# FORM 2A

## LISTING STATEMENT

**Red Metal Resources Ltd.**

**(the "Issuer" or the "Company")**

**November 22, 2021**

## NOTE TO READER

This Listing Statement contains a copy of the prospectus of Red Metal Resources Ltd. (the "**Company**") dated November 17, 2021 (the "**Prospectus**"). Certain sections of the Canadian Securities Exchange (the "**Exchange**") form of Listing Statement have been included following the Prospectus to provide additional disclosure on the Company required by the Exchange, as well as updating certain information contained in the prospectus.

## TABLE OF CONTENTS

## TABLE OF CONCORDANCE

| Information Required by Form 2A Listing Statement | Corresponding Item(s) in the Prospectus | Prospectus Page # |
|---|---|---|
| Corporate Structure | Corporate Structure | 10 |
| General Development of the Business | General Development of the Business | 10-11 |
| Narrative Description of the Business | Description of the Business | 11-59 |
| Selected Consolidated Financial Information | Financial Statements | 93 |
| Management's Discussion and Analysis | Management's Discussion and Analysis | 60-68 |
| Market for Securities | N/A | 1 |
| Consolidated Capitalization | Consolidated Capitalization | 68-69 |
| Options to Purchase Securities | Options to Purchase Securities | 69 |
| Description of the Securities | Description of Securities | 67-68 |
| Escrowed Securities | Escrowed Securities and Securities Subject to Contractual Restriction on Transfer | 70-71 |
| Principal Shareholders | Principal Securityholders | 71 |
| Directors and Officers | Directors and Executive Officers of the Company | 72-75 |
| Capitalization | N/A | N/A (See attached Schedule B to this Form 2A) |
| Executive Compensation | Executive Compensation | 77-79 |
| Indebtedness of Directors and Executive Officers | Indebtedness of Directors and Executive Officers of the Company | 79 |
| Risk Factors | Risk Factors | 83-90 |
| Promoters | Promoters | 90 |
| Legal Proceedings | Legal Proceedings and Regulatory Actions | 91 |
| Interest of Management and Others in Material Transactions | Interest of Management and Others in Material Transactions | 91-92 |
| Auditors, Transfer Agents and Registrars | Auditor, Registrar and Transfer Agent | 92 |
| Material Contracts | Material Contracts | 92 |
| Other Material Facts | Other Material Facts | 93 |
| Interest of Experts | Experts | 93 |
| Financial Statements | Schedule A – Audited Annual Financial Statements | Schedule A, following page 94 |

## SCHEDULE A

## Non-Offering Prospectus dated November 17, 2021

See attached.

***No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. This prospectus does not constitute a public offering of securities.***

# PROSPECTUS

*Non-Offering Prospectus* November 17, 2021


**RED METAL RESOURCES LTD.**
278 Bay Street, Suite 102
Thunder Bay, Ontario
Canada P7B 1R8


**No securities are being offered pursuant to this Prospectus**

This non-offering prospectus (the "**Prospectus**") is being filed with the British Columbia Securities Commission for the purpose of allowing Red Metal Resources Ltd. ("**Red Metal**" or the "**Company**") to become a reporting issuer pursuant to applicable securities legislation in British Columbia. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from general corporate funds.

Red Metal is a company incorporated in accordance with the laws of the State of Nevada in the United States under the Nevada Business Corporation Act and continued to the Province of British Columbia under the *Business Corporations Act* (British Columbia). The principal activity of the Company is the acquisition and exploration of mineral claims with a focus on Chile, where the Company holds interests in three active mineral properties.

The Common Shares are quoted for trading under the symbol RMES on the OTC Link Alternative Trading System on the OTC PINK marketplace in the United States. The closing price of the Common Shares on the OTC PINK marketplace on November 15, 2021, was US$0.18 (C$0.23 based on the Bank of Canada average rate of exchange on November 15, 2021, as reported on the Bank of Canada website).

The Canadian Securities Exchange (the "**CSE**") has conditionally approved the listing (the "**Listing**") of the common shares of the Company on the CSE under the symbol "RMES". Listing is subject to the Company fulfilling all of the listing requirements of the CSE including meeting all minimum listing requirements.

**There is currently no market in Canada through which the Common Shares may be sold and shareholders may not be able to resell, in Canada, Common Shares they hold. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".**

**An investment in the Common Shares involves a high degree of risk and must be considered speculative due to the nature of the Company's business and the present stage of exploration of its mineral properties. There is no guarantee that an investment in the Company will earn any positive return in the short or long term. An investment in the Company is appropriate only for investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment. There are certain risk factors associated with an investment in the Common Shares. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by investors in connection with an investment in the Company's Common Shares. See "Risk Factors" and "Forward-Looking Information".**

**No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.**

**Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or that resides outside of Canada, even if the party has appointed an agent for service of process.**

**No underwriter or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence investigations in respect of the contents of this Prospectus.**

**Investors should rely only on the information contained in this Prospectus and the documents incorporated by reference herein. The Company has not authorized anyone to provide investors with information different from that contained in this Prospectus. The information contained in this Prospectus is accurate only as of the date of this Prospectus.**

**This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

## TABLE OF CONTENTS

## GLOSSARY OF NON-TECHNICAL TERMS

The following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in the financial statements of the Company may be defined separately and the terms defined below may not be used therein.

"**Audit Committee**" means the audit committee of the Company.

"**Board**" means the board of directors of the Company.

"**Carrizal Property**" means the two separate project areas, namely the Perth and Farellón projects, representing roughly the northern and southern halves of the Carrizal Property, respectively, and consisting of six exploration concessions, nine mining concessions, and 2 mensuras that are in progress.

"**CIM**" means the Canadian Institute of Mining, Metallurgy and Petroleum.

"**Common Shares**" means the common shares in the capital of the Company and "Common Share" means any one of them.

