

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended **January 31, 2017**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **000-52055**

RED METAL RESOURCES LTD.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

20-2138504

(I.R.S. Employer
Identification No.)

1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2

(Address of principal executive offices)

Registrant's telephone number, including area code: **(807) 345-7384**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

N/A

**Name of each exchange on
which each is registered**

N/A

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, \$0.001 par value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

(Do not check if a smaller reporting company)

Indicate by check mark whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. As of July 31, 2016, the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and ask price of the common equity was \$475,626.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. The number of shares of the registrant's common stock, \$0.001 par value per share, outstanding as of April 29, 2017 was 34,647,445.

TABLE OF CONTENTS

| | |
|---|----|
| <u>Glossary of Selected Mining and Technical Terms</u> | 1 |
| <u>Note about Forward-Looking Statements</u> | 2 |
| <u>Item 1: Business</u> | 2 |
| <u>General</u> | 2 |
| <u>Unproved mineral properties</u> | 4 |
| <u>Competition</u> | 20 |
| <u>Raw materials</u> | 20 |
| <u>Dependence on major customers</u> | 21 |
| <u>Patents/Trademarks/Licenses/Franchises/Concessions/Royalty Agreements/Labor Contracts</u> | 21 |
| <u>Costs and effects of compliance with environmental laws</u> | 21 |
| <u>Expenditures on research and development</u> | 21 |
| <u>Number of total employees and number of full-time employees</u> | 22 |
| <u>Item 1A: Risk Factors</u> | 22 |
| <u>Item 1B: Unresolved Staff Comments</u> | 27 |
| <u>Item 2: Properties</u> | 27 |
| <u>Item 3: Legal Proceedings</u> | 27 |
| <u>Item 4: Mine Safety Disclosures</u> | 27 |
| <u>Item 5: Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u> | 27 |
| <u>Item 6: Selected Financial Data</u> | 28 |
| <u>Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> | 28 |
| <u>Item 7A: Quantitative and Qualitative Disclosures about Market Risk</u> | 36 |
| <u>Item 8: Financial Statements and Supplementary Data</u> | 36 |
| <u>Index to Financial Statements</u> | 36 |
| <u>Item 9: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u> | 37 |
| <u>Item 9A: Controls and Procedures</u> | 37 |
| <u>Item 9B: Other Information</u> | 38 |
| <u>Item 10: Directors, Executive Officers and Corporate Governance</u> | 38 |
| <u>Item 11: Executive Compensation</u> | 40 |
| <u>Item 12: Security Ownership of Certain Beneficial Owners and Management</u> | 41 |
| <u>Item 13: Certain Relationships and Related Transactions, and Director Independence</u> | 42 |
| <u>Director Independence</u> | 42 |
| <u>Transactions with Related Persons</u> | 42 |
| <u>Item 14: Principal Accounting Fees and Services</u> | 43 |
| <u>Item 15: Exhibits</u> | 44 |

GLOSSARY OF SELECTED MINING AND TECHNICAL TERMS

The following is a glossary of selected mining terms used in the United States and Canada and referenced in this Annual Report on Form 10-K:

Table 1. Glossary

| Term | Definition |
|----------------------------|--|
| Ag | Silver |
| Assay | A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained. |
| Au | Gold |
| Bulk sample | A large sample of mineralized rock, frequently hundreds of tonnes, selected in such a manner as to be representative of the potential mineral deposit (orebody) being sampled and used to determine metallurgical characteristics. |
| Core | The long cylindrical piece of rock, about an inch in diameter, brought to surface by diamond drilling |
| Core sample | One or several pieces of whole or split parts of core selected as a sample for analysis or assay. |
| Cross-cut | A horizontal opening driven from a shaft and (or near) right angles to the strike of a vein or other orebody. The term is also used to signify that a drill hole is crossing the mineralization at or near right angles to it. |
| Cu | Copper |
| Cut-off grade | The lowest grade of mineralized rock that qualifies as ore grade in a given deposit, and is also used as the lowest grade below which the mineralized rock currently cannot be profitably exploited. Cut-off grades vary between deposits depending upon the amenability of ore to gold extraction and upon costs of production. |
| Diorite | An intrusive igneous rock composed chiefly of sodic plagioclase, hornblende, biotite or pyroxene. |
| Drift | A horizontal or nearly horizontal underground opening driven along a vein to gain access to the deposit. |
| Exploration | Prospecting, sampling, mapping, diamond drilling and other work involved in searching for or defining a mineral deposit. |
| Fault | A break in the earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other. |
| Grade | Term used to indicate the concentration of an economically desirable mineral or element in its host rock as a function of its relative mass. With gold or silver, this term may be expressed as grams per tonne (g/t) or ounces per tonne (opt or oz/t). |
| Gram | 0.0321507 troy ounces |
| g/t | Grams per metric tonne |
| Hydrothermal | Processes associated with heated or superheated water, especially mineralization or alteration. |
| Km | Kilometre(s). Equal to 0.62 miles. |
| M | Metre(s). Equal to 3.28 feet. |
| Metamorphic | Affected by physical, chemical, and structural processes imposed by depth in the earth's crust. |
| Mine | An excavation on or beneath the surface of the ground from which mineral matter of value is extracted. |
| Net Smelter Return ("NSR") | A payment made by a producer of metals based on the value of the gross metal production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs. |
| Orebody | A term used to denote the mineralization contained within an economic mineral deposit. |
| Outcrop | An exposure of rock or mineral deposit that can be seen on the surface, that is, not covered by soil or water. |
| Oxidation | A chemical reaction caused by exposure to oxygen that results in a change in the chemical composition of a mineral. |

| Term | Definition |
|-------------|---|
| Oz | Ounce. A measure of weight in gold and other precious metals, correctly troy ounces, which weigh 31.1 grams as distinct from an imperial ounce which weigh 28.4 grams. |
| RC drilling | Reverse Circulation drilling, is one of the drilling methods, where drill cuttings are returned to surface inside the rods. |
| Shaft | A vertical passageway to an underground mine for moving personnel, equipment, supplies and material including ore and waste rock. |
| Strike | The direction, or bearing from true north, of a vein or rock formation measure on a horizontal surface. |
| Stringer | A narrow vein or irregular filament of a mineral or minerals traversing a rock mass. |
| Sulphides | A group of minerals which contains sulfur and other metallic elements such as copper and zinc. Gold is usually associated with sulphide enrichment in mineral deposits. |
| Tailings | Material rejected from a mill after most of the recoverable valuable minerals have been extracted. |
| Vein | A fissure, fault or crack in a rock filled by minerals that have travelled upwards from some deep source. |
| Zone | An area of distinct mineralization. |

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements”. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about our business and our industry. Words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “may,” and other similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the sections of this Annual Report titled “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, as well as the following:

- general economic conditions, because they may affect our ability to raise money
- our ability to raise enough money to continue our operations
- changes in regulatory requirements that adversely affect our business
- changes in the prices for minerals that adversely affect our business
- political changes in Chile, which could affect our interests there
- other uncertainties, all of which are difficult to predict and many of which are beyond our control

You are cautioned not to place undue reliance on these forward-looking statements, which relate only to events as of the date on which the statements are made. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this Annual Report. You should refer to and carefully review the information in future documents we file with the Securities and Exchange Commission.

ITEM 1: BUSINESS

General

Red Metal Resources Ltd. was incorporated in Nevada on January 10, 2005, as Red Lake Exploration, Inc. We changed our name to Red Metal Resources Ltd. on August 27, 2008.

On August 21, 2007, we formed Minera Polymet Limitada (“Polymet”), a limited liability company, under the laws of the Republic of Chile. On September 28, 2015 we changed Polymet’s incorporation from Limited Liability Company to a Closed Stock Corporation (“SpA”). We own 99% of Polymet, which holds our Chilean mineral property interests. To comply with Chilean legal requirements, 1% of Polymet is owned by a Chilean resident, an experienced manager who has organized an office and other resources for us to use. Polymet’s office is located in Vallenar, III Region of Atacama, Chile. When we refer to “Red Metal”, the “Company”, “we”, “us” or “our” in this report, we mean Red Metal Resources Ltd. together with Minera Polymet SpA.

Our resident agent's office is at 711 S. Carson Street, Suite 4, Carson City, Nevada, 89701. Our business office is at 1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2. Our telephone number is (807) 345-7384; our email address is admin@redmetalresources.com; and our web address is www.redmetalresources.com. Information on our web site is not a part of this Annual Report.

We are a start-up exploration stage company with no material revenue generating operations. We are in the business of acquiring and exploring mineral claims. All of our claims are located in the III Region of Atacama, Chile. To date we have not determined whether our claims contain mineral reserves that are economically recoverable and have not produced revenues from our principal business.

Our ability to realize a return on our investment in mineral claims depends upon whether we maintain the legal ownership of the claims. Title to mineral claims involves risks inherent in the process of determining the validity of claims and the ambiguous transfer history characteristic of many mineral claims. To the best of our knowledge, and after consultation with an attorney knowledgeable in the practice of mining, we believe that we have taken the steps necessary to ensure that we have good title to our mineral claims. We have had our contracts and deeds notarized, recorded in the registry of mines and published in the mining bulletin and we review the mining bulletin regularly to determine whether other parties have staked claims over our ground. We have discovered no such claims.

On February 28, 2017, we signed a letter of intent ("LOI") with Power Americas Minerals Corp ("Power Americas") to sell on the exercise of three separate options all our interest in the Farellon Property, the Perth Property and the Mateo Property in exchange for aggregate consideration of twenty-five million common shares of Power Americas and a one-time payment of US\$250,000 (for further description of the above properties please refer to the "*Unproved mineral properties*" section of this Annual Report on Form 10-K).

The completion of the transaction is subject to a number of conditions including, but not limited to, a customary due-diligence undertaken by Power Americas as well as an approval from TSX Venture Exchange (the "TSXV").

Pursuant to the LOI, Power Americas may exercise the first option (the "First Option") to acquire a 100% interest in the Farellon Property by issuing ten million common shares at a price of \$0.145 per share in the capital of Power Americas and by making a one-time cash payment of US\$250,000 to us within five business days of receiving acceptance by the TSXV to the transaction.

Provided Power Americas exercises the First Option, it may exercise an additional option (the "Second Option") and earn an undivided 100% interest in the Perth Property by issuing to us ten million common shares at a price of \$0.145 per share in the capital of Power Americas, or by issuing to us ten million special warrants (the "Special Warrants") within six months from the date of the exercise of the First Option.

Provided Power Americas exercises the Second Option, it may exercise the final option (the "Third Option") and earn an undivided 100% interest in the Mateo Property by issuing to us five million common shares at a price of \$0.145 per share in the capital of Power Americas or by issuing to us five million Special Warrants within six months from the date of the exercise of the Second Option.

Each Special Warrant will be exercisable without further consideration into one common share in the capital of Power Americas at a deemed price of \$0.145 per share.

Chile's mining and land tenure policies

Chile's mining and land tenure policies were established to secure the property rights of both domestic and foreign investors to stimulate development of mining in Chile. The government of Chile owns all mineral resources, but exploration and exploitation of these resources are permitted through exploration and mining concessions. A mineral concession must pass through three stages to become a permanent mining concession, namely, pedimento, manifestacion and mensura.

A pedimento is an initial exploration claim. It can be placed on any area, whereas the survey to establish a permanent mensura claim can only be completed on free areas where no other mensuras exist. A pedimento is valid for a maximum of two years. At the end of this period it may either be reduced in size by at least 50% and renewed for an additional two years or entered into the manifestacion process to establish a permanent mensura claim. New pedimentos can overlap existing pedimentos, but the pedimento with the earliest filing date takes precedence providing the claim holder maintains the pedimento in accordance with the mining code and the applicable regulations.

Manifestacion, or mensura in process, is the process by which a pedimento is converted to a permanent mining claim. At any stage during its two-year life, the holder of a pedimento can submit a manifestacion application, which is valid for 220 days. To begin the manifestacion process, the owner must request a survey (mensura) within 220 days. After the survey request is accepted, the owner has approximately 12 months to have the claim surveyed by a government-licensed surveyor, inspected and approved by the national mining service, and affirmed as a mensura (equivalent to a patented claim) by a judge. Thereafter, an abstract describing the claim is published in Chile's official mining bulletin (published weekly) and 30 days later the claim is inscribed in the appropriate mining registry.

A mensura is a permanent property right that does not expire so long as the annual fees (patentes) are paid in a timely manner. Failure to pay the patentes for an extended period can result in the claim being listed for sale at auction, where a third party can acquire a claim for the payment of the back taxes owed and a penalty.

As of the date of this report, our Chilean mineral properties are represented mainly by mensura and mensura in process claims.

Strategic relationships

We have a close working relationship with Minera Farellon Limitada ("Minera Farellon"), a Chilean company owned equally by Kevin Mitchell, Polymet's 1% shareholder and our former legal representative in Chile, and Richard Jeffs, who holds more than 5% of our shares of common stock (see Table 22). Minera Farellon investigates potential claims and often ties them up, by staking new claims, optioning or buying others' claims, all at its own cost. This gives us an opportunity to review the claims prior to making a decision whether they are of interest to us. If we are interested, then we either proceed to acquire an interest in the property directly from the owner, or, if Minera Farellon has already obtained an interest, we take an option to acquire its interest. Minera Farellon, which is located in the city of Vallenar, also provides some of our logistical support in Vallenar, which enables us to limit our operating expenses to those needed from time to time.

Unproved mineral properties

Due to a lack of operating capital, during the fiscal year ended January 31, 2017, we conducted no material exploratory operations on any of our properties, aside from the small scale mining operations carried out by Mr. Mitchell on our Farellon Alto 1-8 Claim. Until we are able to raise operating capital, which we cannot assure that we can do, we will not be able to initiate new exploration efforts or continue the exploration efforts we have begun. In the past we entered into several various agreements, being the joint ventures or the option agreements to acquire an interest in our claims. These agreements give us confidence there are opportunities to raise funds by selling some of our properties or by entering into joint venture agreements to continue developing some of our properties.

As of the date of this Annual Report on Form 10-K we have three active properties which we have assembled since the beginning of 2007 - the Farellon, Mateo and Perth.

Active properties

Table 2: Active properties

| Table 27: Active properties | | Hectares | |
|----------------------------------|--|------------|------------|
| Property | Percentage, type of claim | Gross area | Net area a |
| Farellon | | | |
| Farellon Alto 1 - 8 claim | 100%, mensura | 66 | |
| Quina 1 - 56 claim | Option to acquire 100% interest, mensura | 251 | |
| Exeter 1 - 54 claim | Option to acquire 100% interest, mensura | 235 | |
| Cecil 1 - 49 claim | 100%, mensura | 228 | |
| Teresita claim | 100%, mensura | 1 | |
| Azucar 6 - 25 claim | 100%, mensura | 88 | |
| Stamford 61 - 101 claim | 100%, mensura | 165 | |
| Kahuna 1 - 40 claim | 100%, mensura | 200 | |
| | | 1,234 | 1,234 |
| Perth | | | |
| Perth 1 al 36 claim | 100%, mensura | 109 | |
| Lancelot I 1 al 27 claim | 100%, mensura in process | 300 | |
| Lancelot II | 100%, pedimento | 200 | |
| Merlin I | 100%, pedimento | 300 | |
| Rey Arturo 1 al 29 claim | 100%, mensura in process | 300 | |
| Galahad I | 100%, pedimento | 300 | |
| Percival | 100%, pedimento | 300 | |
| Tristan II | 100%, pedimento | 300 | |
| Camelot | 100%, pedimento | 300 | |
| | | 2,409 | |
| Overlapped claims a | | (109) | 2,300 |
| Mateo | | | |
| Margarita claim | 100%, mensura | 56 | |
| Che 1 & 2 claims | 100%, mensura | 76 | |
| Irene & Irene II claims | 100%, mensura | 60 | |
| Mateo 4 and 5 claims | 100%, mensura | 600 | |
| Mateo 1, 2, 3, 10, 12, 13 claims | 100%, mensura in process | 861 | |
| | | 1,653 | |
| Overlapped claims a | | (469) | 1,184 |
| | | | 4,718 |

^a Certain pedimento and mensura in process claims overlap other claims. The net area is the total of the hectares we have in each property (i.e. net of our overlapped claims).

Our active properties as of the date of this filing are set out in Figure 1. These properties are accessible by road from Vallenar as illustrated in Figure 1 below.

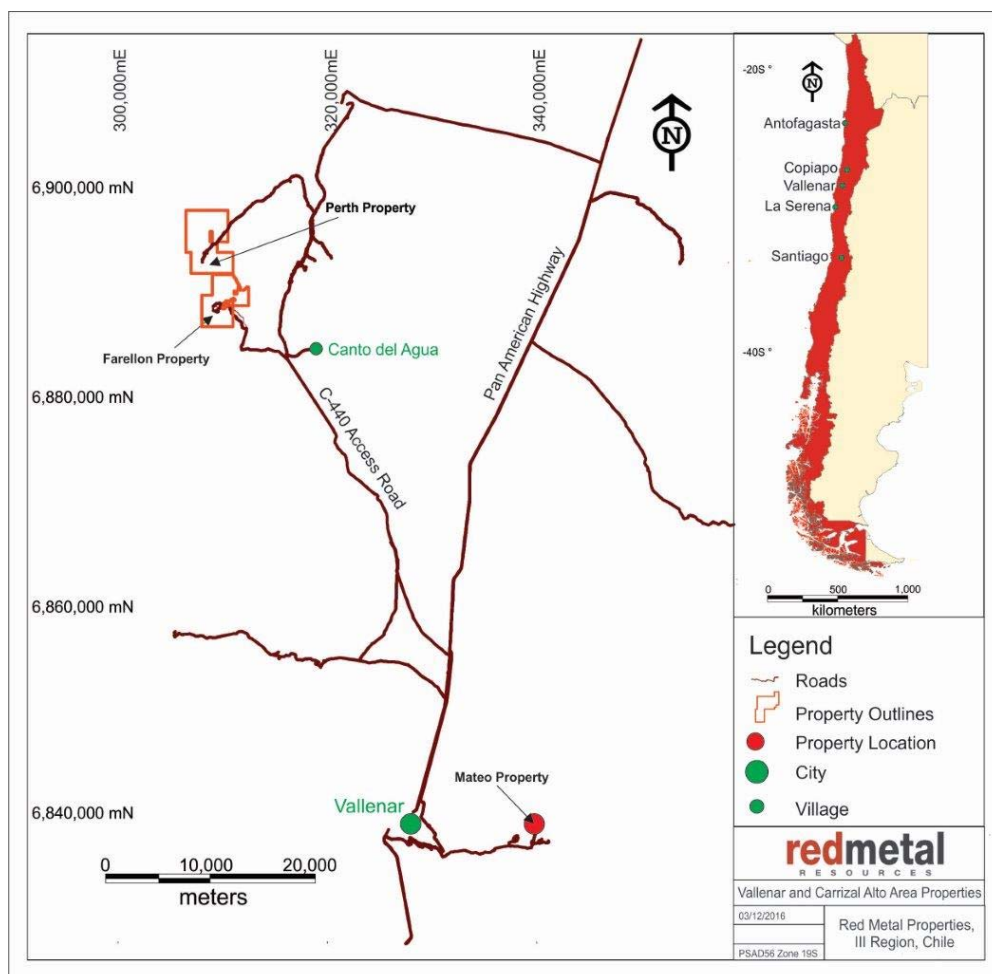


Figure 1: Location and access to active properties

FARELLON PROPERTY

The Farellon property consists of 8 mensura mining claims in the historical Carrizal Alto mining district southwest of the Carrizal Alto mine. Table 3 describes the claims and Figure 2 illustrates them.

