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. The value of shares and incentive options where they are to be granted to senior executives are calculated using the Black-Scholes-Merton option pricing model.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, incentive share options and other incentive payments.

For details of remuneration paid to Directors and officers for the financial year please refer to the Directors' Report and Note 20 to the Financial Statements.

Recommendation 8.3:

A Company which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or summary of it.

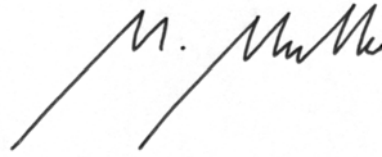
The Company does not have an equity based remuneration scheme which is affected by this recommendation.

Recipients of equity-based remuneration (eg. incentives options) are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

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 2016, 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 audit; and
- (b) any applicable code of professional conduct in relation to the audit.



Sydney, NSW
19 September 2016

M D Muller
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenues from continuing operations	2	64,957	144,495
Expenses from continuing operations			
Employee and consultant expenses (administration)		(262,750)	(252,865)
Exploration expenditure written off (including employee and consultant expenses)	11	(1,426,131)	(3,113,262)
Depreciation	10	(2,617)	(1,189)
Occupancy expenses		(118,971)	(116,989)
Other expenses from continuing operations		<u>(112,717)</u>	<u>(124,340)</u>
Loss before related income tax benefit	3	(1,858,229)	(3,464,150)
Income tax benefit	5	<u>360,180</u>	<u>259,140</u>
Loss for the year from continuing operations		(1,498,049)	(3,205,010)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss attributable to members of the Company		<u>(1,498,049)</u>	<u>(3,205,010)</u>
		Cents	Cents
Basic loss per share	6	(0.9)	(1.9)
Diluted loss per share	6	<u>(0.9)</u>	<u>(1.9)</u>

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

Consolidated Statement of Financial Position as at 30 June 2016

	Notes	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	8	1,861,616	3,341,670
Trade and other receivables	9	26,492	52,794
TOTAL CURRENT ASSETS		1,888,108	3,394,464
NON-CURRENT ASSETS			
Trade and other receivables	9	113,432	101,937
Property, plant and equipment	10	4,773	2,201
Acquisition, exploration and evaluation expenditure	11	1,000,103	1,000,103
TOTAL NON-CURRENT ASSETS		1,118,308	1,104,241
TOTAL ASSETS		3,006,416	4,498,705
CURRENT LIABILITIES			
Trade and other payables	12	113,648	136,801
Employee benefits	13	189,799	201,626
TOTAL CURRENT LIABILITIES		303,447	338,427
TOTAL LIABILITIES		303,447	338,427
NET ASSETS		2,702,969	4,160,278
EQUITY			
Issued capital	14	29,977,887	29,977,887
Option reserve	15	1,868,877	1,828,137
Accumulated losses		(29,143,795)	(27,645,746)
TOTAL EQUITY		2,702,969	4,160,278

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 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		4,734	14,757
Cash payments in the course of operations		(451,284)	(429,140)
Income tax refund received		360,180	259,140
Interest received		70,392	132,442
NET CASH (USED IN) OPERATING ACTIVITIES	18a	(15,978)	(22,801)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash payments for exploration and evaluation		(1,458,887)	(3,089,987)
Payments for property, plant and equipment		(5,189)	(1,268)
NET CASH (USED IN) INVESTING ACTIVITIES		(1,464,076)	(3,091,255)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	5,100,000
Costs of issue of shares		-	(318,476)
NET CASH PROVIDED BY FINANCING ACTIVITIES		-	4,781,524
Net increase / (decrease) in cash held		(1,480,054)	1,667,468
CASH AT THE BEGINNING OF THE YEAR		3,341,670	1,674,202
CASH AT THE END OF THE YEAR	8	1,861,616	3,341,670