"**Company**" or "**Red Metal**" means Red Metal Resources Ltd., a company continued to British Columbia from Nevada under the Business Corporations Act (British Columbia), and, unless otherwise stated or the context otherwise requires, Company references mean Red Metal Resources Ltd. and its subsidiary on a consolidated basis.

"**Compensation Securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or its subsidiary for services provided or to be provided, directly or indirectly, to the Company or to its subsidiary.

"**Deemed Conversion Date**" has the meaning given to that term under "*Prospectus Summary – Private Placement Offering of Subscription Receipts*".

"**Eligible Persons**" has the meaning given to that term under "*Executive Compensation – Stock Option Plans and Other Incentive Plans*".

"**Escrow Agent**" means Computershare Trust Company of Canada.

"**Escrow Agreements**" means the escrow agreements, among the Company, the Escrow Agent and various Principals of the Company.

"**Escrow Deadline**" has the meaning given to that term under "*Prospectus Summary – Private Placement Offering of Subscription Receipts*".

"**Escrowed Funds**" has the meaning given to that term under "*Description of the Business – Private Placement Offering of Subscription Receipts*".

"**Escrow Release Conditions**" has the meaning given to that term under "*Prospectus Summary – Private Placement Offering of Subscription Receipts*".

"**Escrowed Securities**" means the Common Shares and Warrants held by the Principals that will be deposited pursuant to the Escrow Agreements.

"**Exchange**" means the Canadian Securities Exchange.

"**Exeter claim**" has the meaning given to that term under "*Description of the Business – General*".

"**Form 51-102F5**" means Form 51-102F5 *Information Circular of NI 51-102*.

"**Form 51-102F6V**" means Form 51-102F6V *Statement of Executive Compensation of NI 51-102*.

"**Form 52-110F2**" means Form 52-110F2 *Disclosure by Venture Issuers of NI 52-110*.

"**Listing Date**" means the date on which the Common Shares of the Company are listed for trading on the Exchange.

"**Live Current**" has the meaning given to that term under "*Directors and Executive Officers of the Company – Cease Trade Orders, Bankruptcies, Penalties and Sanctions*".

"**Mateo Property**" means the mineral claims on the Mateo Property located in the Candelaria iron oxide copper-gold (IOCG) belt of the coastal cordillera in Chile.

"**MD&A**" has the meaning given to that term under "*Management's Discussion and Analysis – Overview*".

"**Minera Farellón**" has the meaning given to that term under "*Description of the Business – General*".

"**Named Executive Officer**" means each of the following individuals.

(a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (CEO), including an individual performing functions similar to a CEO;

(b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (CFO), including an individual performing functions similar to a CFO;

(c) in respect of the Company and its subsidiary, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V Statement of Executive Compensation – Venture Issuers of the Canadian Securities Administrators, for that financial year; and

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*.

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Properties*.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*.

"**NP 58-201**" means National Policy 58-201 – *Corporate Governance Guidelines*.

"**NSR**" has the meaning given to that term under "*Description of the Business – Three Year History*".

"**Optionees**" has the meaning given to that term under "*Executive Compensation – Stock Option Plans and Other Incentive Plans*".

"**Options**" has the meaning given to that term under "*Executive Compensation – Stock Option Plans and Other Incentive Plans*".

"**Polymet**" has the meaning given to that term under "*Corporate Structure – Intercorporate Relationships*".

"**Principal**" of an issuer means:

(a) a person or company who acted as a promoter of the issuer within two years before the Prospectus;

(b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the Prospectus;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's initial public offering; or

(d) a 10% holder – a person or company that:

  (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's initial public offering, and

  (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

"**Private Placements**" has the meaning given to that term under "*Prospectus Summary – Private Placement Offering of Subscription Receipts*".

"**Promoter**" has the meaning prescribed in section 1(1) of the *Securities Act* (British Columbia).

"**Property**" means the mineral claims on the Carrizal Property and Mateo Property located in the Candelaria iron oxide copper-gold (IOCG) belt of the coastal cordillera in Chile.

"**Prospectus**" means this long-form prospectus of the Company.

"**Qualified Person**" means and individual who:

(a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining;

(b) has at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice;

(c) has experience relevant to the subject matter of the mineral project and the Technical Report;

(d) is in good standing with a professional association; and

(e) in the case of a professional association in a foreign jurisdiction, has a membership designation that

  (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and

  (ii) requires

A. a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness; or

B. a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining.

"**Quina Claim**" has the meaning given to that term under "*Description of the Business – General*".

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Commission**" means the British Columbia Securities Commission.

"**Stock Option Plan**" means the Company's stock option plan adopted on July 13, 2021, by the Board, and providing for the granting of incentive options to the Company's directors, officers, employees and consultants in accordance with the rules and policies of the Exchange.

**"Subscription Receipts**" means the subscription receipts of the Company issued pursuant to the private placement of Subscription Receipts completed on June 15, 2021.

"**Subscription Receipt Agent**" means Computershare Trust Company of Canada in its capacity as subscription receipt agent in connection with the Subscription Receipts of the Company which were issued pursuant to the private placement the proceeds of which will be held in escrow pursuant to the Subscription Receipt Agreement.

"**Subscription Receipt Agreement**" means the subscription receipt agreement dated effective June 15, 2021 among the Company, the Subscription Receipt Agent and various Principals of the Company.

"**Subscription Receipt Offering**" has the meaning given to the term under "*Prospectus Summary - Private Placement Offering of Subscription Receipts*".

"**Technical Report**" means the report bearing an effective date of August 1, 2021, and report date of August 30, 2021, on the Carrizal Cu-Co-Au Property entitled "Independent Technical Report on the Carrizal Cu-Co-Au Property" prepared for the Company by the Author, in accordance with NI 43-101.

"**Triton**" has the meaning given to that term under "*Directors and Executive Officers of the Company – Cease Trade Orders, Bankruptcies, Penalties and Sanctions*".

"**Unit**" means one Common Share and one Warrant.