Table 3: Farellon property

| Claim | Size (ha) |
|---------------------|--------------|
| Farellon Alto 1 - 8 | 66 |
| Quina 1 - 56 | 251 |
| Exeter 1 - 54 claim | 235 |
| Cecil 1 - 49 | 228 |
| Teresita | 1 |
| Azucar 6 - 25 | 88 |
| Stamford 61 - 101 | 165 |
| Kahuna 1 - 40 | 200 |
| | 1,234 |

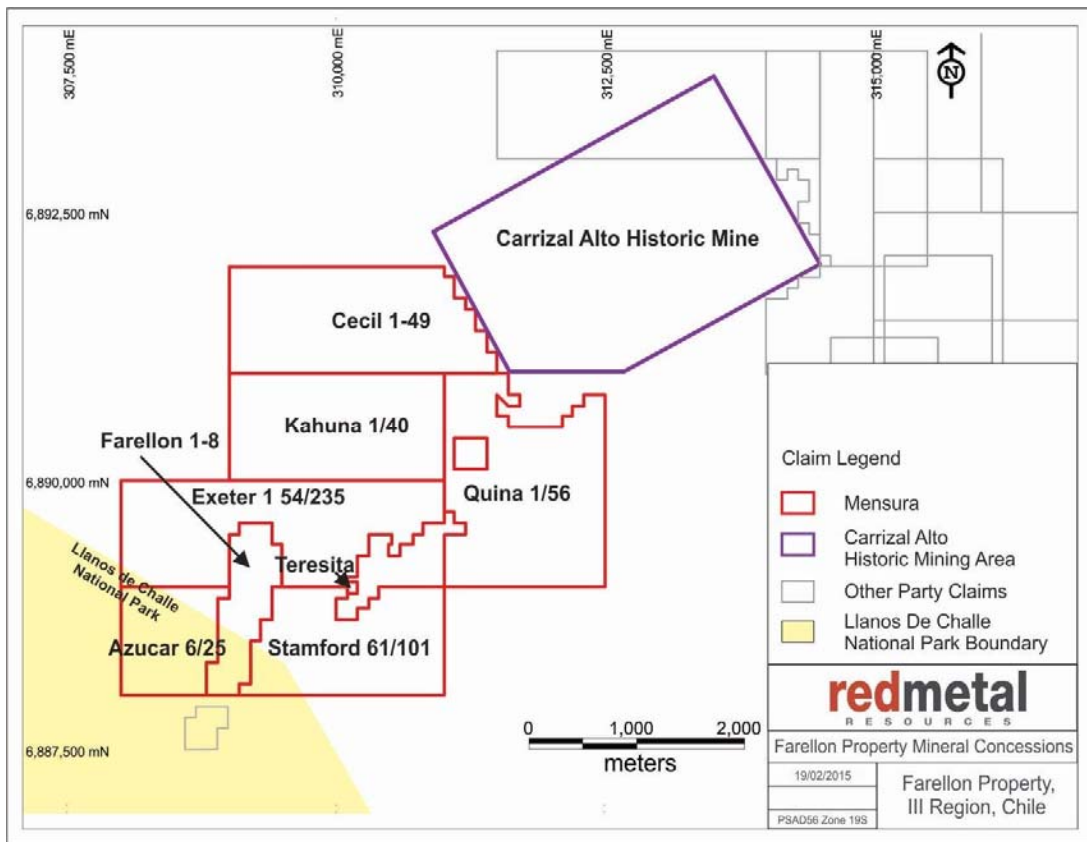


Figure 2: Farellon Property

FARELLON ALTO 1 - 8 CLAIM

The Farellon Alto 1 - 8 (the “Farellon Claim”) is the first mineral claim that we acquired in Chile. It covers 66 hectares and is centered about 309,150 east and 6,888,800 south UTM PSAD56 Zone 19 in Province of Huasco, Commune of Huasco, III Region of Atacama, Chile.

We acquired the claim on April 25, 2008, for \$550,000 and owe a royalty equal to 1.5% of the net proceeds that we receive from the processor to a maximum of \$600,000 with a monthly minimum of \$1,000 when we start exploiting the minerals extracted from the claim (the “Original Royalty”). We can pay any unpaid balance of the royalty at any time.

On May 23, 2013, we entered into a rental agreement with Minera Farellon Limitada (“Minera Farellon”), to allow Minera Farellon to conduct certain exploration and mining activities on the Farellon Claim in exchange for a 10% royalty on gross smelter returns. This agreement was amended on June 5, 2014, when Polymet gave the permission to conduct certain exploration and mining activities on Farellon Alto 1 - 6 claims directly to Kevin Mitchell, leaving Minera Farellon the right to work on Farellon Alto 7 - 8 claims. And on October 21, 2014, the agreement was further amended to transfer the right to mine Farellon Alto 7 - 8 claims from Minera Farellon to Kevin Mitchell. In addition, the Company decreased the royalty on gross smelter returns payable by Mr. Mitchell from initial 10% to 5%. The 10% royalty was reinstated as of June 2015.

On December 9, 2013, in anticipation of exploration and mining activities carried out by Mr. Mitchell and Minera Farellon, we amended our option agreement with the vendor of Farellon Alto 1 - 8 Claim to allow us to carry out the exploration and mining activities without triggering the requirement to start paying the Original Royalty. The Amended Agreement allows us to work on the Farellon Claim, while paying the Vendor 5% royalty on net smelter returns maintaining a monthly minimum of \$1,000 (the “Amended Royalty”); however, we can stop the exploration of the Farellon Claim at any time, which will cease our requirement to continue paying the Amended Royalty.

The work done on the Farellon Alto 1-8 claim by Mr. Mitchell resulted in \$29,890 in royalty payments from gross smelter returns during the year ended January 31, 2017. At the same time we paid the original vendor of the Farellon Alto 1-8 claim \$16,535 in royalty payments required under the amended option agreement to acquire the claim. We record royalty payments received from Mr. Mitchell and payments we made to original vendor as net royalty income in the statement of operations.

CECIL 1 - 49 CLAIM

On September 17, 2008, we bought the Cecil 1 - 49, Cecil 1 - 40 and Burghley 1 - 60 claims for \$27,676. On December 1, 2009, we initiated the manifestacion process when we applied to convert the Cecil 1 - 40 and Burghley 1 - 60 exploration (pedimento) claims to mining (mensura) claims. In January 2013 we abandoned the manifestacion process for the Cecil 1-40 and Burghley 1-60 claims due to the fact that several mensuras underlying the claims covered the most prospective ground as outlined in our prospecting and mapping program completed in April 2012.

The Cecil 1 - 49 (the "Cecil Claim") covers 228 hectares and is centered at 310,250 east and 6,891,500 south UTM PSAD56 Zone 19 and lies approximately 1.7 kilometers north of the Farellon Claim border. The Cecil Claim covers a 700 metre strike length of a mineralized vein interpreted to be part of the same mineralizing system as the Farellon Alto 1 - 8 vein (the "Farellon Vein"). An investigation completed during the Farellon Claim acquisition uncovered a broad regional reconnaissance sampling program completed in 1996 showing results from the areas covered by the Cecil Claim. Results from the 1996 sampling show copper and gold grades similar to grades returned from the Farellon Vein, indicating that the Cecil Claim could have similar mineralized bodies.

During the year ended January 31, 2016, we fully impaired the Cecil 1 - 49 claim due to a lack of financial resources that would allow for substantive expenditures on further exploration and evaluation of the mineral resources within the Cecil Claim. We intend to maintain our right to the Cecil Claim and will resume the exploration activities once funding is available.

QUINA 1 - 56 CLAIM

On December 15, 2014, we entered into an option agreement with David Marcus Mitchell to earn 100% interest in the Quina 1-56 claim (the "Quina Claim"). The Quina Claim covers 251 hectares and is centered at 310,063 east and 6,890,435 south UTM PSAD56 Zone 19 and is contiguous to the Farellon Property. Acquisition of the Quina Claim added approximately 2 kilometers of strike length of the Farellon Veins.

In order to acquire the 100% interest in the Quina Claim, we are required to pay a total of \$150,000, which we can pay in a combination of shares of our common stock and cash over four years, as detailed in the following schedule:

| Date | Option Payment |
|--|-----------------------|
| Upon execution of the Option Agreement ("Execution date") (paid) | \$ 25,000 |
| 12 months subsequent to the Execution date (paid) | 25,000 |
| 24 months subsequent to the Execution date (paid) | 25,000 |
| 36 months subsequent to the Execution date | 25,000 |
| 48 months subsequent to the Execution date | 50,000 |
| Total | \$ 150,000 |

In addition to the option payments, the vendor will retain a 1.5% royalty from net smelter returns ("NSR") on the Quina Claim, and we will have the right to buy out the royalty for a one-time payment of \$1,500,000 any time after acquiring 100% of the Quina Claim.

EXETER 1-54 CLAIM

On June 3, 2015, we entered into an option agreement, made effective on June 15, 2015, with Minera Stamford S.A., to earn 100% interest in a mining claim Exeter 1-54 (the "Exeter claim"). The Exeter claim totals 235 hectares and is contiguous to our Farellon Property, which is located in the Carrizal Alto mining district, located approximately 75 kilometers northwest of the city of Vallenar, 150 kilometers south of Copiapo and 20 kilometers west of the Pan American Highway.

In order to acquire 100% interest in the Exeter claim, we are required to pay a total of \$150,000 as detailed in the following schedule:

| | Option Payment |
|---|-----------------------|
| Upon execution of the Option Agreement (paid) | \$ 25,000 |
| On or before May 12, 2016 (paid) | 25,000 |
| On or before May 12, 2017 | 25,000 |
| On or before May 12, 2018 | 25,000 |
| On or before May 12, 2019 | 50,000 |
| Total | \$ 150,000 |

All of the above payments shall be made only if we wish to keep the Option Agreement in force and finally to exercise the option to purchase.

In addition to the option payments, the vendor will retain a 1.5% royalty from net smelter returns (“NSR”) on the Exeter claim and we will have the right to buy out the royalty for a one-time payment of \$750,000 any time after acquiring 100% of the Exeter claim. Should we decide to mine the Exeter claim prior to acquiring the option, we will be obligated to pay a minimum monthly royalty of \$2,500 up to 5,000 tonnes, and a further \$0.25 for every additional tonne mined.

OTHER CLAIMS

On August 21, 2012, we acquired four mineral claims - Azucar 6-25, Kahuna 1-40, Stamford 61-101, and Teresita - through the government auction for a total price of \$19,784. The Azucar claim is the most prospective of these claims as it covers a 1,200 metre strike length of a mineralized vein interpreted to be part of the same mineralizing system as the Farellon Vein. Three parallel veins have also been identified on the Azucar claim during the 2012 mapping and prospecting program and can be seen on Figure 3.

Location and means of access

The Farellon property is approximately 40 kilometers west of the Pan-American Highway, about 1 hour and 15 minutes by vehicle from the town of Vallenar which has a population of 40,000 and modern facilities. High-tension power lines and a fiber-optic communications line run along the highway and both power and rail are connected to the Cerro Colorado iron ore mine only 20 kilometers from the Farellon property. The area is serviced from Copiapó, a city of 70,000 with daily air and bus services to Santiago and other centers.

The Farellon property can be accessed by driving approximately 20 kilometers north on the Pan-American Highway from Vallenar then turning northwest towards Canto del Agua. From Canto del Agua, the Farellon property is approximately 10 kilometers along a well-maintained gravel road. There are numerous gravel roads in the area, so a guide is necessary to access the property the first time. All of the roads are well maintained and can support large machinery necessary to transport drills, backhoes and bulldozers. Water is readily available in Canto del Agua and could probably be found on the Farellon property where all of the historic drill holes intersected water.

Exploration history

The Farellon property is in the Carrizal Alto mining district and lies 5 kilometers along strike south of the center of the historic Carrizal Alto copper-gold mine. Veins of the Farellon property were exploited as part of the Carrizal Alto mines. We have located no hard data summarizing all of the past mining activity, but tailings, slag dumps and the size of the shafts and some of the shallow surface workings are evidence of extensive historical mining.

Mine workings of various sizes are all along the Farellon property, but only one modern exploration program has been completed.

In 1996, the Farellon and two other veins, the Fortuna and the Theresa, were explored by an Australian junior mining company Minera Stamford S.A. Their exploration included a large mapping and surface sampling program followed by a 34-hole RC drilling program. Of these 34 drill holes, 23 were drilled on the Farellon Alto 1 - 8 claim. The RC drilling program on the Farellon claim consistently intersected oxide and sulphide facies mineralization along a 2 kilometer-long zone covering the Farellon claim and strike extents to the south. Mineralization is 2 to 35 meters wide with an average width of 5 meters. The mineralized zone consists of one or more discrete veins and, in places, stockwork veining and mineralization. While drilling covered the length of the property, gaps up to 350 meters are untested and infill drilling is required to confirm an economic ore body.

Table 4 presents the significant intersections from the 23 holes drilled on the Farellon claim in the 1996 drilling.

Table 4: Farellon historic significant intersections (1996)

| Drill hole FAR-96 | Significant intervals (m) | | | Assay results | | |
|----------------------|---------------------------|-----|--------|---------------|------------|------------|
| | From | To | Length | Gold (g/t) | Copper (%) | Cobalt (%) |
| 06 | 49 | 54 | 5 | 0.15 | 0.73 | 0.01 |
| 07 | 25 | 34 | 9 | 0.38 | 1.05 | 0.02 |
| 09 | 57 | 84 | 27 | 0.51 | 0.91 | 0.03 |
| 010 | 31 | 36 | 5 | 1.00 | 0.68 | 0.04 |
| 011 | 20 | 26 | 6 | 0.67 | 0.46 | 0.02 |
| 013 | 86 | 93 | 7 | 0.87 | 1.68 | 0.04 |
| 014 | 77 | 83 | 6 | 0.66 | 0.85 | 0.06 |
| 015 | 59 | 79 | 20 | 0.99 | 0.98 | 0.06 |
| | 99 | 109 | 10 | 0.18 | 1.02 | 0.03 |
| 016 | 24 | 26 | 2 | 0.95 | 1.57 | 0.02 |
| | 64 | 70 | 6 | 0.73 | 0.81 | 0.07 |
| 020 | 14 | 16 | 2 | 0.46 | 1.85 | 0.05 |
| | 39 | 43 | 4 | 0.75 | 0.90 | 0.03 |
| 021 | 22 | 25 | 3 | 4.17 | 5.29 | 0.11 |
| 022 | 29 | 39 | 10 | 1.53 | 1.31 | 0.04 |
| | 100 | 108 | 8 | 3.72 | 2.49 | 0.06 |
| | 50 | 53 | 3 | 0.48 | 1.10 | 0.06 |
| 023 | 59 | 64 | 5 | 0.28 | 0.78 | 0.03 |
| | 132 | 147 | 15 | 0.60 | 1.42 | 0.03 |
| 024 | 33 | 36 | 3 | 0.94 | 2.89 | 0.06 |
| 025 | 65 | 85 | 20 | 0.97 | 1.22 | 0.02 |
| 028 | 55 | 58 | 3 | 0.12 | 0.52 | 0.06 |
| 029 | 30 | 34 | 4 | 0.18 | 1.15 | 0.07 |
| | 82 | 87 | 5 | 0.09 | 0.96 | 0.01 |

Geology

The Farellon area has two major lithological units: Paleozoic metamorphic sediments consisting of schists, phyllites and quartzites; and the Franja Central diorites. The metamorphosed sediments outcrop in the western part of the property and have been metamorphosed to lower greenschist facies and then extensively overprinted by hydrothermal alteration. Hydrothermal alteration is directly associated with the shear zone. The diorite underlies the eastern part of the project area and has been extensively intruded by northeasterly trending intermediate mafic dykes. At the Farellon property, a small stock-like felsic body named Pan de Azucar intrudes the diorite. The intrusive relationship between the diorite and metamorphic sediments always appear to be tectonic.

Within the property and at the main Carrizal Alto workings to the north, the major mineralization is intimately related to the south-southwest trending mylonitic sheared contact between the metamorphic sediments and the diorite. The shear is considered a splay of the main Atacama Fault Zone and dips 30° to 65° west. This contact parallels the regional geological trend and coincides with a major lineament which extends for hundreds of kilometers. The sheared contact is 50 meters to 200 meters wide over the 1.7-kilometre strike length of the Farellon property. Veins are typically 3 to 15 meters wide, striking south-southwest and dipping approximately 65 degrees to the northwest.

Mineralization

The Farellon property lies within the Candelaria iron oxide-copper-gold (IOCG) belt of Chile. Ore bodies in the belt occur in veins, breccias, stringer bodies and layer parallel replacement bodies and are typically associated with north-south trending faults related to the Atacama Fault Zone. All IOCG deposits have a strong association with iron oxides in the form of hematite or magnetite. In the Candelaria region, larger ore bodies are located where the fault zones intersect a lithological contact with significant rheological contrast such as a sedimentary and volcanic intrusive contact.

Economic IOCG deposits are generally polymetallic and can include iron, copper, gold, zinc, lead, uranium and cobalt among others. The Farellon property historically has been exploited for copper and to a lesser extent, gold. Cobalt mineralization was observed during the 1996-97 exploration work, but we have found no records of cobalt extraction.

Exploration Activities

Drilling (Summer 2011). During June through September 2011 we conducted a combined RC/diamond drill program on the Farellon property. The program was designed to continue to expand on the results of the 2009 drill program, as well as to continue confirming historical results along the strike. During this program we completed 11 drillholes for a total of 2,233m with the goal not only of better defining structural controls on mineralization but to examine the continuity of mineralization along strike and at depth. The target of the program was to outline a 700m mineralized strike length down to 200m vertical depth with approximate 75m intercept spacing, and to infill gaps 300m further to the north to increase intercepts to 150m spacing.

Many of the existing intercepts in this area were from the 1996/97 drill program, but no geological information can be located for these drill holes. By infilling the area with drilling at 75 meter pierce points the aim was to increase confidence in the continuity and increase knowledge of the nature and structural controls on mineralization to aid further exploration planning. 2011 drill results confirmed that mineralization is still present downdip of past drilling intercepts and still open at depth. Infill drilling continued to confirm the continuity of the mineralization and aided in the development of a 3D model that will be used for any future drill planning.

2011 drilling confirmed the overall regional shear structural controls on mineralization occurring within the oblique fault contact between overlying Paleozoic Metasediments and underlying Jurassic intermediate intrusives. Supergene mineralization seems to occur within local faults not immediately within the lithological fault contact - possibly fault splays emanating off the main regional structure. In the 2011 drillholes, supergene copper-gold mineralization was intersected 50-150m downhole with abundant carbonate and iron oxide precipitation.

Hypogene mineralization occurred below 150m hosted in quartz and carbonate veins which appear closer to the main shear fault zone contact. Approximately within 20m downhole of intersected hypogene mineralized veins the lithological contact was encountered, passing through to the underlying intrusive package. The 2011 drill program was generally positive in better defining structural controls on mineralization and proving continuity of mineralization along strike and at depth. However, more drilling is needed to continue to expand on the mineralized zone along strike and at depth, and prove up infill targets for initial resource estimation.

In spring of 2012 we commissioned Micon to complete a second 43-101 technical report. Micon now recommends that we conduct a much larger phase of exploration consisting of 5,000 meters of diamond drilling and 10,000 meters of RC drilling, and geophysical surveys and geological mapping. A geophysics survey using both magnetics and induced polarization will help to identify further mineralized structures on the property that may not have been noticed in the historic mapping. A phase two drill program would be at defined spacing to outline the continuity of mineralization leading to initial resource estimation. The depth of the drilling would be dependent on the results of the phase one drilling program. The estimated cost of this phase is \$1.9 million.

Significant results of assays from the 2011 drill program are presented in Table 5 below.