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 2016

	Notes	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
Balance at 1 July 2014		25,196,363	(24,440,736)	1,786,700	2,542,327
Total comprehensive loss attributable to members of the Company		-	(3,205,010)	-	(3,205,010)
Shares issued during the year		5,100,000	-	-	5,100,000
Share issue costs		(318,476)	-	-	(318,476)
Cost of share based payments		-	-	41,437	41,437
Balance at 30 June 2015		29,977,887	(27,645,746)	1,828,137	4,160,278
Balance at 1 July 2015		29,977,887	(27,645,746)	1,828,137	4,160,278
Total comprehensive loss attributable to members of the Company		-	(1,498,049)	-	(1,498,049)
Cost of share based payments		-	-	40,740	40,740
Balance at 30 June 2016		29,977,887	(29,143,795)	1,868,877	2,702,969

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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. It has two subsidiary companies, incorporated in January 2009 and in March 2012, which have not entered into any transactions since incorporation. The consolidated financial statements are for the Group consisting of Red Metal Limited and its subsidiaries. The information in the consolidated financial statements is identical to the information included in the accounts of Red Metal Limited.

The financial statements were authorised for issue on 19 September 2016. 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).

(b) Adoption of new and revised standards

In the year ended 30 June 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its financial reporting and, therefore, no change will be required to Group accounting policies.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Taxation

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company 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 collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(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) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Recoverable amount of assets and impairment testing

The Company 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.

(k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	25% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(l) 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.

(m) 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. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
(continued)

	2016	2015
	\$	\$
2. REVENUE FROM CONTINUING OPERATIONS		
Revenue from operating activities:		
Interest – Other parties	64,957	136,245
Other revenue	-	8,250
Total revenue from ordinary activities	<u>64,957</u>	<u>144,495</u>
3. LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX BENEFIT		
Individually significant items included in loss from ordinary activities before income tax benefit		
<i>Employee benefits expense</i>		
Director salaries, fees and superannuation	311,810	311,810
Share based payments expense	40,740	41,437
Employee salaries, fees and superannuation	<u>417,322</u>	<u>441,317</u>
	<u>769,872</u>	<u>794,564</u>
4. AUDITOR'S REMUNERATION		
Audit services:		
- Auditors of the company – HLB Mann Judd	<u>21,500</u>	<u>21,552</u>
Other services:		
- Auditors of the company – HLB Mann Judd, for taxation compliance services	<u>2,850</u>	<u>4,000</u>
5. INCOME TAX EXPENSE		
(a) Income tax benefit / (expense)		
Prima facie income tax benefit calculated at 30% on the loss from continuing operations:	449,415	1,039,245
Decrease in income tax benefit due to:		
Equity based compensation	(12,222)	(12,431)
Refund on research and development items	360,180	259,140
Other non-deductible items	(3,000)	(3,000)
Deferred tax asset not brought to account	<u>(434,193)</u>	<u>(1,023,814)</u>
Income tax benefit attributable to operating loss	<u>360,180</u>	<u>259,140</u>
(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	23,535,253	22,087,943
Potential tax benefit at 30%	<u>7,060,576</u>	<u>6,626,383</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(continued)

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 5,550,000 ordinary shares. Options are considered to be potential ordinary shares. However, as the Company is in a loss position they are anti-dilutive in nature, as their exercise will 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.

	2016	2015
	\$	\$
Earnings reconciliation		
Loss for the year after refund on research and development items	1,498,049	3,205,010
	Number	Number
Weighted average number of shares used as the denominator	174,771,919	172,963,700

7. SEGMENT INFORMATION

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

8. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	561,616	441,670
Bank short term deposits maturing within 90 days and paying interest at a weighted average interest rate of 2.85% (2015: 3.3%)	1,300,000	2,900,000
	<u>1,861,616</u>	<u>3,341,670</u>

9. TRADE AND OTHER RECEIVABLES

Current

Other debtors	<u>26,492</u>	<u>52,794</u>
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Non-Current

Sundry deposits	<u>113,432</u>	<u>101,937</u>
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Other debtor amounts relate primarily to GST recoverable and accrued interest. Interest is not charged in respect of these amounts. Collateral is not obtained and the amounts have repayment terms between 30 and 90 days.

10. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment

At cost	115,642	126,708
Less accumulated depreciation	(110,869)	(124,507)
	<u>4,773</u>	<u>2,201</u>

Reconciliation

Plant and equipment

Carrying amount at the beginning of the year	2,201	2,122
Additions	5,189	1,268
Depreciation	(2,617)	(1,189)
Carrying amount at the end of the year	<u>4,773</u>	<u>2,201</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016
(continued)

	2016	2015
	\$	\$
11. 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	1,000,103	1,000,103
Acquisition and exploration costs incurred	1,426,131	3,113,262
Costs written-off – current year and prior year carried forward cost	<u>(1,426,131)</u>	<u>(3,113,262)</u>
Total acquisition, exploration and evaluation expenditure	<u>1,000,103</u>	<u>1,000,103</u>

The ultimate recoupment of costs carried forward for acquisition, exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas.

12. TRADE AND OTHER PAYABLES

Creditors and accruals	<u>113,648</u>	<u>136,801</u>
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13. EMPLOYEE BENEFITS

Current		
Annual leave	88,063	107,930
Long service leave	<u>101,736</u>	<u>93,696</u>
	<u>189,799</u>	<u>201,626</u>

14. ISSUED CAPITAL

Issued and paid-up share capital

174,771,919 (2015: 174,771,919) ordinary shares, fully paid	<u>29,977,887</u>	<u>29,977,887</u>
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(a) Ordinary shares

Shares issued:		
Balance at the beginning of the year	29,977,887	25,196,363
Issued for cash – share placement and rights issue	-	5,100,000
Share issue costs	-	<u>(318,476)</u>
Balance at the end of the year	<u>29,977,887</u>	<u>29,977,887</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(continued)

14. ISSUED CAPITAL (continued)

(b) Share Options

Exercise Period	Note	Exercise Price	Balance 1 July 2015	Options Issued	Options Exercised / Expired	Balance 30 June 2016
			No.	No.	No.	No.
On or before 30 November 2015	(i)	\$0.33	1,475,000	-	(1,475,000)	-
On or before 31 January 2016	(ii)	\$0.33	1,200,000	-	(1,200,000)	-
On or before 1 October 2016	(iii)	\$0.16	1,125,000	-	-	1,125,000
On or before 19 November 2016	(iv)	\$0.16	2,000,000	-	-	2,000,000
On or before 22 November 2018	(v)	\$0.05	-	2,425,000	-	2,425,000
			5,800,000	2,425,000	(2,675,000)	5,550,000

- (i) Incentive options issued to technical and administration staff in November 2012 for \$Nil consideration. Options vest in two equal tranches commencing from November 2012 and November 2013.
- (ii) Incentive options issued to directors in February 2013 for \$Nil consideration. Options vest in two equal tranches commencing from February 2013 and February 2014.
- (iii) Incentive options issued to technical and administration staff in October 2013 for \$Nil consideration. Options vest in two equal tranches commencing from October 2013 and October 2014.
- (iv) Incentive options issued to directors in November 2013 for \$Nil consideration. Options vest in two equal tranches commencing from November 2013 and November 2014.
- (v) Incentive options issued to directors and technical and administration staff in November 2015 for \$Nil consideration. Options vest in two equal tranches commencing from November 2015 and November 2016.

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.

2016	2015
\$	\$

15. OPTION RESERVE

Balance at the beginning of the year	1,828,137	1,786,700
Equity based compensation	40,740	41,437
Balance at the end of the year	1,868,877	1,828,137

The assumptions used with the Black-Scholes valuation model for the determination of the equity-based compensation for the options issued during the year are:

- Options issued on 23 November 2015 – exercise price of 5 cents, expiry date of 22 November 2018, 2% risk free rate, 100% volatility, 3 year expected life, and share price at grant date of 3.7 cents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(continued)

16. 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. The Group is not materially exposed to any individual debtor. 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 Company's maximum exposure to credit risk at the reporting date was:

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	1,861,616	3,341,670
Trade and other receivables	26,492	52,794
	1,888,108	3,394,464

None of the receivables were overdue at balance date.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

If the Group anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Group will raise future capital will depend on market conditions existing at that time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(continued)

16. 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. Purchases were made during the year in \$US. However there are no outstanding balances at 30 June 2016 in \$US. \$US purchases do not form a significant part of the Group's activities.

(ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rate relates primarily to the Company's cash and cash equivalents.

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

	2016	2015
	\$	\$
<i>Fixed rate Instruments</i>		
Financial assets	-	-
Financial liabilities	-	-
<i>Variable rate Instruments</i>		
Financial assets	1,861,616	3,341,670
Financial liabilities	-	-
	1,861,616	3,341,670

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates for the whole of the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below, where interest is applicable. This analysis assumes that all other variables remain constant.

	Profit or (Loss)		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
<i>30 June 2016</i>				
Variable rate instruments	24,280	(24,280)	24,280	(24,280)
<i>30 June 2015</i>				
Variable rate instruments	41,522	(41,522)	41,522	(41,522)

(iii) Net fair values

Methods and assumptions used in determining net fair value.

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Group has no financial assets where carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(continued)

17. COMMITMENTS

(a) Mineral exploration commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments and joint venture agreements. Certain of these obligations are subject to renegotiation when application for renewed tenure is made. These obligations are not provided for in the financial report and are payable:

	2016	2015
	\$	\$
Within one year	2,339,000	2,148,000
One year or later and no later than five years	7,272,000	5,798,000
	<u>9,611,000</u>	<u>7,946,000</u>

(b) Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

Within one year	113,200	108,600
Later than one year but not later than five years	37,800	144,800
	<u>151,000</u>	<u>253,400</u>

18. NOTES TO THE STATEMENT OF CASH FLOWS

	2016	2015
	\$	\$
(a) Reconciliation of loss from continuing operations after income tax to net cash used in operating activities		
Loss from continuing operations after income tax	(1,498,049)	(3,205,010)
Add/(less) non-cash items:		
Depreciation	2,617	1,189
Share based payments	40,740	41,437
Exploration expenditure write-off	1,426,131	3,113,262
Net cash used in operating activities before change in assets and liabilities	<u>(28,561)</u>	<u>(49,122)</u>
Change in assets and liabilities:		
Decrease in debtors	10,169	2,704
(Decrease) / Increase in payables	2,414	23,617
Net cash used in operating activities	<u>(15,978)</u>	<u>(22,801)</u>

(b) Non-cash financing and investing activities

- (i) In November 2015 the Company issued a total of 2,425,000 incentive options to directors, technical and administrative staff and consultants of the Company – refer note 14(b).

19. INTEREST IN SUBSIDIARIES

In January 2009 and in March 2012 two wholly owned subsidiary companies were incorporated. The companies did not trade during the year and do not have any assets and liabilities. The carrying value of the investments held by the parent company is \$Nil.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(continued)

20. DIRECTORS AND EXECUTIVES DISCLOSURES

(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:

	2016	2015
	\$	\$
Short-term employee benefits	286,841	286,841
Share-based payments	20,160	31,500
Post-employment benefits	24,969	24,969
	<u>331,970</u>	<u>343,310</u>

Information regarding individual directors’ compensation is provided in the Remuneration report on pages 16 to 19.

(c) Other transactions with the Group

No director has entered into a material contract (apart from employment) with the Company since 1 July 2015 and there were no other material contracts involving directors’ interests existing at year end.

21. 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.

22. SUBSEQUENT EVENTS

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.

22. PARENT INFORMATION

The financial statements of the Company are identical to the consolidated financial statements.

DIRECTORS' DECLARATION

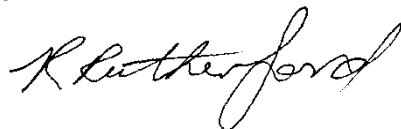
In the opinion of the directors of Red Metal Limited ("the Company"):

- (a) the financial statements and notes set out on pages 35 to 49 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 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), 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 2016.

Signed in accordance with a resolution of the directors.



Robert Rutherford
Managing Director

Dated at Sydney this 19th day of September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Red Metal Limited

We have audited the accompanying financial report of Red Metal Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements of Red Metal Limited comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion:

- (a) the financial report of Red Metal Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion the Remuneration Report of Red Metal Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

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

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink that appears to read 'M. Muller'.