"**Unit Offering**" has the meaning given to that term under "*Prospectus Summary – Private Placement Offering of Units".*

"**Warrants**" means Common Share purchase warrants.

## GLOSSARY OF TECHNICAL TERMS

| Term | Meaning | Term | Meaning |
|---|---|---|---|
| AEM | Airborne Electromagnetic | Na | sodium |
| Ag | Silver | $Na_2O$ | sodium oxide |
| Al | Aluminum | NE | northeast |
| Al2O3 | aluminum oxide | NI | National Instrument |
| AW | apparent width | Ni | nickel |
| As | Arsenic | NSR | net smelter return |
| Au | Gold | NTS | National Topographic System |
| Ba | Barium | P | phosphorous |
| Be | Beryllium | $P_2O_5$ | phosphorous oxide |
| Bi | Bismuth | Pb | Lead |
| C | carbon dioxide | Pd | Palladium |
| Ca | Calcium | pH | Acidity |
| CaO | calcium oxide | Pt | platinum |
| Cd | Cadmium | QA/QC | Quality Assurance/Quality Control |
| Co | Cobalt | S | south |
| CO2 | carbon dioxide | S | sulfur |
| Cr | Chromium | Sb | antimony |
| Cr2O3 | chromium oxide | SE | southeast |
| Cu | Copper | Se | selenium |
| DDH | diamond drill hole | $SiO_2$ | silicon oxide |
| DW | drilled width | Sn | tin |
| E | East | $SO_2$ | sulphur dioxide |
| EM | electromagnetic | Sr | strontium |
| Fe | Iron | Sum | summation |
| Fe2O3 | iron oxide (ferric oxide-hematite) | SW | southwest |
| Fe3O4 | iron oxide (ferrous oxide-magnetite) | Ti | titanium |
| HLEM | horizontal loop electromagnetic | $TiO_2$ | titanium oxide |
| H2O | hydrogen oxide (water) | Tl | thallium |
| IP | induced polarization | TW | true width |
| K | Potassium | U | uranium |
| K2O | potassium oxide | $U_3O_8$ | uranium oxide (yellowcake) |
| Li | Lithium | UTM | Universal Transverse Mercator |
| LOI | loss on ignition (total H2O, CO2 and SO2 content) | V | vanadium |
| Mg | Magnesium | $V_2O_5$ | vanadium oxide |
| MgO | magnesium oxide | VLF | very low frequency |
| Mn | Manganese | VLF-EM | very low frequency-electromagnetic |
| MnO | manganese oxide | W | west |
| Mo | Molybdenum | Y | yttrium |
| Mt | millions of tonnes | Zn | zinc |
| N | North | | |
| NE | Northeast | | |
| NW | Northwest | | |
| S | South | | |

**Units of Measure**

| Units of Measure | Abbreviation | Units of Measure | Abbreviation |
|---|---|---|---|
| Above mean sea level | amsl | Litre | L |
| Ampere | A | Litres per minute | L/m |
| Annum (year) | a | Megabytes per second | Mb/s |
| Billion years ago | Ga | Megapascal | MPa |
| British thermal unit | Btu | Megavolt-ampere | MVA |
| Candela | cd | Megawatt | MW |
| Carat | ct | Metre | m |
| Carats per hundred tonnes | cpht | Metres above sea level | masl |
| Carats per tonne | cpt | Metres per minute | m/min |
| Centimetre | cm | Metres per second | m/s |
| Cubic centimetre | $cm^3$ | Metric ton (tonne) | t |
| Cubic feet per second | $ft^3/s$ or cfs | Micrometre (micron) | µm |
| Cubic foot | $ft^3$ | Microsiemens (electrical) | µs |
| Cubic inch | $in^3$ | Miles per hour | mph |
| Cubic metre | $m^3$ | Milliamperes | mA |
| Cubic yard | $yd^3$ | Milligram | mg |
| Day | d | Milligrams per litre | mg/L |
| Days per week | d/wk | Millilitre | mL |
| Days per year (annum) | d/a | Millimetre | mm |
| Dead weight tonnes | DWT | Million | M |
| Decibel adjusted | dBa | Million tonnes | Mt |
| Decibel | dB | Minute (plane angle) | ' |
| Degree | ° | Minute (time) | min |
| Degrees Celsius | °C | Month | mo |
| Degrees Fahrenheit | °F | Newton | N |
| Diameter | ø | Newtons per metre | N/m |
| Dry metric ton | dmt | Ohm (electrical) | Ω |
| Foot | ft | Ounce | oz |
| Gallon | gal | Parts per billion | ppb |
| Gallons per minute (US) | gpm | Parts per million | ppm |
| Gigajoule | GJ | Pascal | Pa |
| Gram | g | Pascals per second | Pa/s |
| Grams per litre | g/L | Percent | % |
| Grams per tonne | g/t | Percent moisture (relative humidity) | % RH |
| Greater than | > | Phase (electrical) | Ph |
| Hectare (10,000 m2) | ha | Pound(s) | lb |
| Hertz | Hz | Pounds per square inch | psi |
| Horsepower | hp | Power factor | pF |
| Hour | h (not hr) | Quart | qt |
| Hours per day | h/d | Revolutions per minute | rpm |
| Hours per week | h/wk | Second (plane angle) | " |
| Hours per year | h/a | Second (time) | s |
| Inch | "(symbol, not " ) | Short ton (2,000 lb) | st |
| Joule | J | Short ton (US) | t |
| Joules per kilowatt-hour | J/kWh | Short tons per day (US) | tpd |
| Kelvin | K | Short tons per hour (US) | tph |
| Kilo (thousand) | k | Short tons per year (US) | tpy |
| Kilocalorie | kcal | Specific gravity (g/cm3) | SG |
| Kilogram | kg | Square centimetre | $cm^2$ |