Table 5: Farellon drilling results (2011)

| Drill Hole ID | Assay interval (m) | | | Assay grade | |
|---------------|--|--------|--------|-------------|----------|
| | From | To | Length | Copper % | Gold g/t |
| FAR-11-001 | 36 | 49 | 13 | 2.51 | 0.35 |
| FAR-11-001 | 78 | 85 | 7 | 0.43 | 0.04 |
| FAR-11-002 | No Significant Intersections. Zone faulted off | | | | |
| FAR-11-003 | 150 | 155 | 5 | 0.40 | 0.28 |
| FAR-11-003 | 177 | 182 | 5 | 0.44 | 0.15 |
| FAR-11-004 | 141 | 145 | 4 | 0.73 | 0.01 |
| FAR-11-005 | 124 | 133 | 9 | 0.84 | 0.26 |
| FAR-11-006 | 80 | 112 | 32 | 1.35 | 0.99 |
| FAR-11-007 | 56 | 74 | 18 | 0.50 | 0.40 |
| FAR-11-008 | 98 | 102 | 4 | 0.85 | 0.26 |
| FAR-11-009 | 202 | 211.55 | 9.55 | 0.95 | 0.42 |
| FAR-11-010 | 179.13 | 183 | 3.87 | 0.50 | 0.39 |
| FAR-11-011 | 54 | 56 | 2 | 0.97 | 0.48 |

Figure 3 below illustrates the Farellon geology and the 2006, 2009 and 2011 drillhole collar locations as well as surface traces of mineralized vein systems:

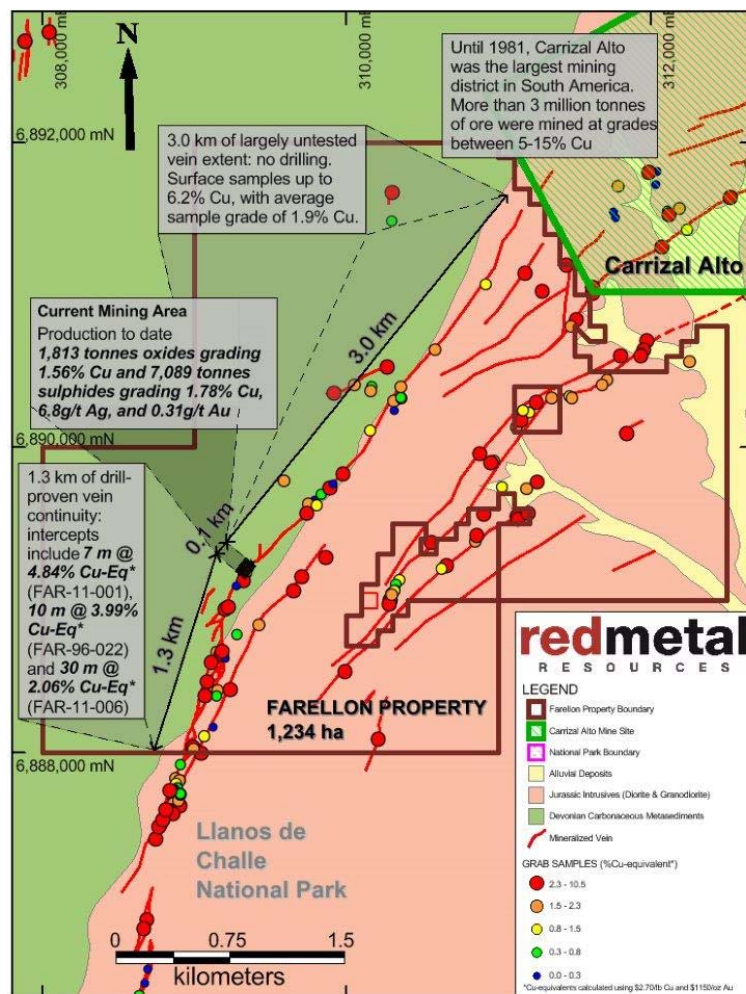


Figure 3: Farellon Property Geology

QA/QC, sampling procedures and analytical methods. Samples were taken at intervals between 0.5 and 2 metres. Sampling started at the collar of the hole and proceeded to the toe or bottom of the drill hole. Samples were taken at two metre intervals outside the previously identified main zone of interest. Through the main zone of interest samples were taken at one metre intervals.

Generally, the sample recovery was good to excellent for the 2011 drilling program. Table 5 above summarizes significant assay results. They are reported as drill lengths as we have not established the width of the mineralized zone.

Our quality assurance, quality control (QA/QC) protocol consists of the addition of standards, blanks and laboratory duplicates to the sample stream. We inserted these into the sample series using the same number sequence as the samples themselves. One of the QA/QC check samples is inserted every 25 samples and it alternates between standards, blanks and laboratory duplicates.

Spring 2012 mapping program: In April of 2012 we completed a detailed mapping, prospecting and rock sampling program over the Farellon Property. This program was designed to extend the known mineralized zone to the north and the south and to identify the best potential to expand on the known mineralized zone. As a result of the mapping program, new ground was acquired at public auction in August 2012 to cover the strike extent of the mineralized veins.

2013 Drilling. In 2013 we drilled two RC drillholes on the Farellon Property. The two new drillholes, FAR-13-001 and 002, totaling 116 metres, were drilled 25 metres along strike and are intended to aid in identifying the most prospective area on the site to initiate small scale production. The results from the FAR-13-002 drillhole returned 2.15% Cu over 7m with .28 g/t Au; the FAR-13-001 drillhole returned 0.70% Cu over six meters with 0.20 g/t Au and including 1.25% Cu and 0.34 g/t Au over 2 meters.

Small Scale Mining. In January 2014 Minera Farellon Limitada started small scale mining activities on the Farellon Claim which in summer 2014 was continued by Mr. Mitchell. The main target of the current development is an area intersected in 2011 and 2013 drilling campaigns, more specifically intercepts in drill holes FAR-11-001 of 3.95% Cu and 0.53 g/t Au over 8 meters, FAR-13-002 of 2.15% Cu and 0.28 g/t Au over 7 meters and FAR-13-001 of 0.70% Cu and 0.20 g/t Au over 6 meters including 1.25% Cu and 0.34 g/t Au over 2 meters (see news releases dated Sept. 21, 2011 and Jan. 24, 2014).

As of the date of this Annual Report on Form 10-K, Mr. Mitchell continues the mining activities down to seven levels and approximately 60 meters vertical depth and is now entirely in the sulphide zone of the mine. Copper, silver and gold extracted in the development process are being sold to ENAMI (the Chilean national mining company). Since January 2015 approximately 1,813 tonnes of oxide ore have been sold grading 1.56% Cu and a further 12,606 tonnes of sulphide ore grading 1.82% Cu, 6.8g/t Ag and 0.22g/t Au.

PERTH PROPERTY

On March 10, 2011, we purchased for \$35,000 a group of 12 claims (the “Perth Property”) consisting of one constituted mensura claim, the Perth claim, and 11 claims being converted to mensura claims. During our Fiscal 2017, we were notified that the surveying contractor originally hired to complete the work converting our Perth exploration claims into mining claims failed to complete the work in the time allotted. To correct the oversight, we have engaged services of a new surveying contractor who was able to complete the work on two claims, Lancelot I 1-27 and Rey Arturo 1-29, which are now awaiting confirmation from the Chilean government surveyor, and recommended starting the process over on the remaining claims. New exploration claims have been registered and we will make a decision on when to begin the process of converting these exploration claims into mining claims over the next two years, as permitted by Mining Code of Chile. See Figure 4 for details.

Table 6 describes the current Perth claims and Figure 4 illustrates them.

Table 6: Perth property

| Claim | Size (ha) |
|--------------------|--------------------------|
| Perth 1 al 36 | 109 |
| Lancelot I 1 al 27 | 300 |
| Lancelot II | 200 |
| Rey Arturo 1 al 29 | 300 |
| Merlin I | 300 |
| Galahad I | 300 |
| Percival | 300 |
| Tristan II | 300 |
| Camelot | 300 |
| | 2,409^a |

^a Some claims overlap others, reducing our net area to 2,300 hectares, see Figure 4.

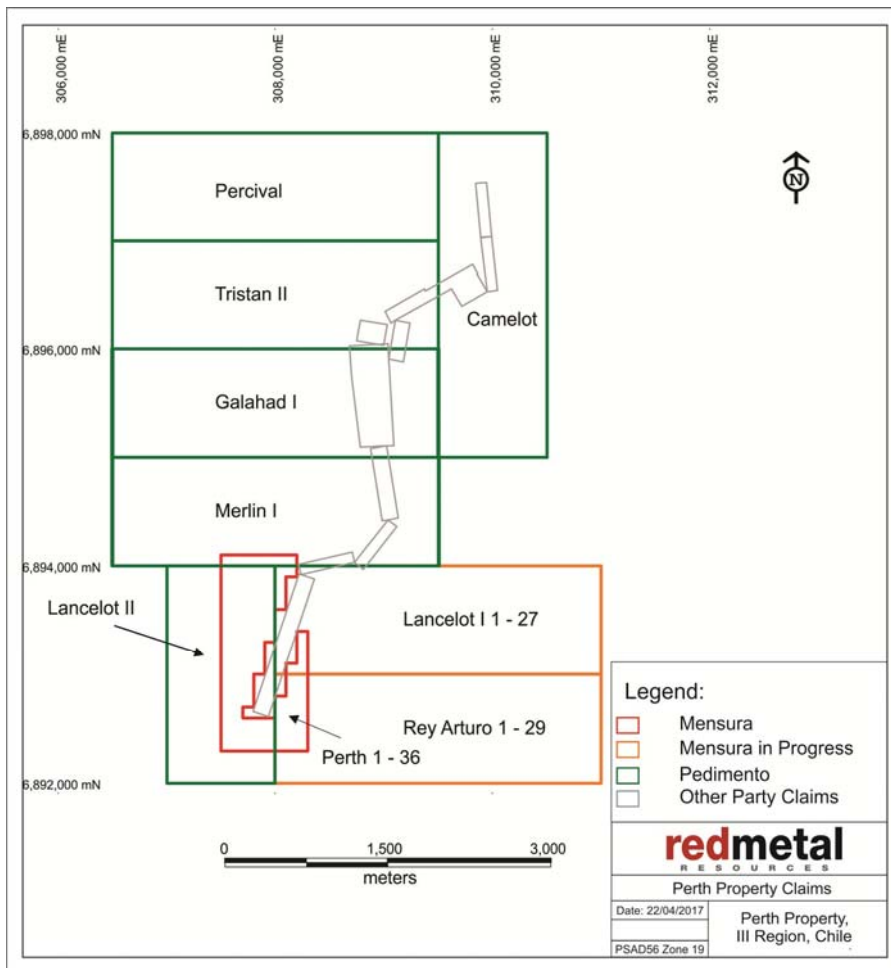


Figure 4. The Perth Property

The Perth property is adjacent to the west side of the historic Carrizal Alto mine and lies approximately 3.5 kilometers north of our Farellon project. It is a 45 minute drive from Vallenar city, with major road access, power and water supply close by. The Perth property lies on a similar geologic contact as the Farellon and Carrizal Alto properties.

Location and means of access

The Perth property is centered about 308,750 east and 6,895,000 south UTM PSAD56 Zone 19 approximately 75 km northwest of the city of Vallenar with the highest point at approximately 925 meters above sea level. The property is accessible by road from Vallenar. The Perth property is accessed by taking the Pan American Highway north from Vallenar for 20 kilometres, then turning northwest onto the road to Canto del Agua, a distance of 35 kilometres, then taking the Cardones Canyon road for 15 kilometres, and turning southwest towards Cerro Cachina Grande along a secondary gravel road for 14 kilometres to the property.

Exploration history

Exploration programs on the Perth property have historically been limited to surface sampling and mapping programs completed in 2007 and 2008. Significant results from historic channel samples across the veins are shown in Table 7. Numerous artisanal mine workings on the property have previously been exploited for both copper and gold; however, no records of grade or tonnage can be located.

Table 7: Perth historic significant intersections

| Sample | Au g/t | Cu % | Co% | Length of Sample (m) |
|---------------|---------------|-------------|------------|-----------------------------|
| 521617 | 2.5 | 0.39 | 0.03 | 1.0 |
| 521796 | 2.5 | 0.21 | 0.00 | 1.0 |
| 521629 | 2.8 | 0.76 | 0.19 | 3.5 |
| 56905 | 3.1 | 1.00 | 0.19 | 1.0 |
| 521610 | 3.5 | 0.30 | 0.02 | 0.5 |
| 521622 | 4.5 | 1.72 | 0.02 | 1.0 |
| 521788 | 4.5 | 0.19 | 0.00 | 2.0 |
| 56858 | 5.0 | 0.42 | 0.16 | 1.0 |
| 521789 | 5.5 | 0.29 | 0.00 | 2.0 |
| 521628 | 6.2 | 0.59 | 0.14 | 1.3 |
| 521609 | 10.7 | 0.35 | 0.07 | 1.0 |

Geology

The Perth property overlies the contact between Paleozoic metamorphic sediments and a Cretaceous tonalitic batholith. A swarm of north northeast trending fault-related copper gold bearing quartz veins crosscuts the property. Surface mapping and sampling records show twelve veins identified so far on the south end of the property. The veins average two metres wide but have been measured up to six metres wide.

In spring 2011 we completed a reconnaissance mapping and sampling program on the Perth property. Geological mapping during the program identified four major areas where mineralization in veins appear to be concentrated. Sampling consisted of 129 reconnaissance samples taken of vein material where veins outcropped at surface. Significant results are summarized below:

Table 8: Perth 2011 significant reconnaissance samples

| Sample | Au g/t | Cu % |
|---------------|---------------|-------------|
| 0003 | 7.47 | 1.73 |
| 0010 | 7.37 | 3.63 |
| 0016 | 8.86 | 2.29 |
| 0017 | 29.93 | 1.1 |
| 0033 | 21.66 | 2.85 |
| 0042 | 0.9 | 7.74 |
| 0077 | 10.2 | 2.43 |
| 0078 | 8.39 | 3.78 |
| 0097 | 4.42 | 0.14 |
| 0098 | 10.27 | 0.51 |
| 0099 | 3.61 | 0.19 |
| 0100 | 6.37 | 0.22 |
| 0110 | 22.58 | 1.51 |
| 0121 | 11.12 | 3.9 |

Figure 5 below illustrates the Perth geology as well as the historic and 2011 reconnaissance sample gold g/t assay results:

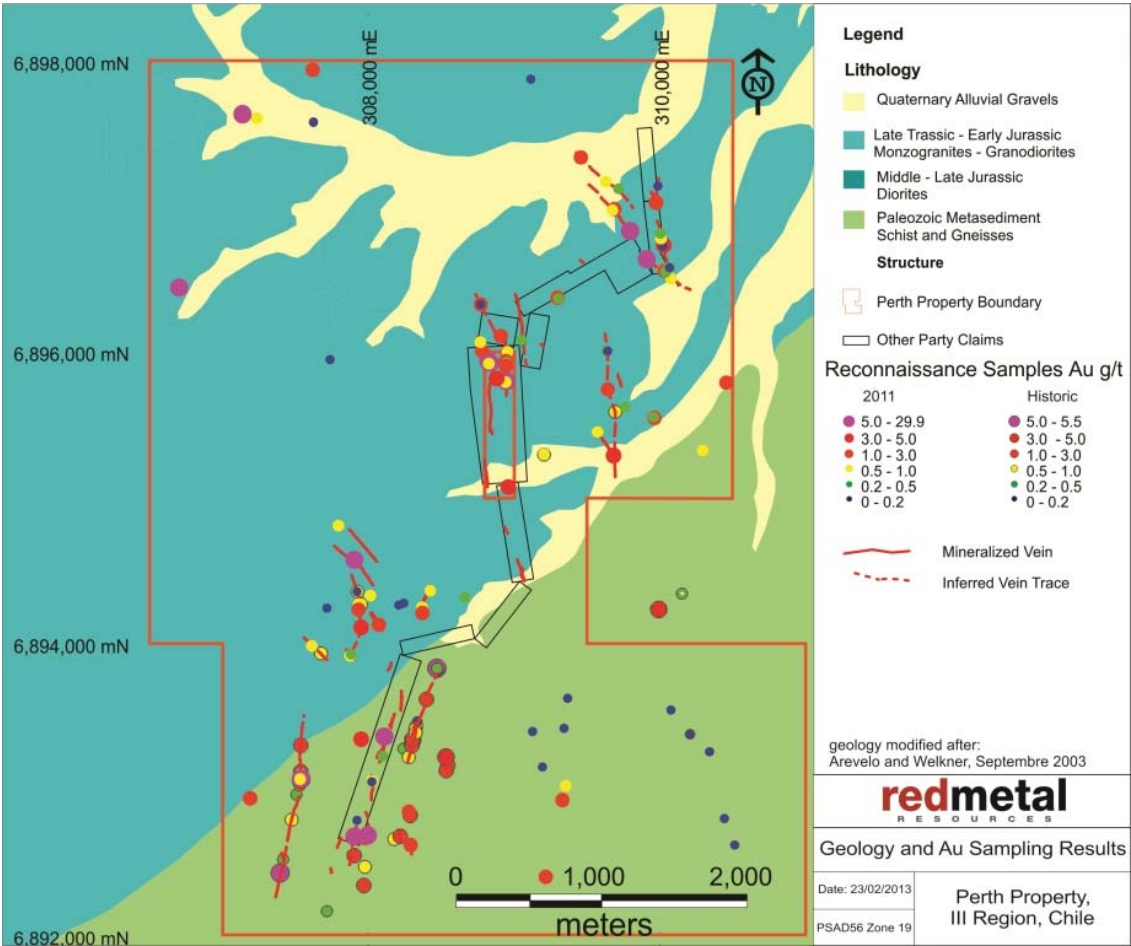


Figure 5. Perth Property Geology

Exploration Activity

2013 - 2014 Exploration. During 2013 - 2014 Geoactiva SpA (“Geoactiva”), who we granted an option to purchase 100% of the Perth property, which was cancelled in August 2014, conducted a drilling program on the Perth property and surrounding claims. The drilling program totaled 3,965 meters, of which 4 drillholes were drilled primarily on Perth property. A total of 35 surface reconnaissance samples and 728 surface chip samples were taken from the Perth property. Significant results of the surface reconnaissance samples are detailed in the table below:

Table 9: Perth 2013 - 2014 reconnaissance samples

| Sample | Northing | Easting | Elevation | Length | Au g/t | Cu % |
|--------|------------|-----------|-----------|----------------|--------|-------|
| 778 | 6895914.00 | 308888.00 | 772 | Reconnaissance | 16.500 | 2.874 |
| 1962 | 6893308.58 | 308065.74 | 648 | 1.10 | 15.260 | 0.927 |
| 1977 | 6895153.72 | 308780.84 | 714 | 2.10 | 14.430 | 0.715 |
| 2938 | 6895006.00 | 308352.00 | 888 | 0.50 | 14.000 | 3.616 |
| 1960 | 6893313.57 | 308068.57 | 648 | 1.10 | 9.770 | 1.364 |
| 2975 | 6894308.00 | 308364.00 | 727 | 0.40 | 8.922 | 1.841 |
| 1903 | 6892715.11 | 307888.80 | 588 | 0.60 | 8.520 | 1.563 |
| 1952 | 6892720.24 | 307889.38 | 588 | 1.50 | 8.370 | 2.142 |
| 1961 | 6893307.92 | 308066.42 | 647 | 1.10 | 8.140 | 2.830 |
| 1923 | 6893265.79 | 308261.54 | 622 | 0.30 | 7.600 | 1.036 |
| 1921 | 6893260.81 | 308515.88 | 638 | 0.40 | 7.380 | 2.428 |
| 1913 | 6893501.66 | 308143.50 | 687 | 0.60 | 6.730 | 7.156 |
| 252 | 6892373.78 | 307952.33 | 581 | 0.35 | 6.480 | 1.316 |
| 1821 | 6896660.00 | 309450.00 | 671 | 1.10 | 5.860 | 4.092 |
| 1813 | 6896586.00 | 310019.00 | 584 | 1.30 | 5.710 | 2.880 |
| 3037 | 6895254.00 | 308254.00 | 901 | 0.30 | 5.258 | 8.762 |
| 2951 | 6894414.00 | 308406.00 | 741 | 0.55 | 4.890 | 2.083 |
| 1972 | 6895140.00 | 308797.00 | 778 | 1.20 | 4.750 | 1.680 |
| 1975 | 6895151.55 | 308790.60 | 757 | 1.40 | 4.470 | 5.904 |
| 2007 | 6897060.00 | 309956.00 | 563 | 1.50 | 4.070 | 3.777 |
| 1905 | 6893092.03 | 308001.35 | 660 | 0.80 | 3.130 | 3.980 |

MATEO PROPERTY

The Mateo property consists of fourteen contiguous claims, as described in Table 10. The Mateo claims overlap the Che, Margarita and Irene claims to secure the areas around the claims. Some of them may overlap others' prior claims. We will acquire rights to these overlapped prior claims only if the owners forfeit their rights, and if we want the property. We acquired all of these claims for the same geological reasons and consider them one property, which we call the Mateo property.