M D Muller
Partner

Sydney, NSW
19 September 2016

Shareholder Information

The shareholder information set out below was applicable as at 12 September 2016.

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	15,562,330	8.90%
Freeport-McMoran Australasia Inc	12,476,471	7.14%
Robert Rutherford	10,270,002	5.88%

Distribution of equity security holders

Size of Holding	Ordinary Shares	Options
1 to 1,000	51	-
1,001 to 5,000	262	-
5,001 to 10,000	285	-
10,001 to 100,000	858	2
100,001 and over	245	8
	<u>1,701</u>	<u>10</u>

The number of holdings comprising less than a marketable parcel was 345.

Unquoted equity securities

Class	Number
Options - exercisable at 16 cents on or before 1 October 2016	1,125,000
Options - exercisable at 16 cents on or before 19 November 2016	2,000,000
Options - exercisable at 5 cents on or before 22 November 2018	2,425,000

On-market buy-back

There is no current on-market buy-back.

Twenty Largest Shareholders as at 12 September 2016

	Number of Shares	% Held
Perth Capital Pty Ltd	15,552,330	8.90
Freeport-McMoran Australasia Inc	12,476,471	7.14
Robert Rutherford	9,070,002	5.19
Warrambo Holdings Pty Ltd	3,657,830	2.09
Xiaodan Wu	3,569,769	2.04
Jetosea Pty Ltd	3,332,241	1.91
Sambor Nominees Pty Ltd (Susanne and Moniak Sambor A/C)	3,324,259	1.90
Russell Barwick	2,541,000	1.45
Gerald & Michael Pauley (Pauley Super Fund A/C)	2,488,786	1.42
JP Morgan Nominees Australia Pty Ltd	2,335,216	1.34
SDG Nominees Pty Ltd (T J Strapp Super Fund A/C)	2,000,000	1.14
Chris Christodoulou	1,501,842	0.86
Robert Geoffrey Page	1,500,000	0.86
Presfan Pty Ltd (Waghorn Super Fund A/C)	1,425,527	0.82
Sharon Goad	1,385,000	0.79
Sam Gannon Pty Ltd (Sam Gannon Super Fund A/C)	1,210,000	0.69
Nalmor Pty Ltd (John Chappell Super Fund A/C)	1,204,261	0.69
Neil & Janice Mochrie	1,000,000	0.57
Eilie Sunshine Pty Ltd (Super Fund A/C)	1,000,000	0.57
Building Blocks Ltd	1,000,000	0.57
	<u>71,574,534</u>	<u>40.94</u>

TENEMENT DIRECTORY**Granted Exploration Tenements held at 12 September 2016 are as follows:**

Project	Tenement Reference	Company Interest %	Comment
Western Isa	EPM 12653	100	
Cannington	EPMs 19232, 19531, 25842, 25871	100	
Osborne	EPM 19076	100	
Chinova JV	EPMs 15385, 16251, 18303, 13318, 13321	100	Refer note 3.
NextIsa	EPM 25693	100	
Maronan	EPM 13368	100	
Corkwood	EPMs 13376, 13380, 15633, 26032	100	Refer note 4.
Lawn Hill	EPMs 25902, 25904, 25905, 25907, 25912, 25985, 26116	100	
Barton	EL 4777	100	
Algebuckina	EL 5404	100	
Callabonna JV	EL 5360	-	Refer note 1.
Pernatty Lagoon JV	EL 5107	85.1	Refer note 2.
Tennant Creek	ELs 24009	100	
Irindina	ELs 27265, 27267, 30756, 31000	100	
Colorado Potash	Potash Prospecting Permits COC 73567, 73569, 73572, 73574, 73576	100	

Notes:

1. Joint venture between Red Metal (earning 70%) and Variscan Mines Limited (diluting to 30%).
2. Joint venture between Red Metal (85.1%) and Havilah Resources NL (14.9%).
3. Joint venture between Red Metal (diluting to 30%) and Chinova Resources Osborne Pty Ltd (earning 70%).
4. Joint venture between Red Metal (diluting to 30%) and Minotaur Exploration Ltd (earning 70%).