| Units of Measure | Abbreviation | Units of Measure | Abbreviation |
|---|---|---|---|
| Kilograms per cubic metre | $kg/m^3$ | Square foot | $ft^2$ |
| Kilograms per hour | kg/h | Square inch | $in^2$ |
| Kilograms per square metre | $kg/m^2$ | Square kilometre | $km^2$ |
| Kilojoule | kJ | Square metre | $m^2$ |
| Kilometre | km | Thousand tonnes | kt |
| Kilometres per hour | km/h | Tonne (1,000kg) | t |
| Kilonewton | kN | Tonnes per day | t/d |
| Kilopascal | kPa | Tonnes per hour | t/h |
| Kilovolt | kV | Tonnes per year | t/a |
| Kilovolt-ampere | kVA | Total dissolved solids | TDS |
| Kilovolts | kV | Total suspended solids | TSS |
| Kilowatt | kW | Volt | V |
| Kilowatt hour | kWh | Week | wk |
| Kilowatt hours per short ton (US) | kWh/st | Weight/weight | w/w |
| Kilowatt hours per tonne (metric ton) | kWh/t | Wet metric ton | wmt |
| Kilowatt hours per year | kWh/a | Yard | yd |
| Kilowatts adjusted for motor efficiency | kWe | Year (annum) | a |
| Less than | < | Year | yr |

The term grams/tonne (g/t) is expressed as "grams per tonne" where 1 gram/tonne = 1 ppm (parts per million) = 1000 ppb (parts per billion). Other abbreviations include oz/t = ounce per short ton; Moz = million ounces; Mt = million tonnes; t = tonne (1000 kilograms); SG = specific gravity; lb/t = pound/ton; and st = short ton (2000 pounds).

## CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in United States dollars and references to $ and US$ are to United States dollars.

In the Technical Report and data taken therefrom, all dollar amounts are expressed in Canadian currency unless otherwise noted. Base and certain industrial metal and mineral prices are stated as United States dollars (US$) per tonne (US$/t), precious metal prices are stated in US$ per troy ounce (US$/oz) and uranium and certain industrial metal and mineral prices are stated in US$ per pound (US$/lb).

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain statements in this Prospectus may constitute forward-looking information, future oriented financial information, or financial outlooks (collectively, "forward-looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this Prospectus, the Company's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue" or other similar expressions concerning matters that are not historical facts and include, but are not limited in any manner to, those with respect to commodity prices, mineral resources, mineral reserves, realization of mineral reserves, existence or realization of mineral resource estimates, the timing and amount of future production, the timing of construction of any proposed mine and process facilities, capital and operating expenditures, the timing of receipt of permits, rights and authorizations, and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions, as such matters may be applicable. In particular, this Prospectus contains forward-looking statements pertaining to the following:

- proposed expenditures for general and administrative expenses (see "Use of Available Funds" for further details);
- expectations regarding revenue, expenses and operations;
- the Company having sufficient working capital and being able to secure additional funding necessary for the continued exploration of the Company’s mineral interests;
- expectations regarding the potential mineralization, geological merit and economic feasibility of the Company’s projects;
- expectations regarding drill programs and potential impacts thereof;
- mineral exploration and exploration program cost estimates;
- expectations regarding any environmental issues that may affect planned or future exploration programs and the potential impact of complying with existing and proposed environmental laws and regulations;
- treatment under applicable governmental regimes for permitting and approvals; and
- key personnel continuing their employment with the Company. See "Risk Factors".

Such forward-looking statements are based on a number of material factors and assumptions, and include the ultimate determination of mineral reserves, if any, the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop and operate any proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to capital and debt markets and associated costs of funds, availability of a qualified work force, and the ultimate ability to mine, process and sell mineral products on economically favourable terms. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this Prospectus. See "Risk Factors". Forward-looking statements are based upon management's beliefs, estimates and opinions on the date the statements are made and, other than as required by law, the Company does not intend, and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

Investors are cautioned against placing undue reliance on forward-looking statements.

## PROSPECTUS SUMMARY

*The following is a summary of the information relating to the Company contained in this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.*

| | |
|---|---|
| **Principal Business of the Company and its Subsidiary:** | The Company is a mineral exploration company focused on exploring and developing its mineral properties in the Candelaria iron oxide copper-gold (IOCG) belt of the coastal cordillera in Chile, where the Company has three copper-gold projects on two properties in the Carrizal Alto Mining District, III Region.<br><br>The Company's flagship project, the Farellón Project, located on the Company's Carrizal Property, is an early stage exploration property. Its Perth Project, also located on the Carrizal Property, and its Mateo Project, located on the Company's Mateo Property, are both early-stage exploration projects.<br><br>See "Description of the Business". |
| **Management, Directors & Officers:** | Caitlin Jeffs: Chief Executive Officer, President and Secretary; Director<br>Joao (John) da Costa: Chief Financial Officer and Treasurer; Director<br>Michael Thompson: Vice President of Exploration; Director<br>Jeffrey Cocks: Director<br>Cody McFarlane: Director<br>Rodney Stevens: Vice President Corporate Finance<br><br>See "Directors and Executive Officers". |
| **Properties and Projects:** | The Carrizal Property hosts two of the Company's projects, namely its flagship project, the Farellón Project - an early stage exploration property – and the Perth Project – an early-stage exploration property.<br><br>The Carrizal Property covers a total area of 3,278 hectares (eight mining concessions totaling 1,234 hectares in the Farellón Project and 13 mining concessions covering 2,044 hectares in the Perth Project).<br><br>The Mateo Property, hosting the Mateo Project - also an early-stage exploration project – is composed of 5 mining concessions covering 182 hectares.<br><br>The Carrizal Property and Mateo Property forms substantial land holdings in a historical mining district. To date the Company has not determined whether its mining concessions contain mineral reserves that are economically recoverable and it has not produced revenues from its principal business.<br><br>See "Overview of Mineral Properties". |
| **Private Placement Offering of Units** | On May 17, 2021, the Company completed a non-brokered private placement financing of Units (the "**Unit Offering**") (pursuant to prospectus and registration exemptions in Canada and the United States) raising aggregate gross proceeds of CAD$577,450.20 through the issuance of 3,849,668 Units of the Company at a price of CAD$0.15 per Unit. |

**Private Placement Offering of Subscription Receipts**

On June 15, 2021, the Company completed a non-brokered private placement financing of Subscription Receipts (the "**Subscription Receipt Offering**") (pursuant to prospectus and registration exemptions in Canada and the United States) raising aggregate gross proceeds of CAD$969,131 through the issuance of 6,460,872 Subscription Receipts of the Company at a price of CAD$0.15 per Subscription Receipt. The proceeds of the Subscription Receipt Offering are held in escrow by Computershare Trust Company of Canada subject to the Escrow Release Conditions (as defined below).