During the year ended January 31, 2016, we fully impaired our Mateo Property due to a lack of financial resources that would allow for substantive expenditures on further exploration and evaluation of the mineral resources within the claims that comprise the Mateo Property. We intend to maintain the rights to the impaired claims and will resume the exploration activities once funding is available.

Table 10: Mateo property

| Claim | Size (ha) |
|------------------|--------------|
| Che Uno 1 - 8 | 32 |
| Che Dos 1 - 10 | 44 |
| Margarita 1 - 14 | 56 |
| Irene Uno 1 - 2 | 10 |
| Irene Dos 1 - 10 | 50 |
| Mateo | 1,461 |
| | 1,653* |

* Some of the claims are staked over the mensuras to claim the ground surrounding them.

CHE UNO AND CHE DOS CLAIMS

On October 10, 2008, Minera Farellon Limitada granted us the option to purchase the Che Uno and Dos claims. The Che claims cover 76 hectares centered about 339,002 east and 6,838,450 south UTM PSAD56 Zone 19. They are in the northwest corner of the Mateo property. On April 12, 2011 we completed the acquisition of the Che claims by paying approximately \$20,000 to Minera Farellon.

We continue to owe a royalty equal to 1% of the net proceeds that we receive from the processor to a maximum of \$100,000 with no monthly minimum when we start exploiting the minerals we extract from the claim. We have not yet exploited the claim.

MARGARITA CLAIM

We bought the Margarita mining claim on November 27, 2008 through a public auction for a total of \$15,984. The Margarita claim covers 56 hectares centered around 340,353 east and 6,838,347 south UTM PSAD56 Zone 19 located within the northeast corner of the Mateo claim.

IRENE UNO AND IRENE DOS CLAIMS

On September 7, 2010, we entered into a purchase agreement with Minera Farellon to buy the Irene Uno and Irene Dos mining claims. Under the terms of the agreement, as amended, we paid \$45,174 (equivalent of 21 million Chilean pesos) on May 10, 2011 to exercise the option and purchase the Irene claims. The Irene claims cover 60 hectares centered about 341,002 east and 6,838,101 south UTM PSAD56 Zone 19, are located within the northeast corner of the Mateo property, and share their western border with the Margarita claim.

MATEO CLAIMS

The Mateo claims consist of seven mensura in process - Mateo 1 through 3, 10A, 10B, 12 and 13, and two mensuras - Mateo 4 and 5, covering 1,461 hectares, which we staked between November 2008 and November 2011. The claims are centered about 337,675 east and 6,837,600 south UTM PSAD56 Zone 19 and cover a five-kilometer strike length of intensely altered volcanics with significant massive sulphide mineralization.

During the year ended January 31, 2015, we wrote off four Mateo claims as the due diligence work conducted on the claims revealed several earlier mensura claims underlying Mateo 9A, 9B, 9C and 10C claims.

Location and means of access

The Mateo property is centered about 337,675 east and 6,837,600 south UTM PSAD56 Zone 19 approximately 10 kilometers east of Vallenar with the highest point at approximately 1,050 meters above sea level. A well-used road leads from the city of Vallenar and crosses through the middle of the west half of the properties and along the southern border of the east half of the properties. Many unmarked dirt roads in the area provide reliable access to most areas of Mateo.

Description

The Mateo property is a copper-gold-silver project that lies in the Candelaria IOCG belt in the Chilean Coastal Cordillera. The Mateo property has undergone limited modern exploration including surface and underground RC drilling and artisanal mining on three separate mine sites, the Irene, Margarita and Santa Theresa mines. We have reviewed all available records of work completed to date, including some records of the mining activity. Our interpretation of the work completed to date indicates the potential for an economic ore body in mineralized mantos and skarn-style mineralization associated with IOCG deposits.

Exploration history

Historical work includes several drill programs completed by different Chilean private and public companies. Records exist from eight drillholes completed in 1994 on the Irene mine and include two full reports written by ENAMI (the Chilean national mining company) with interpretation of mineralization and recommendations for further exploration and mining work.

The Irene mine was investigated by ENAMI in 1994. Work completed during this time included surface RC drilling, including 490 meters in four RC drillholes, and underground diamond drilling, including 220 meters in four drillholes. We obtained ENAMI's reports of mining activities from 1994 through 1997. Approximately 11,875 tonnes of rock were mined in that time averaging 4.3% copper, 61.9 grams per tonne silver, and 1.01 grams per tonne gold. During the period from June 2009 to December 2010 the vendor of the Irene, Minera Farellon, conducted small scale mining activities on a different area of the Irene claims and mined 1,705 tonnes grading 1.39% Cu, 1.39g/t Ag, 0.29g/t Au in sulphides and 1,477 tonnes grading 1.98% Cu in oxides. The difference in grade between the historic work and the recent work is not an indication that further high grade material will not be found on the Mateo property and further modeling and exploration work needs to be completed to determine the best place to drill.

A private Chilean company, Minera Taurus, drilled 16 RC holes on the east end of the Irene claim, but we have no record from this drilling. An unknown company built a portal 250 meters long and approximately three meters wide by three meters high. The portal leads to three mined-out chimneys connected to the surface providing ventilation channels. On a recent property visit with ENAMI's geologists, we found an extension of the mineralized zone at the base of the tunnel below showing the potential for mineral resources.

Geology

Geologically, the Mateo property is located within the brittle-ductile north-south-trending Atacama Fault System that is known to host many of the major deposits in the Candelaria IOCG belt. Known mineralization is hosted in an andesitic volcanoclastic sequence assigned to the Bandurrias Formation. Widespread iron oxide and potassic alteration indicates an IOCG mineralizing system further supported by significant amounts of economic grade mineralization.

Exploration Activities

Exploration (2011). During August through October 2011 we carried out an in-depth geological mapping and sampling program on the Mateo property. The Mateo property has very diverse mineralization styles through the property which includes mantos, veins, breccias and porphyries with significant gold and copper. A total of 138 reconnaissance samples were collected over the property. The highest assay values returned from reconnaissance samples were 21g/t Au and 10.3% Cu but more common values were between 1-3g/t Au and 1-3% Cu. Table 11 summarizes the significant assay results.

Table 11: significant intersections

| Sample | Cu% | Au g/t |
|---------------|------------|---------------|
| 201272 | 7.37 | 1.12 |
| 202871 | 2.63 | 1.14 |
| 202852 | 7.11 | 1.18 |
| 202849 | 10.3 | 1.73 |
| 201220 | 4.29 | 2.07 |
| 201277 | 9.39 | 2.42 |
| 202850 | 2.58 | 2.46 |
| 202810 | 2.44 | 2.49 |
| 202882 | 2.57 | 3.08 |
| 202812 | 0.50 | 3.10 |
| 202815 | 0.62 | 3.57 |
| 202880 | 1.46 | 5.70 |
| 202826 | 5.30 | 6.85 |
| 201217 | 3.46 | 10.11 |
| 202813 | 0.69 | 21.72 |

The detailed mapping identified nine significant mineralized zones where further work is recommended.

2011 Ground Magnetic Survey. During September 2011 we engaged Quantec International Project Services Ltd. to complete a ground magnetic survey on the Mateo Property. The ground magnetic survey consisted of 70 survey lines with an EW orientation, and two control lines with a NS orientation. The survey lines were separated by 100m, and data was collected at 10m intervals on all lines. A total of 218.49km of magnetic data was collected. The survey outlined areas of high and low magnetic response. Areas of high magnetic response indicated the presence of elevated levels of magnetic minerals such as magnetite, pyrotite and hematite whereas areas of low magnetic response may be caused by alteration processes such as magnetite destruction or may simply indicate rock types that never had magnetic minerals.

This ground magnetic survey demarcated the northern and western extent with a large, high magnetic anomaly with a southwest to northeast orientation. This magnetic high may correlate with the Jilguero Intermediate Intrusive formation which is only partially exposed on the property and underlies the Jurassic Punta Del Cobre volcanics, and mixed sedimentary sequence.

Two possible correlations with geology are drawn when looking at the magnetic geophysical response. Firstly, all artisanal mines, reconnaissance samples and documented surface mineralization are exposed on the Western edge of the magnetic high in an area where magnetic high-low gradients are greatest transitioning from high to low. Secondly, magnetic highs appear to persist away from the main magnetic high body in a NW direction. Although these persisting magnetic highs are only small stringers in appearance they possibly correlate to dominant NW trending faults on the property that are often mineralized. Visual correlations between magnetic high/low contrasts and geology seem strong enough to suggest further exploration including sampling and drilling along the steepest gradient of magnetic high/low dropoff.

Generative claims

As an exploration company, from time to time we will stake, purchase or option claims to allow ourselves the time and access to fully consider the geological potential of the claims. This allows us to generate new properties in areas that have not been explored. We have conducted groundwork on numerous generative claims of interest to us in the areas of our active properties. We have acquired several of these claims, have options to acquire others, and have staked claims in the same areas. We continue to compile data on and review other claims and discuss terms with various owners.

Impairment of certain claims

During the year ended January 31, 2016, we fully impaired our Cecil 1 - 49 claim as well as all claims within our Mateo Property due to a lack of financial resources that would allow for substantive expenditures on further exploration and evaluation of the mineral resources within these claims. The impairment resulted in \$158,141 increase in our operating expenses. Due to an increased interest in our properties in our Fiscal 2017, which resulted in the LOI we currently have with Power Americas, we believe our property valuation is accurate and no further impairment was required during the year ended January 31, 2017.

Competition

The mineral exploration business is an extremely competitive industry. We are competing with many other exploration companies looking for minerals. We are one of the smallest exploration companies and a very small participant in the mineral exploration business. Being a junior mineral exploration company, we compete with other similar companies for financing and joint venture partners, and for resources such as professional geologists, camp staff, helicopters and mineral exploration contractors and supplies. We do not represent a competitive presence in the industry.

Raw materials

The raw materials for our exploration programs include camp equipment, hand exploration tools, sample bags, first aid supplies, groceries and propane. All of these types of materials are readily available from a variety of local suppliers.

Dependence on major customers

We have no customers. Our first customer likely will be ENAMI, which refines and smelts copper from the ore that it buys from Chile's small- and medium-scale miners. ENAMI is located in Vallenar. We could also sell our ore to the Dos Amigos heap leach facility located approximately fifty kilometers south of Vallenar in Domeyko.

Patents/Trademarks/Licenses/Franchises/Concessions/Royalty Agreements/Labor Contracts

We have no intellectual property such as patents or trademarks, and, other than the royalties that were discussed under the "*Unproved mineral properties*" section, no royalty agreements or labor contracts.

Government controls and regulations

We are not required to obtain permits or submit operational plans in order to conduct exploration on our properties. The mining business, however, is subject to various levels of government controls and regulations, which are supplemented and revised from time to time. We cannot predict what additional legislation or revisions might be proposed that could affect our business or when any proposals, if enacted, might become effective. Such changes, however, could require more operating capital and expenditures and could prevent or delay some of our operations.

The various levels of government controls and regulations address, among other things, the environmental impact of mining and mineral processing operations. For mining and processing, legislation and regulations in various jurisdictions establish performance standards, air and water quality emission standards and other design or operational requirements for various components of operations, including health and safety standards. Legislation and regulations also establish requirements for decommissioning, reclaiming and rehabilitating mining properties following the cessation of operations, and may require that some former mining properties be managed for long periods of time. As we are not mining or processing, and are unlikely to do so for some years, we have not investigated these regulations.

None of the exploration work that we have completed to date requires an environmental permit. We must repair any damage done to the land during exploration. Some of our claims are within the boundaries of a national park. According to the Mining Code of Chile, we will have to get written authorization from the government to mine or complete any exploration work within the park boundaries. We submitted an application to the government in December 2011 to explore within the park boundaries. We received a response to our application requesting we complete an environmental study on the area we are applying to work in. As part of this study we will have to hire an environmental consultant to investigate if any significant archeological remains exist in the area we intend to work in. Mapping and prospecting work completed north of the park boundary on the Farellon property has shown potential to expand the mineralized zone to the north where exploitation would not fall within the park boundaries. The Company has decided to focus exploration north of the park boundary to determine the potential of the entire mineralized area to host an economic deposit before pursuing the application to work within the park boundary any further.

If our operations in Chile become profitable, any earnings that we remit abroad will be subject to Chilean withholding tax.

We believe that we are in substantial compliance with all material government controls and regulations at each of our mineral claims.

Costs and effects of compliance with environmental laws

We have incurred no costs to date for compliance with environmental laws for our exploration programs on any of our claims.

Expenditures on research and development

We have incurred no research or development costs since our inception on January 10, 2005.

Number of total employees and number of full-time employees

Red Metal does not have any employees. Caitlin Jeffs, Michael Thompson, and Joao (John) da Costa, who are directors and officers, provide their services to the Company as independent consultants. Polymet retains the services of Kevin Mitchell and an administrative assistant, who are Polymet's only employees, other services are provided by independent consultants. We contract for the services of geologists, prospectors and other consultants as we require them to conduct our exploration programs.

ITEM 1A: RISK FACTORS

IN ADDITION TO THE FACTORS DISCUSSED ELSEWHERE IN THIS ANNUAL REPORT, THE FOLLOWING RISKS AND UNCERTAINTIES COULD MATERIALLY ADVERSELY AFFECT OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO US OR THAT WE CURRENTLY DEEM IMMATERIAL ALSO MAY IMPAIR OUR BUSINESS OPERATIONS AND FINANCIAL CONDITION.

During the fiscal years ended January 31, 2017 and 2016 we earned no revenue while our operating expenses totaled \$223,095 and \$439,133, respectively. If we do not find sources of financing as and when we need them, we may be required to cease our operations.

Mineral exploration and development are very expensive. During the fiscal year ended January 31, 2017, we had no revenue from our operations and our operating expenses totaled \$223,095. These expenses were further increased by \$99,740 in interest we accrued on current debt, and were in part offset by \$13,355 in net royalty income we received from renting our Farellon property to Mr. Mitchell. During the fiscal year ended January 31, 2016, our operating expenses totaled \$439,133. These expenses were further increased by \$82,272 in interest we accrued on current debt, and were in part offset by \$9,117 in net royalty income we received from renting our Farellon property to Mr. Mitchell and Minera Farellon Ltda. This resulted in a total accumulated loss of \$8,835,401 since inception. As of January 31, 2017 we had cash of \$7,679. Since inception, we have supported our operations through equity and debt financing and, to a minor extent, through option payments received on our option or joint venture agreements, and royalty payments from third-party vendors, who we allowed to mine our claims. Our ability to continue our operations, including exploring and developing our properties, will depend on our ability to generate operating revenue, obtain additional financing, or enter into joint venture agreements. Until we earn enough revenue to support our operations, which may never happen, we will continue to be dependent on loans and sales of our equity or debt securities to continue our development and exploration activities. If we do not find sources of financing as and when we need them, we may be required to severely curtail, or even to cease, our operations.

Since continuation of our operations depends on our ability to complete equity or debt financings, our management has expressed substantial doubt about our ability to continue as a going concern.

Our financial statements have been prepared assuming that we will continue as a going concern. From our inception on January 10, 2005, we have accumulated losses of \$8,835,401. As a result, our management has expressed substantial doubt about our ability to continue as a going concern. The continuation of our operations depends on our ability to complete equity or debt financings as we need capital or generate capital from profitable operations. Such financings may not be available or may not be available on reasonable terms. Our financial statements do not include any adjustments that could result from the outcome of this uncertainty.

Global economic downturns may have a negative effect on our business and operations.

Global economic downturns cause general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, and lower business spending, all of which may have a negative effect on our business, results of operations, financial condition and liquidity. Our suppliers may not be able to supply us with needed raw materials on a timely basis, may increase prices or go out of business, which could result in our inability to carry out our planned exploration programs. Furthermore, it may become difficult to locate other mineral exploration companies with available funds who are willing to engage in risky ventures such as the exploration of our properties.

Such conditions may make it very difficult to forecast operating results, make business decisions and identify and address material business risks and our operating results, financial condition and business could be adversely affected.

Our business was formed in January 2005 and our operations, to date, have earned only minimal revenues. Due to the high costs of acquiring and exploring claims, we may never be profitable. We expect to continue to incur operating losses during the next 12 months.

We were incorporated on January 10, 2005, and to date have been involved primarily in organizational activities, acquiring and exploring mineral claims and obtaining financing. We have earned minimal revenues and we are not profitable. Whether we will be successful as a mining company must be considered in light of the costs, difficulties, complications and delays associated with our proposed exploration programs. These potential problems include, but are not limited to, finding claims with mineral deposits that can be cost-effectively mined, the costs associated with acquiring the properties and the unavailability of human or equipment resources. We cannot assure you that we will ever generate significant revenue from our operations or realize a profit. We expect to continue to incur operating losses during the next 12 months.

We owe approximately \$2.01 million to related parties. To pay out this debt or a portion thereof, we may issue shares of our common stock, which will result in substantial dilution to our existing shareholders.

As of January 31, 2017, we owed \$2,006,100 to related parties for loans and for services rendered to us. We do not have the cash resources to pay this debt and we may decide to partially pay these individuals by issuing shares of our common stock to them. Because of the low market value of our common stock, the issuance of shares will result in substantial dilution to the percentage of our outstanding common stock owned by our current shareholders.

Our joint development and operating arrangements may not be successful.

We have in the past, and may in the future, enter into joint venture arrangements in order to share the risks and costs of developing and operating properties. In a typical joint venture arrangement, the partners own a proportionate share of the assets, are entitled to indemnification from each other and are only responsible for any future liabilities in proportion to their interests in the joint venture. If a party fails to perform its obligations under a joint venture agreement, we could incur liabilities and losses in excess of our pro-rata share of the joint venture. We make investments in exploration and development projects that may have to be written off in the event we do not proceed to a commercially viable mining operation.

Our joint venture agreements may not always be successful. For example, on March 14, 2011, our subsidiary, Minera Polymet, granted to Revonergy Inc. the right to earn a 50% joint venture interest in the Perth property. However, Revonergy decided not to exercise that right and the agreement has been terminated. On April 30, 2013, we granted Geoactiva SpA an option to purchase 100% of the Perth property through the execution of a mining option purchase agreement, however, Geoactiva SpA also cancelled this agreement.

In some instances members of the board of directors or an officer may be liable for losses incurred by holders of our common stock. If a shareholder were to prevail in such an action in the U.S., it may be difficult for the shareholder to enforce the judgment against any of our directors or officers, who are not U.S. residents.

In certain instances, such as trading securities based on material non-public information, a director or officer may incur liability to shareholders for losses sustained by the shareholders as a result of the director's or officer's illegal or negligent activity. However, all of our directors and officers live and maintain a substantial portion of their assets outside the U.S. As a result it may be difficult or impossible to effect service of process within the U.S. upon these directors and officers or to enforce in the courts any judgment obtained here against them predicated upon any civil liability provisions of the U.S. federal securities laws.

Foreign courts may not entertain original actions predicated solely upon U.S. federal securities laws against these directors or officers and judgments predicated upon any civil liability provisions of the U.S. federal securities laws may not be directly enforceable in foreign countries.