Each Subscription Receipt will automatically be converted, without payment of additional consideration and without any further action on the part of the holder, into one Unit, consisting of one Common Share and one Warrant on the date (the "**Deemed Conversion Date**") the Company obtains a final receipt for a prospectus and obtains a conditional listing of the Common Shares on a recognized stock exchange or quotation system in Canada (the "**Escrow Release Conditions**"), subject to adjustment in certain circumstances, and on or before December 31, 2021 or such later date as determined by the Company (the "**Escrow Deadline**"). In the event that the Escrow Release Conditions are not satisfied by the Escrow Deadline, the Subscription Receipts will be terminated, and the holders will be refunded the funds provided by them. This Prospectus does not qualify the distribution of any Units issuable on conversion of the Subscription Receipts. The Subscription Receipts will have a statutory hold period until October 16, 2021 (assuming the Final Prospectus is receipted before that date).

The Company raised a total of CAD$1,546,581 through the issuance of Subscription Receipts and Units. The Subscription Receipt Offering and Unit Offering (the "**Private Placements**") are required in order to assist the Company to meet its business objectives.

**Available Funds and Principal Purposes:**

On the Listing Date, it is anticipated the Company will have working capital of approximately CAD$876,202.

On the Listing Date, the principal purposes for the foregoing available funds will be as follows:

**Principal Purposes**

| | |
|---|---|
| General and administrative costs for 12 months | CAD$244,348 |
| Estimated remaining expenses of the Listing (regulatory, filing, legal expenses, etc.) | CAD$80,000 |
| Phase 1 exploration expenditures on the Property[(1)] | CAD$498,000 |
| **Total** | CAD$822,348 |
| **Unallocated Funds** | CAD$53,854 |

Notes:
(1) See "Carrizal Property – Farellón and Perth Projects – Recommended Plan of Exploration and

| | |
|---|---|
| | Development". |
| | The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. See "Use of Available Funds" |
| **Listing** | The CSE has conditionally approved the Listing of the Common Shares on the CSE under the symbol "RMES". Listing is subject to the Company fulfilling all of the listing requirements and conditions of the CSE. |
| **Risk Factors:** | An investment in the Common Shares of the Company should be considered highly speculative and investors may incur a loss on their investment. The Company has earned minimal revenues and has negative cash flows from operations. Resource exploration is a speculative business, characterized by a number of significant risks, including among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.<br><br>Mining operations involve significant financial risk and capital investment. There can be no assurance that the Company will be able to obtain the necessary financing in a timely manner, on acceptable terms or at all. The economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. The Company competes with other companies with greater financial resources and technical facilities.<br><br>If the Company loses its interest in the Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange). The Property is in the exploration stage only and are without a known body of commercial ore. There is also no guarantee of the Company's title to the Properties. Failure to keep its property interests in good standing could result in the partial or total loss of the Company's interest in the Property.<br><br>The Company and its assets may become subject to uninsurable risks. The Company's future operations may require licenses or permits which may not be granted to the Company. Environmental laws and regulations may affect the operations of the Company.<br><br>Additional Common Shares may be issued which will cause dilution to the ownership interests of the Company's shareholders. Future sales of Common Shares by existing shareholders could cause the share price to fall. A positive return on an investment in the Common Shares is not guaranteed.<br><br>The Company does not maintain key person insurance on any of its directors of officers. The Company is currently largely dependent on the performance of its directors and officers and there is no assurance the Company can maintain their services. Situations may arise where directors and officers who are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, will be in direct competition with the Company.<br><br>There can be no guarantee that an active and liquid trading market will develop or be maintained, the failure of which may have a material adverse effect on the value of the Common Shares and the ability of a purchaser to dispose of the Common Shares in a timely manner, or at all. Furthermore, in recent years, the price of publicly traded securities has fluctuated widely.<br><br>See "Risk Factors". |

**Summary of Financial Information:** The following table sets forth selected financial information of the Company for the periods indicated. This summary financial information should be read in conjunction with the financial statements and notes attached to and forming part of this Prospectus and the section of this Prospectus titled "Management Discussion and Analysis".

***For the interim six-month period ending July 31, 2021, and fiscal years ended January 31, 2021, 2020 and 2019***

| | **As at July 31, 2021 (Unaudited)** | **As at January 31, 2021 (Audited)** | **As at January 31, 2020 (Audited)** | **As at January 31, 2019 (Audited)** |
|---|---|---|---|---|
| Revenue | $ Nil | $ Nil | $ Nil | $ Nil |
| Operating expenses | $ (397,031) | $ (267,297) | $ (260,891) | $ (221,249) |
| *Net loss* | $ (445,548) | $ (159,254) | $ (321,592) | $ (134,062) |
| *Unrealized foreign exchange gain (loss)* | $ (51,396) | $ 4,209 | $ (81,229) | $ 27,128 |
| *Comprehensive loss* | $ (496,944) | $ (155,045) | $ (402,821) | $ (106,934) |
| *Net loss per share* | $ (0.01) | $ (0.00) | $ (0.01) | $ (0.00) |
| *Total assets* | $ 1,698,356 | $ 777,678 | $ 669,544 | $ 742,378 |
| *Total liabilities* | $ 2,360,988 | $ 1,418,779 | $ 1,155,600 | $ 992,717 |
| *Total stockholders' deficit* | $ (662,632) | $ (641,101) | $ (486,056) | $ (250,339) |