As a result of the foregoing, it may be difficult or impossible for a shareholder to recover from any of these directors or officers if, in fact, the shareholder is damaged as a result of the negligent or illegal activity of an officer or director.

Mineral exploration is highly speculative and risky; we might not find mineral deposits that can be extracted cost effectively on our claims.

Exploration for mineral deposits is a speculative venture involving substantial risk. Problems such as unusual and unexpected rock formations often result in unsuccessful exploration efforts. We cannot assure you that our claims contain mineral deposits that can be extracted cost effectively.

Mineral exploration is hazardous. We could incur liability or damages as we conduct our business due to the dangers inherent in mineral exploration.

The search for minerals is hazardous. We could become liable for hazards such as pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. We have no insurance for these kinds of hazards, nor do we expect to get such insurance for the foreseeable future. If we were to suffer from such a hazard, the costs of rectifying it could exceed our asset value and require that we liquidate our assets.

We have no known mineral reserves and if we cannot find any, we may have to cease operations.

It is unknown whether our properties contain viable mineral reserves. If we do not find a viable mineral reserve, or if we cannot exploit the mineral reserve, either because we do not have the money to do it or because it will not be economically feasible to do it, we may have to cease operations and you may lose your investment. Mineral exploration is a highly speculative endeavor. It involves many risks and is often non-productive. Even if mineral reserves are discovered on our properties, our production capabilities will be subject to further risks and uncertainties including:

- Costs of bringing the property into production including exploration work, preparation of production feasibility studies, and construction of production facilities, all of which we have not budgeted for;
- Availability and costs of financing;
- Ongoing costs of production; and
- Environmental compliance regulations and restraints.

In the future we may be required to comply with government regulations affecting mineral exploration and exploitation, which could adversely affect our business, the results of our operations and our financial condition.

The mining business is subject to various levels of government control and regulation, which are supplemented and revised from time to time. We cannot predict what legislation or revisions might be proposed that could affect our business or when any such proposals, if enacted, might become effective. Our exploration activities are subject to laws and regulations governing worker safety, and, if we explore within the national park that is part of our Farellon property, protection of endangered and other special status species as well as protection of significant archeological remains, if there are any, will likely require compliance with additional laws and regulations. The cost of complying with these regulations has not been burdensome to date, but if we mine our properties and process more than 5,000 tonnes of ore monthly, we will be required to submit an environmental impact study for review and approval by the federal environmental agency. We anticipate that the cost of such a study will be significant. If the study were to show too great an adverse impact on the environment, we might be unable to develop the property or we might have to engage in expensive remedial measures during or after developing the property, which could make production unprofitable. This requirement could materially adversely affect our business, the results of our operations and our financial condition if we were to proceed to mine a property or process ore on the property. We have no immediate or intermediate plans to process ore on any of our properties.

If we do not comply with applicable environmental and health and safety laws and regulations, we could be fined, enjoined from continuing our operations, and suffer other penalties. Although we make every attempt to comply with these laws and regulations, we cannot assure you that we have fully complied or will always fully comply with them.

We might not be able to market any minerals that we find on our mineral claims due to market factors that are beyond our control.

Even if we discover minerals that can be extracted cost-effectively, we may not be able to find a ready market for our minerals. Many factors beyond our control affect the marketability of minerals. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. We cannot accurately predict the effect of these factors, but any combination of these factors could result in an inadequate return on invested capital.

We are not certain that we can successfully compete in the mineral exploration business. We do not represent a significant presence in this industry.

The mineral exploration business is an extremely competitive industry. We are competing with many other exploration companies looking for minerals. We are one of the smallest exploration companies and we do not represent a significant presence in the mineral exploration business. Being a junior mineral exploration company, we compete with other similar companies for financing and joint venture partners, and for resources such as professional geologists, camp staff, helicopters and mineral exploration contractors and supplies. We may not have the means to compete successfully for these resources.

We conduct operations in a foreign jurisdiction, and are subject to certain risks that may limit or disrupt our business operations.

Our head office is in Canada and our mining operations are in Chile. Mining investments are subject to the risks normally associated with the conduct of any business in foreign countries including uncertain political and economic environments; wars, terrorism and civil disturbances; changes in laws or policies, including those relating to imports, exports, duties and currency; cancellation or renegotiation of contracts; royalty and tax increases or other claims by government entities, including retroactive claims; risk of expropriation and nationalization; delays in obtaining or the inability to obtain or maintain necessary governmental permits; currency fluctuations; restrictions on the ability of local operating companies to sell gold, copper or other minerals offshore for U.S. dollars, and on the ability of such companies to hold U.S. dollars or other foreign currencies in offshore bank accounts; import and export regulations, including restrictions on the export of gold, copper or other minerals; limitations on the repatriation of earnings; and increased financing costs.

These risks could limit or disrupt our exploration programs, cause us to lose our interests in our mineral claims, restrict the movement of funds, cause us to spend more than we expected, deprive us of contract rights or result in our operations being nationalized or expropriated without fair compensation, and could materially adversely affect our financial position or the results of our operations. If a dispute arises from our activities in Chile, we could be subject to the exclusive jurisdiction of courts outside North America, which could adversely affect the outcome of the dispute.

While we take the steps we believe are necessary to maintain legal ownership of our claims, title to mineral claims may be invalidated for a number of reasons, including errors in the transfer history or our acquisition of a claim we believed, after appropriate due diligence investigation, to be valid, but in fact, wasn't. If ownership of our claims was ultimately determined to be invalid, our business and prospects would likely be materially and adversely affected.

Our ability to realize a return on our investment in mineral claims depends upon whether we maintain the legal ownership of the claims. Title to mineral claims involves risks inherent in the process of determining the validity of claims and the ambiguous transfer history characteristic of many mineral claims. We take a number of steps to protect the legal ownership of our claims, including having our contracts and deeds notarized, recording these documents with the registry of mines and publishing them in the mining bulletin. We also review the mining bulletin regularly to determine whether other parties have staked claims over our ground. However, none of these steps guarantees that another party could not challenge our right to a claim. Any such challenge could be costly to defend and, if we lost our claim, our business and prospects would likely be materially and adversely affected.

We sometimes hold a significant portion of our cash in United States dollars, which could weaken our purchasing power in other currencies and limit our ability to conduct our exploration programs.

Currency fluctuations could affect the costs of our operations and affect our operating results and cash flows. Gold and copper are sold throughout the world based principally on the U.S. dollar price, but most of our operating expenses are incurred in local currencies, such as the Canadian dollar and the Chilean peso. The appreciation of other currencies against the U.S. dollar can increase the costs of our operations.

We sometimes hold a significant portion of our cash in U.S. dollars. Currency exchange rate fluctuations can result in conversion gains and losses and diminish the value of our U.S. dollars. If the U.S. dollar declined significantly against the Canadian dollar or the Chilean peso, our U.S. dollar purchasing power in Canadian dollars and Chilean pesos would also significantly decline and that could make it more difficult to conduct our business operations. We have not entered into derivative instruments to offset the impact of foreign exchange fluctuations.

Because our directors are not independent they can make and control corporate decisions that may be disadvantageous to other common shareholders.

Our securities are not listed on a national securities exchange or quoted on an inter-dealer quotation system that requires that directors be independent. Using the definition of “independent” in Rule 5605 of Nasdaq’s Rules, we have determined that none of our directors are independent. Our directors have a significant influence in determining the outcome of all corporate transactions or other matters, including mergers, consolidations, and the sale of all or substantially all of our assets. They also have the power to prevent or cause a change in control. The interests of our directors may differ from the interests of the other stockholders and thus result in corporate decisions that are disadvantageous to other shareholders.

We do not expect to declare or pay dividends in the foreseeable future.

We have never paid cash dividends on our common stock and have no plans to do so in the foreseeable future. We intend to retain any earnings to develop, carry on, and expand our business.

“Penny stock” rules may make buying or selling our common stock difficult, and severely limit its marketability and liquidity.

Because our securities are considered a penny stock, shareholders will be more limited in their ability to sell their shares. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or quotation system. Because our securities constitute “penny stocks” within the meaning of the rules, the rules apply to us and to our securities. The rules may further affect the ability of owners of shares to sell our securities in any market that might develop for them. As long as the trading price of our common shares is less than \$5.00 per share, the common shares will be subject to Rule 15c-9 under the Exchange Act. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that:

- Contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- Contains a description of the broker’s or dealer’s duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of securities laws;
- Contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price;
- Contains a toll-free telephone number for inquiries on disciplinary actions;
- Defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and
- Contains such other information and is in such form, including language, type, size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with: (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such shares; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our shares.

ITEM 1B: UNRESOLVED STAFF COMMENTS

As a smaller reporting company we are not required to provide this information.

ITEM 2: PROPERTIES

Our executive offices are located at 1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2. Our president, Caitlin Jeffs, provides this space free of charge although she is under no obligation to do so. We also have a field and administrative office in Vallenar, Chile, which we rent on a month to month basis at the rate of 550,000 Chilean pesos (approximately \$1,000) per month. We believe that these properties are suitable and adequate for our business operations.

We have assembled interests in three mineral properties in Chile-the Farellon, Mateo, and Perth-which we have described above in Item 1.

ITEM 3: LEGAL PROCEEDINGS

We are not a party to any pending legal proceedings and, to the best of our knowledge, none of our property or assets are the subject of any pending legal proceedings.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is quoted under the symbol RMES on the OTC Link alternative trading system on the OTC PINK marketplace. Table 12 presents the range of high and low bid quotes of our common stock for each quarter for the last two fiscal years as reported by the OTC Markets Group Inc. The bid prices represent inter-dealer quotations, without adjustments for retail mark-ups, markdowns or commissions and may not necessarily represent actual transactions.

Table 12: High and low bids

| | High | Low |
|------------------------------------|-------------|------------|
| Fiscal year ended January 31, 2017 | | |
| First quarter | \$0.03 | \$0.03 |
| Second quarter | \$0.03 | \$0.025 |
| Third quarter | \$0.066 | \$0.025 |
| Fourth quarter | \$0.06 | \$0.04 |
| Fiscal year ended January 31, 2016 | | |
| First quarter | \$0.08 | \$0.02 |
| Second quarter | \$0.03 | \$0.02 |
| Third quarter | \$0.03 | \$0.03 |
| Fourth quarter | \$0.03 | \$0.03 |

As of April 29, 2017, we had approximately 42 shareholders of record according to a shareholder's list provided to us by our transfer agent. This number does not include an indeterminate number of shareholders whose shares are held by brokers in street name. Our transfer agent is Empire Stock Transfer, 1859 Whitney Mesa Dr. Henderson, Nevada, 89014.

Dividends

We have not declared any dividends on our common stock during the past two fiscal years or at any time in our history. The Nevada Revised Statutes (the "NRS"), provide certain limitations on our ability to declare dividends. Section 78.288 of Chapter 78 of the NRS prohibits us from declaring dividends where, after giving effect to the distribution of the dividend:

- a) we would not be able to pay our debts as they become due in the usual course of business; or
- b) except as may be allowed by our Articles of Incorporation, our total assets would be less than the sum of our total liabilities plus the amount that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders who may have preferential rights and whose preferential rights are superior to those receiving the distribution.

We do not expect to declare any dividends in the foreseeable future as we expect to spend any funds legally available for the payment of dividends on the development of our business and exploration of our properties.

Securities Authorized for Issuance under Equity Compensation Plans

Table 13 provides information as of January 31, 2017, regarding the Red Metal Resources Ltd. 2011 Equity Incentive Plan (the "2011 Plan"), as amended on May 18, 2012, under which equity securities of Red Metal are authorized for issuance.

Table 13. Equity compensation plans

| | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|--|---|---|---|
| Plan category | (a) | (b) | (c) |
| Equity compensation plans approved by security holders | Nil | n/a | 3,464,745 |

Recent Issuances of Unregistered Securities

On December 15, 2016, we issued 357,143 shares of our common stock with a fair value of \$25,000 as consideration for the third option payment to acquire interest in the Quina claim. The shares were issued pursuant to the provisions of Regulation S of the U.S. Securities Act of 1933 (the "U.S. Securities Act.")

ITEM 6: SELECTED FINANCIAL DATA

As a smaller reporting company we are not required to provide this information.

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Red Metal is a mineral exploration company engaged in locating, and eventually developing, mineral resources in Chile. Our business strategy is to identify, acquire and explore prospective mineral claims with a view to either developing them ourselves or, more likely, finding a joint venture partner with the mining experience and financial means to undertake the development. All of our claims are in the Candelaria IOCG belt in the Chilean Coastal Cordillera.

We have generated only minimal operating income from operations and are dependent upon the equity markets for our working capital.

As more fully described in the “*General*” section under Item 1 of this Annual Report on Form 10-K, on February 28, 2017, we signed a letter of intent with Power Americas Minerals Corp (“Power Americas”) to sell on the exercise of three separate options all our interest in the Farellon Property, the Perth Property and the Mateo Property in exchange for aggregate consideration of twenty-five million common shares of Power Americas and a one-time payment of US\$250,000. The completion of the transaction is subject to a number of conditions including, but not limited to, a customary due-diligence undertaken by Power Americas as well as an approval from TSX Venture Exchange (the “TSXV”). Once the transaction contemplated under the LOI is executed, we will have sold all our current Active Properties, and we may have to redefine our business plan and our operations.

Until completion of the transaction with Power Americas, we will continue our operations in the manner consistent with our historical practices. We will monitor our costs in Chile by reviewing our mineral claims to determine whether they possess the geological indicators to economically justify the capital to maintain or explore them. Please refer to the section ‘*Unproved Mineral Properties*’ under Item 1 of this Annual Report for a detailed description of our unproved mineral assets and associated exploration campaigns.

Currently, we have two employees in Chile and engage part time assistants during our exploration programs and for administrative support. Most of our support - such as vehicles, office and equipment - is supplied under short-term contracts. The only long-term commitments that we have are for royalty payments on four of our mineral claims - Farellon, Quina, Exeter, and Che. These royalties are payable once exploitation begins.

The cost and timing of all planned exploration programs are subject to the availability of qualified mining personnel, such as consulting geologists and geo-technicians, and drillers and drilling equipment. Although Chile has a well-trained and qualified mining workforce from which to draw and few early-stage companies such as Red Metal compete for the available resources, if we are unable to find the personnel and equipment that we need when we need them and at the prices that we have estimated today, we might have to revise or postpone our plans.

Results of operations

SUMMARY OF FINANCIAL CONDITION

Table 14 summarizes and compares our financial condition at January 31, 2017, to the year ended January 31, 2016.

Table 14: Comparison of financial condition

| | January 31, 2017 | January 31, 2016 |
|---|-------------------------|-------------------------|
| Working capital deficit | \$ (2,583,765) | \$ (2,126,778) |
| Current assets | 14,731 | 6,680 |
| Unproved mineral properties | 585,850 | 460,539 |
| Total liabilities | 2,598,496 | 2,133,458 |
| Common stock and additional paid in capital | 6,813,837 | 6,788,837 |
| Accumulated other comprehensive income | 26,153 | 73,952 |
| Deficit | \$ (8,835,401) | \$ (8,525,921) |

COMPARISON OF PRIOR QUARTERLY RESULTS

Table 15 and Table 16 present selected financial information for each of the past eight quarters.

Table 15: Summary of quarterly results (2017)

| | January 31, 2017 | October 31, 2016 | July 31, 2016 | April 30, 2016 |
|----------------------------------|-----------------------------|-----------------------------|--------------------------|---------------------------|
| Net loss | \$88,014 | \$76,807 | \$72,306 | \$72,353 |
| Basic and diluted loss per share | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

Table 16: Summary of quarterly results (2016)

| | January 31, 2016 | October 31, 2015 | July 31, 2015 | April 30, 2015 |
|----------------------------------|-----------------------------|-----------------------------|--------------------------|---------------------------|
| Net loss | \$246,122 | \$85,276 | \$90,406 | \$90,484 |
| Basic and diluted loss per share | \$0.01 | \$0.00 | \$0.00 | \$0.00 |

During the past eight fiscal quarters we maintained our exploration and operating activities at low levels. Following are the most significant events that affected our quarterly financial results:

- During the quarters ended January 31, 2017 and October 31, 2016, we recorded \$26,611 and \$25,868, respectively, in accrued interest associated with our promissory notes and amounts payable with the related parties as well as interest accrued on other trades payable. The increase in interest expense was in part offset by decrease in consulting fees, associated with services provided to us by Da Costa Management Corp., a private corporation controlled by our Chief Financial Officer.
- During the quarter ended July 31, 2016, we recorded \$8,084 in exploration expenses, which were mainly associated with the payment of 2016 - 2017 property taxes for our Mateo property claims and Cecil claim, which we fully impaired at January 31, 2016, however continue to maintain.
- During the quarter ended January 31, 2016, we recorded \$158,141 when we fully impaired our Mateo Property and Cecil Claim.
- During the quarter ended October 31, 2015, we completed restructuring of our Chilean subsidiary, Minera Polymet, from a Limited Liability Company to a Closed Stock Corporation. During the same period, we continued renting our Farellon Alto 1 - 8 claim to a third-party, who was carrying out a small scale mining operation on the claim, which resulted in royalty payments we received of \$4,140.
- During the quarter ended July 31, 2015, we increased royalties payable to us on the minerals extracted during the small scale mining operations that were carried out by a third-party on our Farellon Property, which resulted in \$10,007 in royalty payments we received during the period

Selected Financial Results

YEARS ENDED JANUARY 31, 2017 AND JANUARY 31, 2016

Our results of operations for the years ended January 31, 2017 and 2016 and the changes between those periods are summarized in Table 17.

Table 17: Summary of operating results

| | Year ended January 31, | | Changes between the years ended January 31, 2017 and 2016 |
|---|-----------------------------------|--------------|--|
| | 2017 | 2016 | |
| Operating expenses | \$ (223,095) | \$ (439,133) | \$ (216,038) |
| Other items: | | | |
| Interest on current debt | (99,740) | (82,272) | 17,468 |
| Net royalty income | 13,355 | 9,117 | 4,238 |
| Net loss | (309,480) | (512,288) | (202,808) |
| Unrealized foreign exchange gain/(loss) | (47,799) | 60,222 | (108,021) |
| Comprehensive loss | \$ (357,279) | \$ (452,066) | \$ (94,787) |

Revenue. We did not generate any revenue during the years ended January 31, 2017 and 2016. Due to the exploration rather than the production nature of our business, we do not expect to have significant operating revenue in the foreseeable future.

Operating expenses. Our operating expenses decreased by \$216,038, or 49%, from \$439,133 for the year ended January 31, 2016 to \$223,095 for the year ended January 31, 2017. The decrease in our operating expenses was a result of our continued efforts to control our day to day operating costs. At January 31, 2017, we assessed our mineral properties for impairment. We based our conclusion on the exploration results, current small scale mining operations carried out on our Farellon Alto 1-8 claim, and the LOI with Power Americas. We believe, based on the above testing, that the Company's mineral properties are carried at their recoverable amounts, and as such no additional impairment charges were recorded as at January 31, 2017.

Our operating expenses for the years ended January 31, 2017 and 2016 consisted of the following:

Table 18: Details of changes in operating expenses

| | Year ended January 31, | | Changes between the years ended January 31, 2017 and 2016 |
|---|---------------------------|------------|---|
| | 2017 | 2016 | |
| Operating expenses | | | |
| Amortization | \$ 885 | \$ 1,226 | \$ (341) |
| Consulting fees | 60,000 | 120,000 | (60,000) |
| General and administrative | 68,506 | 69,473 | (967) |
| Mineral exploration costs | 4,188 | 688 | 3,500 |
| Professional fees | 16,870 | 25,905 | (9,035) |
| Rent | 9,838 | 9,969 | (131) |
| Regulatory | 8,066 | 7,283 | 783 |
| Salaries, wages and benefits | 54,676 | 48,484 | 6,192 |
| Foreign exchange loss (gain) | 66 | (2,036) | 2,102 |
| Write-down of unproved mineral properties | -- | 158,141 | (158,141) |
| Total operating expenses | \$ 223,095 | \$ 439,133 | \$ (216,038) |

The most significant year-to-date changes included the following:

- During the year ended January 31, 2017 our consulting fees decreased by 50% or \$60,000, from \$120,000 we incurred during the year ended January 31, 2016 to \$60,000 we incurred during the year ended January 31, 2017. In addition, our professional fees decreased by \$9,035 or 35%. These reductions were associated with our decreased business activity during the period covered by this report on Form 10-K, and with our continued efforts to control our overhead costs.
- In June 2016 we paid 2016 - 2017 property taxes associated with our Mateo Property claims and Cecil claim, which were impaired at January 31, 2016. In the comparative period those tax payments were capitalized.
- During the year ended January 31, 2016, we impaired our Mateo Property, and our Cecil Claim, due to a lack of available financing to allow for further exploration and evaluation of the mineral resources within these claims. The impairment amounted to \$158,141. We did not have similar expenses during the year ended January 31, 2017.
- Our salaries and wages increased by \$6,192; this increase was mainly associated with rehiring of our office administrative assistant in January of 2017, and to the lesser extent due to the foreign exchange fluctuation, as the salaries are incurred by our Chilean Subsidiary, whose functional currency is Chilean Peso.

Other items. During the year ended January 31, 2017, we continued renting our Farellon Alto 1-8 claim to Mr. Mitchell, who was carrying out a small scale mining operation on the claim. Pursuant to our rental agreement, Mr. Mitchell is paying us a 10% royalty on the amounts generated from the net smelter returns, which we record as part of net royalty income. During the year ended January 31, 2017, we recorded \$29,890 as part of net royalty income, an increase of \$3,439 as compared to \$26,451 we received during the year ended January 31, 2016. This royalty income was offset by royalty payments we made to the original owner of Farellon Alto 1-8 claim, which totaled \$16,535, a decrease of \$733 as compared to \$17,334 we paid during the year ended January 31, 2016.

To continue our operations we were required to incur additional debt with our debt holders, which amounted to \$99,740, a \$17,468 increase as compared to \$82,272 in interest we accrued during the year ended January 31, 2016.

Comprehensive loss. Our comprehensive loss for the year ended January 31, 2017 was \$357,279 as compared to the comprehensive loss of \$452,066 we recorded for the year ended January 31, 2016. During the year ended January 31, 2017, the comprehensive loss included \$47,799 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the year ended January 31, 2016, the comprehensive loss included \$60,222 gain associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

Liquidity

GOING CONCERN

The consolidated financial statements included in this Annual Report on Form 10-K have been prepared on a going concern basis, which implies that we will continue to realize our assets and discharge our liabilities in the normal course of business. We have not generated any significant revenues from mineral sales since inception, have never paid any dividends and are unlikely to pay dividends or generate significant earnings in the immediate or foreseeable future. Our continuation as a going concern depends upon the continued financial support of our shareholders, our ability to obtain necessary debt or equity financing to continue operations, and the attainment of profitable operations. Our ability to achieve and maintain profitability and positive cash flow depends upon our ability to locate profitable mineral claims, generate revenue from mineral production and control our production costs. Based upon our current plans, we expect to incur operating losses in future periods, which we plan to mitigate by controlling our operating costs and sharing mineral exploration expenses through joint venture agreements, if possible. At January 31, 2017, we had a working capital deficit of \$2,583,765 and accumulated losses of \$8,835,401 since inception. These factors raise substantial doubt about our ability to continue as a going concern. We cannot assure you that we will be able to generate significant revenues in the future. Our consolidated financial statements do not give effect to any adjustments that would be necessary should we be unable to continue as a going concern and therefore be required to realize our assets and discharge our liabilities in other than the normal course of business and at amounts different from those reflected in our financial statements.

INTERNAL AND EXTERNAL SOURCES OF LIQUIDITY

To date we have funded our operations by selling our securities and borrowing funds, and, to a minor extent, from mining royalties and geological services.

Sources and uses of cash

YEARS ENDED JANUARY 31, 2017 AND 2016

Table 19 summarizes our sources and uses of cash for the years ended January 31, 2017 and 2016.

Table 19: Summary of sources and uses of cash

| | January 31, | |
|---|--------------------|--------------|
| | 2017 | 2016 |
| Net cash used in operating activities | \$ (107,102) | \$ (137,340) |
| Net cash used in investing activities | (50,462) | (59,531) |
| Net cash provided by financing activities | 161,577 | 200,566 |
| Effect of foreign currency exchange | 1,505 | (5,974) |
| Net increase (decrease) in cash | \$ 5,518 | \$ (2,279) |

Net cash used in operating activities

During the year ended January 31, 2017, we used net cash of \$107,102 in operating activities. We used \$240,139 to cover our cash operating costs and \$2,420 to increase our prepaids and other receivables. These uses of cash were offset by increases in accounts payable of \$25,788 and accrued liabilities of \$23,839. In addition, our accounts payable to related parties increased by \$85,830, the increase was associated mainly with administration and consulting fees, as well as interest charged on unpaid trade accounts payable with related parties.

During the year ended January 31, 2016, we used net cash of \$137,340 in operating activities. We used \$301,038 to cover our cash operating costs and \$4,290 to increase our prepaids and other receivables. These uses of cash were offset by increases in accounts payable of \$28,240 and accrued liabilities of \$31,219. In addition, our accounts payable to related parties increased by \$108,529, the increase was associated mainly with administration and consulting fees, as well as interest charged on unpaid trade accounts payable with related parties.

Certain non-cash changes in operating assets and liabilities

During the year ended January 31, 2017, our outstanding notes payable to related parties resulted in accrual of \$65,563 in interest expense, and our notes payable to non-related party accumulated \$2,893 in interest expense. In addition, we recorded \$885 in amortization of equipment we use for mineral exploration.

During the year ended January 31, 2016, we recorded an impairment charge of \$158,141 on our mineral properties. The impairment resulted from a lack of funding to carry out an exploration and evaluation programs of the mineral resources within our Mateo Property, and the Cecil 1-49 claim. Our outstanding notes payable to related parties resulted in accrual of \$51,069 in interest expense, and our notes payable to non-related party accumulated \$814 in interest expense. In addition, we recorded \$1,226 in amortization of equipment we use for mineral exploration.

Net cash used in investing activities

During the years ended January 31, 2017 and 2016, we spent \$50,462 and \$59,531, respectively, acquiring mineral claims. Of these amounts \$25,000 (2016 - \$27,708) was used to acquire Exeter claim and \$25,462 (2016 - \$31,823) to pay annual mineral property taxes on our claims.

Net cash provided by financing activities

During the year ended January 31, 2017, we borrowed \$79,500 and \$56,268 (CAD\$74,000) from our significant shareholder, and \$5,815 and \$8,461 (CAD\$12,502) from our CEO. In addition, we borrowed \$11,533 (7,808,563 Chilean Pesos) from Mr. Kevin Mitchell. The loans are unsecured, payable on demand and bear interest at 8% per annum, compounded monthly.

During the year ended January 31, 2016, we borrowed \$159,000 and \$12,391 (CAD\$15,000) from our significant shareholder, and \$1,965 and \$8,145 (CAD\$10,300) from our CEO. In addition, we borrowed \$2,446 (CAD\$3,211) from Fladgate Exploration Consulting Corporation, a company controlled by our CEO and VP of Exploration, and \$16,619 (10,500,000 Chilean Pesos) from Mr. Kevin Mitchell. The loans are unsecured, payable on demand and bear interest at 8% per annum, compounded monthly.

Capital resources

Our ability to acquire and explore our Chilean claims is subject to our ability to obtain the necessary funding. We expect to raise funds through loans from private or affiliated persons and sales of our debt or equity securities. We have no committed sources of capital. If we are unable to raise funds as and when we need them, we may be required to curtail, or even to cease, our operations.

Contingencies and commitments

We had no contingencies at January 31, 2017.

As of the date of the filing of this Annual Report on Form 10-K we have the following long-term contractual obligations and commitments:

Farellon royalty. We are committed to paying the vendor a royalty equal to 1.5% on the net sales of minerals extracted from the Farellon Alto 1 - 8 claim up to a total of \$600,000. The royalty payments are due monthly once exploitation begins and are subject to minimum payments of \$1,000 per month. During our current small scale mining operations, we are required to pay the vendor a royalty equal to 5% of the net sales of minerals extracted from the Farellon Alto 1 - 8 claim, subject to minimum payments of \$1,000 per month. These payments will discontinue once we stop the small scale mining operation, and can not be offset against the original 1.5% royalty commitment.

Quina royalty. We are committed to paying a royalty equal to 1.5% on the net sales of minerals extracted from the Quina claim. The royalty payments are due semi-annually once commercial production begins, and are not subject to minimum payments.

Exeter royalty. We are committed to paying a royalty equal to 1.5% on the net sales of minerals extracted from the Exeter claim. The royalty payments are due semi-annually once commercial production begins, and are not subject to minimum payments. Should we decide to mine the Exeter claim prior to acquiring the option, we will be obligated to pay a minimum monthly royalty of \$2,500 up to 5,000 tonnes, and a further \$0.25 for every additional tonne mined.

Che royalty. We are committed to paying a royalty equal to 1% of the net sales of minerals extracted from the claims to a maximum of \$100,000 to the former owner. The royalty payments are due monthly once exploitation begins, and are not subject to minimum payments

Mineral property taxes. To keep our mineral claims in good standing we are required to pay mineral property taxes of approximately \$35,000 per annum.

Debt financing

Between February 1, 2015 and January 31, 2017, we borrowed a total of \$333,991 from related parties. Information about these transactions is included in the section of this report titled “Certain Relationships and Related Transactions, and Director Independence”. In addition, we borrowed \$28,152 from Mr. Mitchell, our former legal representative in Chile, and renter of our Farellon Alto 1-8 Claim.

Challenges and risks

We anticipate generating only minimal royalty revenue over the next twelve months. We plan to fund our operations through any combination of equity or debt financing from the sale of our securities, private loans, joint ventures or through the sale of part interest in our mineral properties. Although we have succeeded in raising funds as we needed them, we cannot assure you that this will continue in the future. Many things, including, but not limited to, a downturn of the economy or a significant decrease in the price of minerals, could affect the willingness of potential investors to invest in risky ventures such as ours. We are currently a party to the LOI with Power Americas, however, the completion of the transaction is subject to several conditions, including approval from TSXV. As such, there is no assurance that the LOI will be superseded by a definitive agreement and we will be able to complete the transaction contemplated under the LOI. During the due-diligence period, we are bound by exclusivity terms of the LOI, and will not be able to enter into any joint venture partnerships with other resource companies.

Should the transaction contemplated under the LOI terminate, we may consider entering into joint venture partnerships with other resource companies to complete a mineral exploration programs on our properties in Chile. If we enter into a joint venture arrangement, we would likely have to assign a percentage of our interest in our mineral claims to our joint venture partner in exchange for the funding.

As at January 31, 2017, we owed approximately \$2.01 million to related parties for loans and services that have been provided to us. We do not have the funds to pay this debt therefore we may decide to partially pay this debt with shares of our common stock. Because of the low price of our common stock, the issuance of the shares to pay the debt will likely result in substantial dilution to the percentage of outstanding shares of our common stock held by our existing shareholders.

Investments in and expenditures on mineral interests

Realization of our investments in mineral properties depends upon our maintaining legal ownership, producing from the properties or gainfully disposing of them.

Title to mineral claims involves risks inherent in the difficulties of determining the validity of claims as well as the potential for problems arising from the ambiguous conveyancing history characteristic of many mineral claims. Our contracts and deeds have been notarized, recorded in the registry of mines and published in the mining bulletin. We review the mining bulletin regularly to discover whether other parties have staked claims over our ground. We have discovered no such claims. To the best of our knowledge, we have taken the steps necessary to ensure that we have good title to our mineral claims.

Foreign exchange

We are subject to foreign exchange risk for transactions denominated in foreign currencies. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the United States dollar. We do not believe that we have any material risk due to foreign currency exchange.

Trends, events or uncertainties that may impact results of operations or liquidity

The financial crisis of 2007 - 2008, which greatly affected junior mining and exploration sector, has had an adverse impact on our business and financial position, since we rely on sales of our securities and loans to continue our operations. We have found that there is less capital available to us and less appetite for risk by investors. Furthermore, we have found that locating other mineral exploration companies with available funds who are willing to engage in risky ventures such as the exploration of our properties has become very difficult since the economic downturn. If we are unable to raise additional capital, we may not be able to develop our properties or continue our operations.

Off-balance sheet arrangements

We have no off-balance sheet arrangements and no non-consolidated, special-purpose entities.

Related-party transactions

Related-party transactions are disclosed in Item 13 of this Annual Report.

Critical accounting estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain of the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The company regularly evaluates estimates and assumptions. The company bases its estimates and assumptions on current facts, historical experience and various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected. The most significant estimates with regard to these financial statements relate to carrying values of unproved mineral properties, determination of fair values of stock-based transactions, and deferred income tax assets or liabilities.

Reclassifications

Certain comparative amounts in the accompanying consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the consolidated results of operations or financial position for any year presented.

Financial instruments

Our financial instruments include cash, accounts receivable, accounts payable, accrued liabilities, and notes and amounts due to related parties. The fair values of these financial instruments approximate their carrying values due to their short maturities.

Recently adopted accounting guidance

Recent accounting pronouncements issued by the Financial Accounting Standards Board or other authoritative standards groups with future effective dates are either not applicable or are not expected to be significant to our financial statements.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company we are not required to provide this information.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

| | <u>Page No.</u> |
|--|------------------------|
| Financial Statements | |
| <u>Report of Independent Registered Public Accounting Firm</u> | F-1 |
| <u>Consolidated Balance Sheets as of January 31, 2017 and January 31, 2016</u> | F-2 |
| <u>Consolidated Statements of Operations for the years ended January 31, 2017 and 2016</u> | F-3 |
| <u>Consolidated Statement of Stockholders' Deficit for the years ended January 31, 2017 and 2016</u> | F-4 |
| <u>Consolidated Statements of Cash Flows for the years ended January 31, 2017 and 2016</u> | F-5 |
| <u>Notes to the Consolidated Financial Statements</u> | F-6 |



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Red Metal Resources Ltd.

We have audited the accompanying consolidated balance sheet of Red Metal Resources Ltd. as of January 31, 2017 and 2016 and the related consolidated statements of operations, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has generated minimal income and has accumulated losses of \$8,835,401 since inception. The Company requires additional funds to meet its obligations and the costs of its operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ DMCL LLP

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 1, 2017

RED METAL RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN US DOLLARS)

| | January 31, 2017 | January 31, 2016 |
|--|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 7,679 | \$ 2,161 |
| Prepays and other receivables | 7,052 | 4,519 |
| Total current assets | 14,731 | 6,680 |
| Equipment | 2,504 | 3,107 |
| Unproved mineral properties | 585,850 | 460,539 |
| Total assets | \$ 603,085 | \$ 470,326 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities | | |
| Accounts payable | \$ 388,977 | \$ 358,709 |
| Accrued liabilities | 162,794 | 131,577 |
| Due to related parties | 1,073,015 | 938,584 |
| Notes payable | 40,625 | 17,433 |
| Notes payable to related parties | 933,085 | 687,155 |
| Total liabilities | 2,598,496 | 2,133,458 |
| Shareholders' deficit | | |
| Common stock, \$0.001 par value, authorized 500,000,000, 34,647,445 and 34,290,302 issued and outstanding at January 31, 2017 and 2016, respectively | 34,647 | 34,290 |
| Additional paid in capital | 6,779,190 | 6,754,547 |
| Deficit | (8,835,401) | (8,525,921) |
| Accumulated other comprehensive income | 26,153 | 73,952 |
| Total stockholders' deficit | (1,995,411) | (1,663,132) |
| Total liabilities and stockholders' deficit | \$ 603,085 | \$ 470,326 |

The accompanying notes are an integral part of these consolidated financial statements.

RED METAL RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(EXPRESSED IN US DOLLARS)

| | January 31, 2017 | January 31, 2016 |
|--|------------------|------------------|
| Operating expenses: | | |
| Amortization | \$ 885 | \$ 1,226 |
| Consulting fees | 60,000 | 120,000 |
| Foreign exchange loss (gain) | 66 | (2,036) |
| General and administrative | 68,506 | 69,473 |
| Mineral exploration costs | 4,188 | 688 |
| Professional fees | 16,870 | 25,905 |
| Rent | 9,838 | 9,969 |
| Regulatory | 8,066 | 7,283 |
| Salaries, wages and benefits | 54,676 | 48,484 |
| Write-down of unproved mineral properties | - | 158,141 |
| | (223,095) | (439,133) |
| Other items | | |
| Interest on current debt | (99,740) | (82,272) |
| Net royalty income | 13,355 | 9,117 |
| Net loss | (309,480) | (512,288) |
| Unrealized foreign exchange gain (loss) | (47,799) | 60,222 |
| Comprehensive loss | \$ (357,279) | \$ (452,066) |
| Net loss per share - basic and diluted | \$ (0.01) | \$ (0.02) |
| Weighted average number of shares outstanding - basic and diluted | 34,342,995 | 33,564,275 |

The accompanying notes are an integral part of these consolidated financial statements.

RED METAL RESOURCES LTD.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
(EXPRESSED IN US DOLLARS)

| | Common Stock Issued | | | | Accumulated | Other | |
|-----------------------------------|---------------------|-----------|--------------|----------------|---------------|-------|----------------|
| | Number of | Amount | Additional | Accumulated | Comprehensive | | Total |
| | Shares | | Paid-in | Deficit | Income | | |
| | | | Capital | | | | |
| Balance at January 31, 2015 | 33,456,969 | \$ 33,457 | \$ 6,730,380 | \$ (8,013,633) | \$ 13,730 | | \$ (1,236,066) |
| Stock issued for mineral property | 833,333 | 833 | 24,167 | - | - | | 25,000 |
| Net loss for the year | - | - | - | (512,288) | - | | (512,288) |
| Foreign exchange translation | - | - | - | - | 60,222 | | 60,222 |
| Balance at January 31, 2016 | 34,290,302 | 34,290 | 6,754,547 | (8,525,921) | 73,952 | | (1,663,132) |
| Stock issued for mineral property | 357,143 | 357 | 24,643 | - | - | | 25,000 |
| Net loss for the year | - | - | - | (309,480) | - | | (309,480) |
| Foreign exchange translation | - | - | - | - | (47,799) | | (47,799) |
| Balance at January 31, 2017 | 34,647,445 | \$ 34,647 | \$ 6,779,190 | \$ (8,835,401) | \$ 26,153 | | \$ (1,995,411) |

The accompanying notes are an integral part of these consolidated financial statements.

RED METAL RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN US DOLLARS)

| | January 31, 2017 | January 31, 2016 |
|---|------------------|------------------|
| Cash flows used in operating activities: | | |
| Net loss | \$ (309,480) | \$ (512,288) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Accrued interest on related party notes payable | 65,563 | 51,069 |
| Accrued interest on notes payable | 2,893 | 814 |
| Amortization | 885 | 1,226 |
| Impairment of unproved mineral properties | - | 158,141 |
| Changes in operating assets and liabilities: | | |
| Prepays and other receivables | (2,420) | (4,290) |
| Accounts payable | 25,788 | 28,240 |
| Accrued liabilities | 23,839 | 31,219 |
| Due to related parties | 85,830 | 108,529 |
| Net cash used in operating activities | (107,102) | (137,340) |
| Cash flows used in investing activities: | | |
| Acquisition of unproved mineral properties | (50,462) | (59,531) |
| Net cash used in investing activities | (50,462) | (59,531) |
| Cash flows provided by financing activities: | | |
| Cash received on issuance of notes payable to related parties | 150,044 | 183,947 |
| Cash received on issuance of notes payable | 11,533 | 16,619 |
| Net cash provided by financing activities | 161,577 | 200,566 |
| Effects of foreign currency exchange | 1,505 | (5,974) |
| Increase (decrease) in cash | 5,518 | (2,279) |
| Cash, beginning | 2,161 | 4,440 |
| Cash, ending | \$ 7,679 | \$ 2,161 |
| Supplemental disclosures: | | |
| Cash paid for: | | |
| Income tax | \$ - | \$ - |
| Interest | \$ - | \$ - |
| Non-cash investing transactions: | | |
| Shares issued for mineral property | \$ 25,000 | \$ 25,000 |

The accompanying notes are an integral part of these consolidated financial statements.