## CORPORATE STRUCTURE

### Name, Address and Incorporation

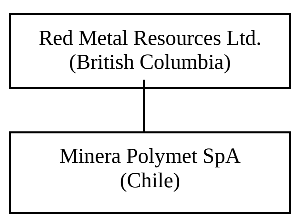
Red Metal Resources Ltd. was incorporated under the Nevada Business Corporations Act on January 10, 2005, as Red Lake Exploration, Inc. On August 27, 2008, the name of the Company was changed from Red Lake Exploration, Inc. to Red Metal Resources Ltd. In addition to the name change of the Company on August 27, 2008, an amendment to the Articles of Incorporation was concurrently processed increasing the amount of the total authorized capital stock of the Company from 75,000,000 shares with a par value of $0.001 designated as Common Stock to 500,000,000 shares with a par value of $0.001.

On February 10, 2021, the Company changed its corporate jurisdiction from the State of Nevada to the Province of British Columbia by means of a process called a "conversion" under the Nevada Revised Statutes and a "continuation" under the Business Corporations Act (British Columbia). The Articles of Incorporation and Bylaws of the Company, under the Nevada Revised Statutes, were replaced with the Articles of the Company, under the Business Corporations Act (British Columbia), upon the Company's continuation to British Columbia. The authorized capital of the Company consists of an unlimited number of Common Shares without par value. The Company is an SEC Issuer as defined under NI 51-102.

The Company’s head office is located at1130 West Pender Street, Suite 820, Vancouver, British Columbia, V6E 4A4. Its registered office address is 700 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8. The Company's mailing address is 278 Bay Street, Suite 102, Thunder Bay, Ontario, P7B 1R8.

### Intercorporate Relationships

The Company owns 100% of Minera Polymet SpA ("**Polymet**"), a corporation organized under the laws of the Republic of Chile on August 21, 2007. Polymet holds the Company’s Chilean mineral property interests and, to comply with Chilean legal requirements, Polymet has appointed a legal representative in Chile. Polymet's head office is located in Vallenar, III Region of Atacama, Chile.




## DESCRIPTION OF THE BUSINESS

### General

The Company is engaged in the business of mineral exploration in Chile with the objective to explore and, if warranted, develop mineral properties. All of the Company’s mineral claims are located in the Candelaria iron oxide copper-gold (IOCG) belt of the coastal cordillera in the Carrizal Alto Mining District, III Region of Atacama, Chile. The Company has three active copper-gold projects on two properties, namely the Farellón and Perth Projects both located on the Carrizal Property, and the Mateo Project located on the Mateo Property. In addition to holding these active properties, as an exploration company, the Company periodically stakes, purchases or option claims to allow time and access to fully consider the geological potential of claims.

The Company’s flagship project, the Farellón Project, is an early stage exploration property consisting of eight exploitation concessions totaling 1,234 hectares.

The Company acquired the initial mining claim for the Farellón Project pursuant to an assignment agreement between Polymet and Minera Farellón Limitada ("**Minera Farellón**") dated September 25, 2007, and amended on November 20, 2007. Under the terms of the assignment agreement, Minera Farellón agreed to assign to Polymet its option to buy the Farellón 1 Al 8 mining concession. Polymet acquired the option on April 25, 2008, and concurrently assumed all of Minera Farellón's rights and obligations under the Farellón option agreement. Polymet exercised the option and bought the property from the vendor on April 25, 2008. The patented mining concessions are registered in the name of and owned 100% by Polymet.

On September 17, 2008, the Company acquired the Cecil 1 - 49, Cecil 1 - 40 and Burghley 1 - 60 claims for an aggregate purchase price of $27,676. On December 1, 2009, the Company initiated the manifestacion process by applying to convert the Cecil 1 - 40 and Burghley 1 - 60 exploration (pedimento) claims to mining (mensura) claims. In January 2013, the Company abandoned the manifestacion process for the Cecil 1-40 and Burghley 1-60 claims as the Company discovered that the most prospective ground, as outlined in the Company's prospecting and mapping program completed in April 2012, was covered by several mensuras underlying both claims.

On August 21, 2012, the Company 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.

On December 15, 2014, the Company entered into an option agreement with David Marcus Mitchell to earn 100% interest in a Quina 1-56 clam (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 Farellón Property. Acquisition of the Quina Claim added approximately 2 kilometers of strike length of the Farellón Veins. In order to acquire the 100% interest in the Quina Claim the Company paid a total of $150,000 in combined stock and cash payments and completed the acquisition on December 15, 2018.

On June 3, 2015, the Company entered into an option agreement, made effective on June 15, 2015, with Minera Stamford S.A., to earn 100% interest in a mining claim known as "Exeter 1-54" (the "**Exeter claim**"). The Exeter claim totals 235 hectares and is contiguous to the Farellón 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, the Company paid a total of $150,000 and completed the transaction on May 12, 2019.

These properties form substantial land holdings in a historical mining district, which was a prolific past producer, shut down due to economic conditions, rather than exhaustion of deposits. The Company's Carrizal Property, adjacent and contiguous to the Carrizal Alto Mine, has undergone only limited modern exploration, which has so far demonstrated the potential of the property to host a mineralized deposit.

The Company's Perth and Mateo Projects are both early-stage exploration projects. The Perth Project is composed of 13 mining concessions covering 2,044 hectares and the Mateo Project is composed of 5 mineral concessions covering 182 hectares. Both projects are 100% owned by Polymet.

To date the Company has not determined whether its claims contain mineral reserves that are economically recoverable and it has not produced revenues from its principal business.