RED METAL RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2017

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Nature of Operations

Red Metal Resources Ltd. (the “Company”) holds a 99% interest in Minera Polymet SpA (“Polymet”) under the laws of the Republic of Chile. The Company is involved in acquiring and exploring mineral properties in Chile. The Company has not determined whether its properties contain mineral reserves that are economically recoverable.

The Company’s consolidated financial statements are prepared on a going concern basis in accordance with US generally accepted accounting principles (“GAAP”) which contemplates the realization of assets and discharge of liabilities and commitments in the normal course of business. The Company is in the exploration stage. It has generated only minimal income to date, and has accumulated losses of \$8,835,401 since inception. The Company has funded its operations through the issuance of capital stock and debt. Management plans to raise additional funds through equity and/or debt financings, and by entering into joint venture agreements. There is no certainty that further funding will be available as needed. These factors raise substantial doubt about the ability of the Company to continue operating as a going concern. The Company’s ability to continue its operations as a going concern, realize the carrying value of its assets, and discharge its liabilities in the normal course of business is dependent upon its ability to raise new capital sufficient to fund its commitments and ongoing losses, the continued financial support from related party creditors, and ultimately on generating profitable operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements and related notes are presented in accordance with US GAAP, and are expressed in United States dollars. The Company has not produced revenues from its principal business. These financial statements include the accounts of the Company and its subsidiary, Polymet. All intercompany transactions and balances have been eliminated.

Reclassifications

Certain comparative amounts in the accompanying consolidated financial statements have been reclassified to conform to the current year’s presentation. These reclassifications had no effect on the consolidated results of operations or financial position for any year presented.

Accounting Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain of the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The Company regularly evaluates estimates and assumptions. The Company bases its estimates and assumptions on current facts, historical experience and various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected. The most significant estimates with regard to these financial statements relate to carrying values of unproved mineral properties, asset retirement obligations, fair value of stock based transactions, and recognition of deferred tax assets or liabilities.

Fair Value of Financial Instruments

The carrying amounts reflected in the balance sheets for cash, prepaid and other receivables, accounts payable, accrued liabilities and amounts due to related parties approximate the respective fair values due to the short maturities of these items. The Company does not hold any investments that are available-for-sale.

The fair value hierarchy under US GAAP is based on the following three levels of inputs, of which the first two are considered observable and the last unobservable:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable inputs other than Level I, quoted prices for similar assets or liabilities in active prices whose inputs are observable or whose significant value drivers are observable; and;

Level 3: Assets and liabilities whose significant value drivers are unobservable by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's notes payable and notes payable to related parties are based on Level 2 inputs in the ASC 820 fair value hierarchy. The notes payable and notes payable to related parties accumulate interest at a rate of 8% per annum, which is a representative of current borrowing rates, as such the fair value of these instruments is equivalent to their carrying value.

Asset Retirement Obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs an obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The estimated fair value of the asset retirement obligation is based on the current cost escalated at an inflation rate and discounted at a credit adjusted risk-free rate. This liability is capitalized as part of the cost of the related asset and amortized over its useful life. The liability accretes until the Company settles the obligation. To date the Company has not incurred any asset retirement obligations.

Long Lived Assets

The carrying value of long-lived assets, other than mineral properties, is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

Foreign Currency Translation and Transaction

The functional currency for the Company and the Company's foreign subsidiary is the US dollar and the Chilean peso, respectively. The Company translates assets and liabilities to US dollars using year-end exchange rates and translates revenues and expenses using average exchange rates during the period. Exchange gains and losses arising from the translation of foreign entity financial statements are included as a component of other comprehensive income (loss).

Transactions denominated in currencies other than the functional currency of the legal entity are re-measured to the functional currency of the legal entity at the year-end exchange rates. Any associated transactional currency re-measurement gains and losses are recognized in current operations.

Income Taxes

Income taxes are determined using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes that date of enactment. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company accounts for uncertainty in income taxes by applying a two-step method. First, it evaluates whether a tax position has met a more likely than not recognition threshold, and second, it measures that tax position to determine the amount of benefit, if any, to be recognized in the financial statements. The application of this method did not have a material effect on the Company's financial statements.

Loss per Share

The Company presents both basic and diluted loss per share (“LPS”) on the face of the statements of operations. Basic LPS is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted LPS gives effect to all dilutive potential common shares outstanding during the period including convertible debt, stock options, and warrants, using the treasury stock method. Diluted LPS excludes all dilutive potential shares if their effect is anti-dilutive.

Mineral Properties

Acquisition costs (including option payments) and mineral property taxes are capitalized as mineral property costs. Mineral exploration costs are expensed as incurred until commercially mineable deposits are determined to exist within a particular property.

Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Mineral properties are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. The property should be valued at the lower of cost and net realizable value, where net realizable value is the estimated selling price less any cost to complete or sell the property.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable the capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Although the Company has taken steps that it considers adequate to verify title to mineral properties which it has an interest, these procedures do not guarantee the Company’s title. Title to mineral properties in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such instances.

Equipment

Equipment is recorded at cost and is being amortized over its estimated useful lives using the declining balance method at 30% per year.

Royalty Income

Royalty payments received from authorized contractors are recognized when the risks and rewards of ownership to delivered concentrate pass to the buyer and collection is reasonably assured.

Stock Options and Other Share-Based Compensation

For equity awards, such as stock options, total compensation cost is based on the grant date fair value and for liability awards, such as stock appreciation rights, total compensation cost is based on the settlement value. The Company recognizes stock-based compensation expense for all awards over the service period required to earn the award, which is the shorter of the vesting period or the time period an employee becomes eligible to retain the award at retirement, adjusted for the expected rate of forfeiture of the equity awards granted.

Recently Adopted Accounting Guidance

Recent accounting pronouncements issued by the Financial Accounting Standards Board or other authoritative standards groups with future effective dates are either not applicable or are not expected to be significant to the financial statements of the Company.

NOTE 3 - RELATED-PARTY TRANSACTIONS

The following amounts were due to related parties as at:

| | January 31, 2017 | January 31, 2016 |
|---|---------------------|-------------------|
| Due to a company owned by an officer (a) | \$ 629,032 | \$ 553,991 |
| Due to a company controlled by directors (b) | 338,398 | 299,761 |
| Due to a company controlled by a major shareholder (a) | 68,563 | 51,201 |
| Due to a major shareholder (a) | 37,022 | 33,631 |
| Total due to related parties | <u>\$ 1,073,015</u> | <u>\$ 938,584</u> |
| Note payable to the Chief Executive Officer ("CEO") (c) | \$ 312,797 | \$ 257,081 |
| Note payable to the Chief Financial Officer ("CFO") (c) | 12,672 | 11,698 |
| Note payable to a major shareholder (c) | 470,646 | 301,360 |
| Note payable to a company controlled by directors (c) | 136,970 | 117,016 |
| Total notes payable to related parties | <u>\$ 933,085</u> | <u>\$ 687,155</u> |

(a) Amounts are unsecured, due on demand and bear no interest.

(b) Amounts are unsecured, due on demand and bear interest at 10%.

(c) Amounts are unsecured, due on demand and bear interest at 8%.

During the year ended January 31, 2017, the Company accrued \$65,563 (January 31, 2016 - \$51,069) in interest expense on the notes payable to related parties and \$14,329 (January 31, 2016 - \$14,522) in interest expense on trade accounts payable with related parties.

Transactions with Related Parties

During the years ended January 31, 2017 and 2016, the Company incurred the following expenses with related parties:

| | January 31, 2017 | January 31, 2016 |
|--|------------------|------------------|
| Consulting fees paid or accrued to a company owned by the CFO | \$ 60,000 | \$ 120,000 |
| Rent fees paid or accrued to a company controlled by a major shareholder | <u>\$ 9,838</u> | <u>\$ 9,969</u> |

NOTE 4 - UNPROVED MINERAL PROPERTIES

Following are the schedules of the Company's unproved mineral properties as at January 31, 2017 and 2016:

| Mineral Claims at January 31, 2017 | January 31, 2016 | Additions/ Payments | Property Taxes Paid/ Accrued | Effect of foreign currency translation | January 31, 2017 |
|---------------------------------------|---------------------|------------------------|------------------------------------|---|---------------------|
| Farellon Project | | | | | |
| Farellon Alto 1-8(1) | \$ 371,811 | \$ -- | \$ 3,307 | \$ 37,664 | \$ 412,782 |
| Quina | 48,160 | 25,000 | 1,683 | 5,472 | 80,315 |
| Exeter | 26,208 | 25,000 | 1,576 | 4,381 | 57,165 |
| | 446,179 | 50,000 | 6,566 | 47,517 | 550,262 |
| Perth Project | | | | | |
| | 14,360 | 3,793 | 15,103 | 2,332 | 35,588 |
| Total Costs | \$ 460,539 | \$ 53,793 | \$ 21,669 | \$ 49,849 | \$ 585,850 |

- (1) During the year ended January 31, 2017, the Company received \$29,890 in royalty payments from minerals extracted during the small scale mining operations that were carried out by a third-party; these payments were recorded as net royalty income. During the same period the Company paid \$16,535 in royalty payments to the original vendor of the Farellon Alto 1-8.

| Mineral Claims at January 31, 2016 | January 31, 2015 | Additions/ Payments | Write- down | Effect of foreign currency translation | January 31, 2016 |
|---------------------------------------|---------------------|------------------------|----------------|---|---------------------|
| Farellon Project | | | | | |
| Farellon Alto 1-8(1) | \$ 416,430 | \$ 1,504 | \$ -- | \$ (46,123) | \$ 371,811 |
| Cecil | 41,729 | 1,597 | (43,326) | -- | -- |
| Quina | 24,409 | 26,759 | -- | (3,008) | 48,160 |
| Exeter | -- | 29,500 | -- | (3,292) | 26,208 |
| | 482,568 | 59,360 | (43,326) | (52,423) | 446,179 |
| Perth Project | | | | | |
| | -- | 16,412 | -- | (2,052) | 14,360 |
| Mateo Project | | | | | |
| Margarita | 20,107 | 392 | (20,499) | -- | -- |
| Che (2) | 21,343 | 532 | (21,875) | -- | -- |
| Irene | 36,213 | 420 | (36,633) | -- | -- |
| Mateo | 80,422 | 10,157 | (90,579) | -- | -- |
| | 158,085 | 11,501 | (169,586) | -- | -- |
| Total Costs | \$ 640,653 | \$ 87,273 | \$ (212,912) | \$ (54,475) | \$ 460,539 |

- (1) During the year ended January 31, 2016, the Company received \$26,451 in payments from minerals extracted during the small scale mining operations that were carried out by a third-party; these payments were recorded as net royalty income. During the same period the Company paid \$17,334 in royalty payments to the original vendor of the Farellon Alto 1-8.

- (2) The claims are subject to a 1% royalty on the net sales of minerals extracted from the property. The royalty payments will be due monthly once exploration begins and are not subject to minimum payments.

Farellon Project, Quina Claim

On May 27, 2014, Polymet entered into a memorandum of understanding (the “MOU”) with an unrelated party to acquire an option to earn a 100% interest in two mining claims contiguous to the Farellon Property. On December 15, 2014, the MOU was superseded by an option agreement to earn 100% interest in one of the mining claims included in the MOU, Quina 1-56 (the “Quina Claim”).

In order to acquire the 100% interest in the Quina Claim, the Company is required to pay a total of \$150,000, which, at discretion of the Company, can be paid in a combination of shares of the Company and cash over four years, as detailed in the following schedule:

| Date | Option Payment | Shares Issued |
|--|---------------------------|--------------------------|
| Upon execution of the option agreement (“Execution date”) (paid) | \$ 25,000 | 500,000 |
| 12 months subsequent to the Execution date (paid) | 25,000 | 833,333 |
| 24 months subsequent to the Execution date (paid) | 25,000 | 357,143 |
| 36 months subsequent to the Execution date | 25,000 | n/a |
| 48 months subsequent to the Execution date | 50,000 | n/a |
| Total | \$ 150,000 | 1,690,476 |

The number of shares to be issued for each option payment is determined based on the average trading price of the Company’s shares during a 30-day period prior to the payment. All of the above payments shall be made only if the Company wishes to keep the option agreement in force and finally to exercise the option to purchase.

In addition to the option payments, the Company agreed to pay a 1.5% royalty from net smelter returns (“NSR”) on the Quina Claim, which the Company can buy out for a one-time payment of \$1,500,000 any time after acquiring 100% of the Quina Claim.

Farellon Project, Exeter Claim

On June 3, 2015, Polymet entered into an option agreement, made effective on June 15, 2015, with an unrelated party, to earn 100% interest in a mining exploration concession Exeter 1-54 (the “Exeter Claim”).

In order to acquire 100% interest in the Exeter Claim, the Company is required to pay a total of \$150,000 as outlined in the following schedule:

| | Option Payment |
|---|---------------------------|
| Upon execution of the option agreement (“Execution date”)(paid) | \$ 25,000 |
| On or before May 12, 2016 (paid) | 25,000 |
| On or before May 12, 2017 | 25,000 |
| On or before May 12, 2018 | 25,000 |
| On or before May 12, 2019 | 50,000 |
| Total | \$ 150,000 |

All of the above payments shall be made only if the Company wishes to keep the option agreement in force and finally to exercise the option to purchase.

In addition to the option payments, the Company agreed to pay a 1.5% NSR royalty on the Exeter Claim, which the Company may buy out for a one-time payment of \$750,000 any time after acquiring 100% of the Exeter Claim. Should the Company choose to mine the Exeter Claim prior to acquiring the option, the Company will be obligated to pay a minimum monthly royalty of \$2,500 up to 5,000 tonnes, and a further \$0.25 for every additional tonne mined.

NOTE 5 - COMMON STOCK

On December 8, 2016, the Company issued 357,143 shares of its common stock with a fair value of \$25,000 as consideration for the third option payment to acquire an interest in the Quina Claim (Note 4).

On December 15, 2015, the Company issued 833,333 shares of its common stock with a fair value of \$25,000 as consideration for the second option payment to acquire an interest in the Quina Claim (Note 4).

Warrants

At January 31, 2017 and 2016, the Company did not have any warrants issued and exercisable.

Options

On February 28, 2014, the Company granted options to purchase up to 1,200,000 shares of its common stock to certain officers, directors, consultants and employees. The Company's CEO, CFO, and Vice President of Exploration were each granted options to purchase up to 300,000 shares of the Company's common stock. The options vested upon grant and were exercisable at \$0.15. All options expired unexercised on February 28, 2016.

NOTE 6 - INCOME TAXES

The provision for income taxes differs from the amount that would have resulted in applying the combined federal statutory tax rate as follows:

| | January 31, 2017 | January 31, 2016 |
|--|------------------|------------------|
| Net loss | \$ (309,480) | \$ (512,288) |
| Statutory income tax rate | 34% | 34% |
| Expected in tax recovery at statutory income tax rates | (105,000) | (174,000) |
| Permanent differences and other | 42,000 | -- |
| Difference in foreign tax rates, foreign exchange, other | -- | 37,000 |
| Adjustment to prior year provisions versus statutory tax returns | (116,000) | (235,000) |
| Change in valuation allowance | 179,000 | 372,000 |
| Income tax recovery | \$ -- | \$ -- |

Temporary differences that give rise to the following deferred tax assets and liabilities at are:

| | January 31, 2017 | January 31, 2016 |
|-----------------------------------|------------------|------------------|
| Deferred tax assets (liabilities) | | |
| Federal loss carry forwards | \$ 1,179,000 | \$ 1,128,000 |
| Foreign loss carry forwards | 1,065,000 | 663,000 |
| Mineral properties | (199,000) | 93,000 |
| | 2,045,000 | 1,884,000 |
| Valuation allowance | (2,045,000) | (1,884,000) |
| | \$ -- | \$ -- |

The Company has approximately \$3,470,000 of United States federal net operating loss carry forwards that may be offset against future taxable income. These losses expire between 2026 and 2036.

The Company also has approximately \$3,112,000 of Chilean tax losses. The Chilean tax losses can be carried forward indefinitely.

NOTE 7 - SUBSEQUENT EVENT

On February 28, 2017, the Company signed a letter of intent (“LOI”) with Power Americas Minerals Corp (“Power Americas”) to sell on the exercise of three separate options its interest in the Farellon, the Perth and the Mateo Properties (the “Properties”) (Note 4). Pursuant to the LOI, Power Americas can acquire 100% of Red Metal’s interest in the Properties in exchange for an aggregate consideration of twenty-five million common shares of Power Americas valued at a deemed price of \$0.145 per common share and a one-time payment of USD\$250,000 as follows:

| Option | Option Payment | Shares to be Issued | Timing of Option Payments |
|---|-------------------|---------------------------|---|
| 1st option to acquire a 100% interest in the Farellon Property | \$ 250,000 | 10,000,000 | 5 days from the TSXV approval |
| 2nd option to acquire a 100% interest in the Perth Property | -- | 10,000,000 ⁽¹⁾ | 6 months from the exercise of the 1st option |
| 3rd option to acquire a 100% interest in the Mateo Property | -- | 5,000,000 ⁽¹⁾ | 6 months from the exercise of the 2nd option |
| Total | \$ 250,000 | 25,000,000 | |

(1) These shares can be substituted for special warrants, which may be exercisable without further consideration into one common share in the capital of Power Americas at a deemed price of \$0.145 per share.

The completion of the transaction is subject to a number of conditions including, but not limited to, TSX Venture Exchange (the “TSXV”) approval.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A: CONTROLS AND PROCEDURES

Report on Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”)) as of January 31, 2017. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, due to the limited segregation of duties, our disclosure controls and procedures are not effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Management’s Report on Internal Controls over Financial Reporting

Our Chief Executive Officer and our Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, our internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Chief Executive Officer and our Chief Financial Officer assessed the effectiveness of our internal control over financial reporting as of January 31, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework

Based on our assessment, our Chief Executive Officer and our Chief Financial Officer determined that, as of January 31, 2017, our internal control over financial reporting was not effective due to limited segregation of duties.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the fourth quarter of the last fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B: OTHER INFORMATION

Not applicable.

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Table 20 contains certain information regarding our directors and executive officers. There is a family relationship between Caitlin Jeffs and Michael Thompson. Directors serve until their successors are duly elected and qualified.

Table 20: Directors and officers

| Name | Age | Position |
|----------------------|-----|--|
| Caitlin Jeffs | 41 | Director, Chief Executive Officer, President and Secretary |
| Michael Thompson | 47 | Director and Vice President of Exploration |
| Joao (John) da Costa | 52 | Director, Chief Financial Officer and Treasurer |

Caitlin Jeffs, P. Geo. Ms. Jeffs has been our director since October 2007 and our President, Chief Executive Officer and Secretary since April 21, 2008. She has more than ten years of experience as an exploration geologist. Ms. Jeffs graduated from the University of British Columbia in 2002 with an honors bachelor of science in geology. She is a professional geologist on the register of the Association of Professional Geoscientists of Ontario. She worked for Placer Dome (CLA) Ltd. in Canada from February 2003 until May 2006 where she worked as both a project geologist managing drill programs for the exploration department at Placer Dome's Musselwhite Mine in Northwestern Ontario and then as part of the generative team evaluating potential projects in Northwestern Ontario. Placer Dome (since acquired by Barrick Gold Corp. and Gold Corp.) was a major mining company with operations in North America, Australia, Africa and South America. None of these companies is related to Red Metal. Ms. Jeffs was a self-employed consulting geologist from May 2006 to April 2007. She is one of the founders and the general manager of Fladgate Exploration Consulting Corporation, a firm of consulting geologists in Ontario, Canada, which provides its services to Red Metal. Since July 2012, Ms. Jeffs has been a director of Kesselrun Resources Ltd., a resource exploration company listed on the TSX Venture Exchange and focused on gold exploration in Ontario, Canada. She was a director of Trilogy Metals Inc., a resource exploration company listed on the TSX Venture Exchange, from July 2006 to May 2007. She lives with Michael Thompson as a family.