**Stated Business Objectives**

In the short to medium term, based on the positive results from multiple exploration programs on the Farellón Project, the Company is planning to carry out a further exploration program. Prior to commencing a significant two-phase drill program, the Company plans to complete a property scale UAV supported airborne magnetometer survey. The magnetometer survey will provide additional information required for planning of a two-phase drill program. Once the geophysical survey has been completed, the first phase of drilling will consist of a drilling program to test the primary mineralization at depth that has, thus far, only been intersected in a few drill holes, and determine the potential of the cobalt mineralization in the sulfide zone. If the first phase continues to return positive results, a second phase drilling program would be conducted in order to complete an initial mineral resource estimate.

**Three-Year History**

Due to a lack of operating capital, during the last three completed financial years, the Company conducted no material exploratory operations on any of its mineral properties. During the six-month period ended July 31, 2021, and up to the date of this Prospectus, the Company started preparation works on the Farellón Alto 1-8 concession for the drilling program the Company has planned for the fiscal 2022 and 2023. However, the Company did continue to build its land holdings in Chile.

On December 9, 2018, the Company made its final payment to acquire a 100% interest in the Quina Claim (see Table 1), subject to a 1.5% royalty from net smelter returns ("**NSR**") and the Company's right to buy out the NSR.

On May 13, 2019, the Company made its final payment to acquire a 100% interest in the Exeter Claim (see Table 1), subject to a 1.5% NSR and the Company's right to buy out the NSR.

Polymet, the Company's Chilean subsidiary, is presently negotiating an amendment to its existing contract with the vendors of the Farellon Alto 1- 8 exploitation concession, specifically to update the terms of the NSR under the prior agreement with the vendors. While negotiations are ongoing, the Company will not be able to transfer ownership, or commence any exploitation activities on the concession. Exploration activities will not be affected.

***Private Placement Offering of Units***

On May 17, 2021, the Company completed the Unit Offering (pursuant to prospectus and registration exemptions in Canada, and the United States) raising aggregate gross proceeds of CAD$577,450 through the issuance of 3,849,668 Units at a price of CAD$0.15 per Unit. Each Unit consists of one Common Share and one Warrant. In connection with the Unit Offering, the Company paid a commission to registered dealers consisting of cash fees in the aggregate amount of CAD$22,397 and 149,310 finder's Warrants, on the same terms as the Warrants issued in the Unit Offering, to the following registered investment dealers: Alpha North Asset Management (CAD$21,000 finders fees and 140,000 Warrants) and PI Financial Corp. (CAD$1,397 finders fees and 9,310 Warrants). All securities issued in connection with the Unit Offering are subject to a hold period expiring on September 18, 2021. See "*Description of Securities – Warrants*" for a description of Warrants issued in the Unit Offering.

***Private Placement Offering of Subscription Receipts***

On June 15, 2021, the Company completed the Subscription Receipt Offering (pursuant to prospectus and registration exemptions in Canada, and the United States) raising aggregate gross proceeds of CAD$969,131 through the issuance of 6,460,872 Subscription Receipts at a price of CAD$0.15 per Subscription Receipt. The gross proceeds of the Subscription Receipt Offering are currently being held in escrow by the Subscription Receipt Agent pursuant to the Subscription Receipt Agreement.

The funds held in escrow by the Subscription Receipt Agent, together with all interest and other income earned on such funds, are referred to as the "**Escrowed Funds**". The Escrowed Funds will be held in escrow by the Subscription Receipt Agent pending delivery of a notice from the Company to the Subscription Receipt Agent confirming satisfaction or waiver of the following Escrow Release Conditions:

(a) the Company receives a final receipt for a prospectus; and

(b) the Company obtains a conditional listing of the Common Shares on a recognized stock exchange or quotations system in Canada.

Provided that the Escrow Release Conditions are satisfied or waived prior to December 31, 2021 or such later Escrow Deadline as determined by the Company, the Escrowed Funds will be released from escrow by the Subscription Receipt Agent to the Company.

If the Escrow Release Conditions have not been satisfied on or prior to the Escrow Deadline, the Escrowed Funds, together with any interest accrued thereon, will be returned to the holders of the Subscription Receipts on a pro rata basis and the Subscription Receipts will be cancelled. The Company has agreed that it will be responsible and liable to the holders of the Subscription Receipts for any shortfall between the aggregate Subscription Receipt price paid by the original purchasers of the Subscription Receipts and the amount of the Escrowed Funds.

Upon release of the Escrowed Funds, the Company will pay cash finders' fees totalling CAD$36,495 equal to 7% of the gross proceeds raised in connection with the Subscription Receipt Offering, payable to the following registered investment dealers upon release of the Escrowed Funds: Haywood Securities Inc. (CAD$9,230), Canaccord Genuity Corp. (CAD$15,925), iA Private Wealth Inc. (CAD$2,100), PI Financial Corp. (CAD$1,050), Leede Jones Gable Inc. (CAD$3,990), and Research Capital Corp (CAD$4,200). Upon release of the Escrowed Funds, the Company will also issue finder's warrants, on the same terms as the Warrants underlying the Subscription Receipts, in the amount equal to 7% of the number of Subscription Receipts purchased by subscribers introduced by such finders to the Company.

Each Subscription Receipt would automatically be converted, without payment of additional consideration and without any further action on the part of the holder, into one Unit, consisting of one Common Share and one Warrant on the Deemed Conversion Date, subject to adjustment in certain circumstances, being the date the Escrow Release Conditions occurs. Each Warrant will entitle the holder thereof to purchase an additional Common Share at a price of CAD$0.30 per Common Share, if exercised during the first year following the date of release of the Escrowed Funds; and at a price of CAD$0.60 per Common Share, if exercised during the second year following the date of release of Escrow Funds. This Prospectus does not qualify the distribution of any of the securities of the Company issuable on conversion of the Subscription Receipts. The Subscription Receipts will have a statutory hold period until October 16, 2021 (assuming the Final Prospectus is receipted before that date).