Michael Thompson, P. Geo. Mr. Thompson has been our director since October 2007 and our Vice President of Exploration since April 2008. He has more than 14 years of experience as an exploration geologist. Mr. Thompson graduated from the University of Toronto in 1997 with an honors bachelor of science in geology. He is a professional geologist on the register of the Association of Professional Geoscientists of Ontario. He worked in Canada for Teck Resources Ltd. from 1999 until 2002 as a project geologist managing exploration projects in Northwestern Ontario. From January 2003 until May 2006 he worked for Placer Dome (CLA) Ltd. as both a project geologist managing drill programs for the exploration department at Placer Dome's Musselwhite Mine in Northwestern Ontario and then as part of the generative team evaluating potential projects in Northwestern Ontario. Teck Resources and Placer Dome (since acquired by Barrick Gold Corp. and Gold Corp.) are major mining companies with operations in North America, Australia, Africa and South America. None of these former employers is related to Red Metal. Mr. Thompson was a self-employed consulting geologist from May 2006 to April 2007. He is one of the founders and the president of Fladgate Exploration Consulting Corporation, a firm of consulting geologists in Ontario, Canada, which provides its services to Red Metal. Since July 2012 Mr. Thompson has been President, CEO and a director of Kesselrun Resources Ltd., a resource exploration company listed on the TSX Venture Exchange and focused on gold exploration in Ontario, Canada. Since October 2011 Mr. Thompson has been a director of Fairmont Resources Inc., a resource exploration company listed on the TSX Venture Exchange. He lives with Caitlin Jeffs as a family.

We believe that the extensive education and experience that Ms. Jeffs and Mr. Thompson have as geologists make them uniquely qualified to serve as directors of our Company. Their knowledge of mining and geology provides them with the tools necessary to set goals for our business and to determine how those goals can be achieved.

Joao (John) da Costa. Mr. da Costa has been our director since May 2012 and our Chief Financial Officer and Treasurer since May 13, 2008. Mr. da Costa has more than twenty years of experience providing bookkeeping and accounting services for both private and public companies and is the founder and president of Da Costa Management Corp., a company that has provided management and accounting services to public and private companies since August 2003. Red Metal is a client of Da Costa Management Corp. Currently, Mr. da Costa is a director, Chief Financial Officer, Secretary and Treasurer of Triton Emission Solutions Inc., a publicly traded U.S. company, engaged in marketing of emission abatement technologies to marine industry. Mr. da Costa is also a director, Chief Financial Officer and Secretary of Kesselrun Resources Ltd., a Canadian reporting company listed on the TSX Venture Exchange.

Involvement in Certain Legal Proceedings

During the past ten years, none of Red Metal's directors or officers has been:

- a person against whom a bankruptcy petition was filed;
- a general partner or executive officer of any partnership, corporation or business association against which any bankruptcy petition was filed, either at the time of the bankruptcy or two years prior to that time;
- convicted in a criminal proceeding or named subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or commodities trading or banking activities;
- subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of (1) any court of competent jurisdiction, permanently or temporarily enjoining him or otherwise limiting him from acting, or (2) any Federal or State authority barring, suspending or otherwise limiting for more than 60 days his right to act, as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity, or to be associated with persons engaged in any such activity;
- found by a court of competent jurisdiction in a civil action or by the SEC to have violated any Federal or State securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated;
- found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;
- the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:
 - any Federal or State securities or commodities law or regulation, or
 - any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or
 - any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Directors' Compensation

Director's compensation is described in the *Executive Compensation* section.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than 10% of our equity securities (collectively, the “Reporting Persons”), to file reports of ownership and changes in ownership with the SEC.

Under the SEC regulations, Reporting Persons are required to provide us with copies of all forms that they file pursuant to Section 16(a). To our knowledge, based solely upon review of the copies of such reports received or written representations from the reporting persons, we believe that during the period covered by this Annual Report, our directors, executive officers and persons who own more than 10% of our common stock complied with all Section 16(a) filing requirements.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our code of ethics will be provided to any person without charge, upon request. Requests should be in writing and addressed to Caitlin Jeffs, c/o Red Metal Resources Ltd., 1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2.

Corporate Governance

Our board of directors does not have an audit committee, a compensation committee or a nominating committee. We believe this is appropriate given the small size of our Company and the stage of our development.

We have not adopted any procedures by which our security holders may recommend nominees to our board of directors and that has not changed during the last fiscal year.

John da Costa, our Chief Financial Officer and a member of our Board of Directors, qualifies as an “audit committee financial expert”, as defined by Item 407 of Regulation S-K promulgated under the Securities Act of 1933 and the Securities Exchange Act of 1934. We believe that Mr. da Costa’s experience in preparing, analyzing and evaluating financial statements, as well as his knowledge of public company reporting, will provide us with the guidance we need until we are able to expand our board to include independent directors who have the knowledge and experience to serve on an audit committee.

ITEM 11: EXECUTIVE COMPENSATION

The following table summarizes all compensation received by our Executive Officers for the past two fiscal years:

Table 21: Summary Compensation Table

| | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Non-Qualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------------------|------|----------------|---------------|-------------------------|--------------------------|---|---|-----------------------------------|---------------|
| Caitlin Jeffs | | | | | | | | | |
| Chief Executive Officer, | 2017 | nil | nil | nil | nil | nil | nil | 14,329 ⁽¹⁾ | 14,329 |
| President and Secretary | 2016 | nil | nil | nil | nil | nil | nil | 14,522 ⁽¹⁾ | 14,522 |
| Michael Thompson | | | | | | | | | |
| Vice President of | 2017 | nil | nil | nil | nil | nil | nil | 14,329 ⁽¹⁾ | 14,329 |
| Exploration | 2016 | nil | nil | nil | nil | nil | nil | 14,522 ⁽¹⁾ | 14,522 |
| Joao (John) da Costa | | | | | | | | | |
| Chief Financial Officer | 2017 | nil | nil | nil | nil | nil | nil | 60,000 ⁽²⁾ | 60,000 |
| and Treasurer | 2016 | nil | nil | nil | nil | nil | nil | 120,000 ⁽²⁾ | 120,000 |

(1) Represents interest we accrued on amounts due to Fladgate Exploration Consulting Corporation, of which Caitlin Jeffs and Michael Thompson are directors.

(2) Represents amounts we accrued to Da Costa Management Corp., of which John da Costa is the principal, for accounting, administrative and management services.

Equity Awards

On September 2, 2011, we adopted Red Metal Resources 2011 Equity Incentive Plan. The purpose of the Plan is to benefit the Company by enabling us to attract, retain and motivate officers, directors, employees and consultants by providing them with the opportunity, through grants of options to purchase our common stock, to acquire an increased proprietary interest in the Company.

As of the date of the filing of this Annual Report on Form 10-K, we did not have options granted and outstanding under the Red Metal Resources 2011 Equity Incentive Plan.

We have no plans that provide for the payment of retirement benefits, or benefits that will be paid primarily following retirement, including but not limited to tax-qualified defined benefit plans, supplemental executive retirement plans, tax-qualified defined contribution plans and nonqualified defined contribution plans.

We have no contracts, agreements, plans or arrangements, written or unwritten, that provide for payment to a Named Executive Officer at, following, or in connection with the resignation, retirement or other termination of a Named Executive Officer, or a change in control of our Company or a change in the Named Executive Officer's responsibilities following a change in control. We have no employment agreements with our Named Executive Officers.

In the past we have not paid compensation to our Named Executive Officers, although we have paid and continue to pay or accrue fees to entities controlled by our Named Executive Officers for services rendered to us. See Item 13, "Certain Relationships and Related Transactions, and Director Independence". In the past we have granted options to purchase our common stock to our Named Executive Officers as compensation for the services they render to us in our day-to-day operations. Grants of options allow us to conserve cash at the same time as they increase the proprietary interest of our Named Executive Officers in the Company, thereby aligning their interests with those of our shareholders. In the future, we may pay cash compensation to our Named Executive Officers and we may pay bonuses of cash or securities as a way of rewarding exceptional performance. We did not pay bonuses during the fiscal year ended January 31, 2017.

We do not have a compensation committee. Caitlin Jeffs, Michael Thompson and John da Costa, all of whom are executive officers as well as directors, participate in deliberations of the board of directors concerning executive officer compensation.

Director Compensation

Other than the compensation set out in the table above, we have not paid compensation to our directors.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Table 22 presents, as of April 28, 2017, information regarding the beneficial ownership of our common stock with respect to each of our executive officers, each of our directors, each person known by us to own beneficially more than 5% of the common stock, and all of our directors and executive officers as a group. Beneficial ownership is determined under the rules of the Securities and Exchange Commission and generally includes voting or investment power over securities. Each individual or entity named has sole investment and voting power with respect to the shares of common stock indicated as beneficially owned by them, subject to community property laws, where applicable, except where otherwise noted.

Table 22: Security ownership

| Class of security | Name and address of beneficial owner | Number of shares beneficially owned | Percentage of common stock |
|---|---|--|-----------------------------------|
| Security Ownership of Management | | | |
| Common stock | Caitlin Jeffs 1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2 | 1,691,909 | 4.88% |
| Common stock | Michael Thompson 1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2 | 86,191 | 0.25% |
| Common stock | Fladgate Exploration Consulting Corp.(a) 1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2 | 330,087 | 0.95% |
| Common stock | Joao (John) da Costa 1130 West Pender Street, Unit 820 Vancouver, BC V6E 4A4 | 743,691 | 2.15% |
| | All officers and directors as a group | 2,851,878 | 8.23% |
| Security Ownership of Certain Beneficial Owners (more than 5%) | | | |
| Common stock | Richard N. Jeffs 11750 Fairtide Road Ladysmith, BC V9G 1K5 | 3,738,785 | 10.79% |
| Common stock | Robert Andjelic PO Box 69 Millarville, AB T0L 1K0 | 2,500,000 | 7.22% |

(a) Fladgate Exploration Consulting Corporation is controlled by Caitlin Jeffs and Michael Thompson.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Director Independence

Using the definition of “independent” in Rule 5605 of the Rules of The Nasdaq Stock Market, we have determined that none of our directors is independent.

Transactions with Related Persons

Since February 1, 2015, the directors, executive officers, or holders of more than 5% of our common stock, or members of their immediate families, as described below, have completed transactions with us in which they had direct or indirect material interests that exceeded the lesser of \$120,000 or 1% of the average of our total assets at year end for the last two completed fiscal years.

Loans from Richard N. Jeffs

During the year ended January 31, 2017, we borrowed from Richard N. Jeffs, our major shareholder, \$79,500 and CAD\$74,000 (\$56,792). The loans are subject to 8% interest compounded monthly, are unsecured and due on demand. As of January 31, 2017, we were indebted to Mr. Jeffs in the amount of \$470,646 (2016 - \$301,360), consisting of the full principal of all advances made by Mr. Jeffs to that date plus accrued interest of \$64,300 (2016 - \$33,053).

Loans from Caitlin L. Jeffs

During the year ended January 31, 2017, we borrowed from Caitlin L. Jeffs, our Chief Executive Officer, Secretary and a member of our Board of Directors \$5,815 and CAD\$12,502 (\$9,595). The loans are subject to 8% interest compounded monthly, are unsecured and due on demand. As of January 31, 2017, we were indebted to Ms. Jeffs in the amount of \$312,797 (2016 - \$257,081), consisting of the full principal of all advances made by Ms. Jeffs to that date plus accrued interest of \$78,315 (2016 - \$51,572).

Loans from John da Costa

At January 31, 2017 we were indebted to Joao (John) da Costa, our Chief Financial Officer, Treasurer and a member of our Board of Directors, in the amount of \$12,672 (2016 - \$11,698), consisting of the full principal of the loan we received from Mr. da Costa plus accrued interest of \$4,172 (2016 - \$3,198). We did not borrow any additional funds from Mr. da Costa during the year ended January 31, 2017.

Transactions with Da Costa Management Corp.

We pay Da Costa Management Corp. for administrative and accounting services. Joao (John) da Costa, our Chief Financial Officer, Treasurer and a member of our Board of Directors is the principal of Da Costa Management Corp. During the year ended January 31, 2017, we accrued \$60,000 (2016 - \$120,000) to Da Costa Management for services provided by them. This amount has been included in the Summary Compensation Table included under Item 11 of this Annual Report on Form 10-K. As of January 31, 2017, we were indebted to Da Costa Management Corp. in the amount of \$629,032 for unpaid fees (2016 - \$553,991).

Transactions with Fladgate Exploration Consulting Corporation

We pay Fladgate Exploration Consulting Corporation ("Fladgate") for mineral exploration and corporate communication services. Caitlin Jeffs, our Chief Executive Officer, Secretary and a member of our Board of Directors, and Michael Thompson, our Vice President of Exploration and a member of our Board of Directors are the principals of Fladgate, each owning 33% of the interest in the entity. During the years ended January 31, 2017 and 2016, we did not have any transaction with Fladgate, except for \$14,329 (2016 - \$14,522) in interest we accrued on unpaid invoices. This amount has been included in the Summary Compensation Table included under Item 11 of this Annual Report on Form 10-K. As of January 31, 2017, we were indebted to Fladgate in the amount of \$338,398 for unpaid fees (2016 - \$299,761).

In addition to the above transactions, during the year ended January 31, 2016, we borrowed from Fladgate CAD\$3,211 (\$2,446). The loan is subject to 8% interest compounded monthly, is unsecured and due on demand. We did not borrow additional funds from Fladgate during our Fiscal 2017. At January 31, 2017 we were indebted to Fladgate in the amount of \$136,970 (2016 - \$117,016), consisting of the full principal of all loans we received from Fladgate, plus accrued interest of \$37,896 (2016 - \$25,303).

Transactions with Minera Farellon Limitada

We pay Minera Farellon Limitada for rental of our Chilean office used by our Subsidiary, Minera Polymet SpA. Richard N. Jeffs, our major shareholders is the principal of Minera Farellon Limitada, owning 50% of the entity. During the year ended January 31, 2017, we accrued \$9,838 (2016 - \$9,969) in office rental fees. As of January 31, 2017, we were indebted to Minera Farellon in the amount of \$68,563 for unpaid fees (2016 - \$51,201).

ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees and Related Fees

The aggregate fees billed and accrued for each of the last two fiscal years for professional services rendered by our principal accountant for the audit of our annual consolidated financial statements and for the review of our financial statements or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were:

2017 - \$16,620 - Dale Matheson Carr-Hilton Labonte LLP

2016 - \$16,352 - Dale Matheson Carr-Hilton Labonte LLP

Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of our financial statements and are not reported in the preceding paragraph:

2017 - \$0 - Dale Matheson Carr-Hilton Labonte LLP

2016 - \$0 - Dale Matheson Carr-Hilton Labonte LLP

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning was:

2017 - \$1,270 - Dale Matheson Carr-Hilton Labonte LLP

2016 - \$1,299 - Dale Matheson Carr-Hilton Labonte LLP

All Other Fees

The aggregate fees billed in each of the last two fiscal years for the products and services provided by the principal accountant, other than the services reported in paragraphs (1), (2) and (3) was:

2017 - \$0 - Dale Matheson Carr-Hilton Labonte LLP

2016 - \$0 - Dale Matheson Carr-Hilton Labonte LLP

We do not have an audit committee. Our board of directors pre-approves all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services.

ITEM 15: EXHIBITS

See the index to financial statements on page 41

The following table sets out the exhibits either filed herewith or incorporated by reference.

| Exhibit | Description |
|----------------|---|
| 3.1 | Articles of Incorporation ¹ |
| 3.2 | By-laws ¹ |
| 10.1 | Red Metal Resources Ltd. 2011 Equity Incentive Plan ² |
| 10.2 | Memorandum (Minutes) of Understanding between Geoactiva Spa and Minera Polymet Limitada ³ |
| 10.3 | Extension of Memorandum of Understanding between Geoactiva Spa and Minera Polymet Limitada ⁴ |
| 10.4 | Unilateral Purchase Option Contract for Mining Properties: Minera Polymet Limitada to Geoactiva SpA, dated April 30, 2013 (English translation of text) ⁵ |
| 10.5 | Memorandum of Understanding between Minera Polymet Limitada and David Marcus Mitchel ⁶ |
| 10.6 | Irrevocable Purchase Option Contract for Mining Property Quina 1-56, English translation ⁷ |
| 10.7 | Irrevocable Purchase Option Contract for Mining Property Exeter 1-54 in Spanish ⁸ |
| 10.8 | Irrevocable Purchase Option Contract for Mining Property Exeter 1-54, English translation ⁸ |
| 10.9 | Amendment to the Contract of Purchase and Sale of Mine Holdings dated for reference May 9, 2008, between Minera Polymet Limitada and Compañía Minera Romelio Alday Limitada, dated December 9, 2013; English translation ⁹ |
| 10.10 | Amendment to the Contract of Purchase and Sale of Mine Holdings dated for reference May 9, 2008, between Minera Polymet Limitada and Compañía Minera Romelio Alday Limitada dated December 9, 2013 in Spanish ⁹ |
| 10.11 | Letter of Intent between Red Metal Resources Ltd. and Power Americas Minerals Corp. dated for reference February 28, 2017 |
| 21 | List of significant subsidiaries of Red Metal Resources Ltd. |
| 31.1 | Certification of Chief Executive Officer and President pursuant to Rule 13a-14(a)/15d-14(a) |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) |
| 32 | Certification pursuant to 18 U.S.C. Section 1350 |
| 101 | The following financial statements formatted in Extensive Business Reporting Language (XBRL): |
| | (i) Consolidated Balance Sheets |
| | (ii) Consolidated Statements of Operations |
| | (iii) Consolidated Statements of Cash Flows |
| | (iv) Consolidated Statement of Changes in Stockholders' Deficit |
| | (v) Notes to the Consolidated Financial Statements. |

¹ Incorporated by reference from the registrant's report on Form SB-2 filed with the Securities and Exchange Commission on May 22, 2006 as file number 333-134-363

² Incorporated by reference from the registrant's registration statement on Form S-8 filed with the Securities and Exchange Commission on September 23, 2011.

³ Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 14, 2013.

⁴ Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2013.

⁵ Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2013.

⁶ Incorporated by reference from the registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 4, 2014.

⁷ Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 19, 2014

⁸ Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 18, 2015.

⁹ Incorporated by reference from the registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 2, 2016.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 1, 2017

RED METAL RESOURCES LTD.

By: /s/ Caitlin Jeffs
Caitlin Jeffs, Chief Executive Officer

By: /s/ Joao (John) da Costa
Joao (John) da Costa, Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|--|-------------|
| <u>/s/ Caitlin Jeffs</u> Caitlin Jeffs | Chief Executive Officer, (Principal Executive Officer) President, Secretary and Member of the Board of Directors | May 1, 2017 |
| <u>/s/ Joao (John) da Costa</u> Joao (John) da Costa | Chief Financial Officer and director (Principal Financial and Accounting Officer) and Member of the Board of Directors | May 1, 2017 |
| <u>/s/ Michael Thompson</u> Michael Thompson | Vice President of Exploration and Member of the Board of Directors | May 1, 2017 |

LIST OF SIGNIFICANT SUBSIDIARIES, EXHIBIT 21

Subsidiary Name
Minera Polymet SpA.

State of Incorporation
Chile