The Company raised total proceeds of CAD$1,546,581 from the issuance of both Subscription Receipts and Units. The proceeds raised from the Subscription Receipt Offering and the Unit Offering is required in order to assist the Company to meet its business objectives.

**Overview of Mineral Properties**

Active Properties

Through a number of transactions since 2007, the Company has assembled its active mineral properties identified and further detailed in Figure 1 and Table 1, respectively, below as the Farellón Property, the Perth Property, and the Mateo Property:

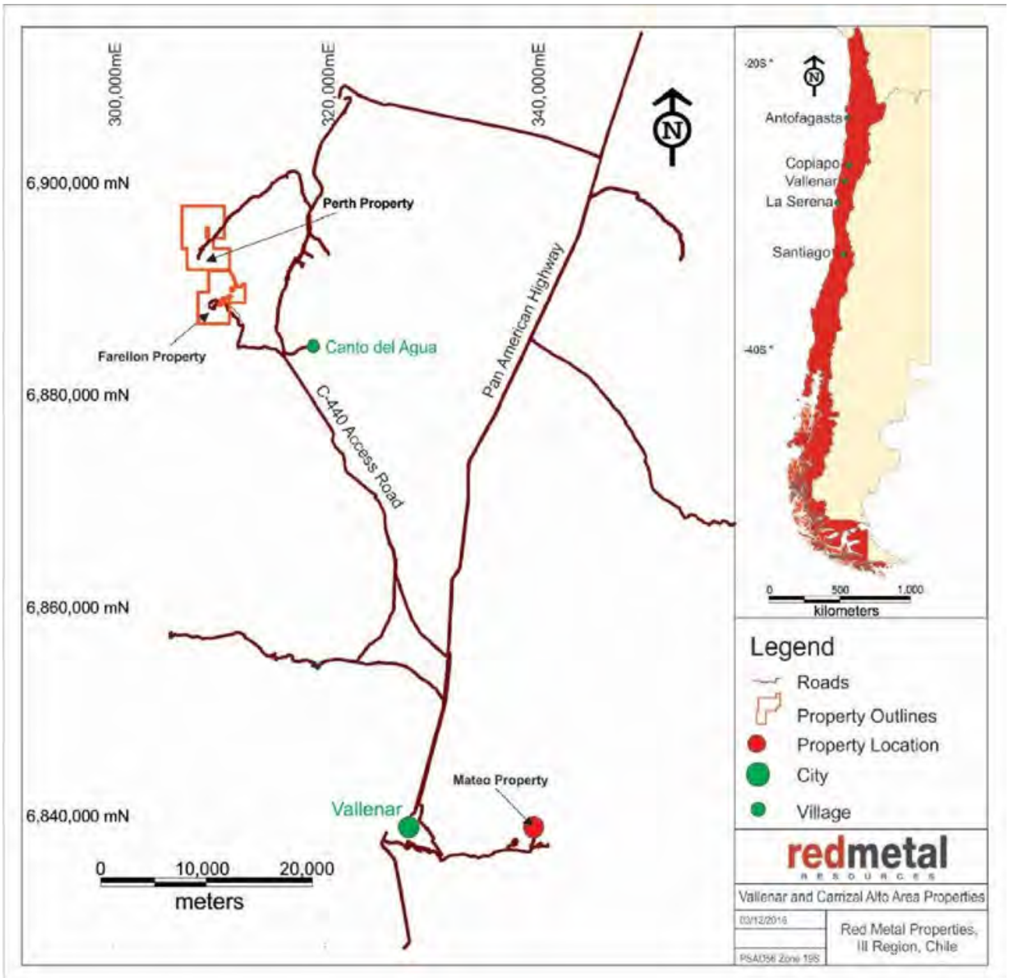



**Figure 1:** Location and access to active properties (accessible by road from Vallenar)

**Table 1: Active Properties**

| Property | Percentage, type of claim | Hectares | |
|---|---|---|---|
| | | Gross area | Net area[(a)] |
| **Farellón** | | | |
| Farellón Alto 1 – 8 | 100%, mensura | 66 | |
| Quina 1 – 56 | 100%, mensura | 251 | |
| Exeter 1 – 54 | 100%, mensura | 235 | |
| Cecil 1 – 49 | 100%, mensura | 228 | |
| Teresita | 100%, mensura | 1 | |
| Azucar 6 – 25 | 100%, mensura | 88 | |
| Stamford 61 – 101 | 100%, mensura | 165 | |
| Kahuna 1 – 40 | 100%, mensura | 200 | |
| | | **1,234** | **1,234** |
| **Perth** | | | |
| Perth 1-36 | 100%, mensura | 109 | |
| Rey Arturo 1-30 | 100%, mensura | 276 | |
| Lancelot 1 1-27 | 100%, mensura | 260 | |
| Galahad IA 1 44 | 100%, mensura | 217 | |
| Camelot 1 53 | 100%, mensura | 227 | |

| | | | |
|---|---|---|---|
| Percival 4 1 60 | 100%, mensura | 300 | |
| Tristan II A 1 55 | 100%, mensura | 261 | |
| Galahad IB 1 3 | 100%, mensura | 10 | |
| Tristan II B 1 4 | 100%, mensura | 7 | |
| Merlin IB 1 10 | 100%, mensura | 38 | |
| Merlin A 1 48 | 100%, mensura | 220 | |
| Lancelot II 1 23 | 100%, mensura | 115 | |
| Galahad IC | 100%, mensura | 4 | |
| | | **2,044** | **2,044** |
| **Mateo** | | | |
| Margarita | 100%, mensura | 56 | |
| Che 1 and Che 2 | 100%, mensura | 76 | |
| Irene and Irene II | 100%, mensura | 60 | |
| | | **192** | |
| Overlapped claims[a] | | (10) | **182** |
| | | | **3,460** |

[a] Irene and Irene II overlap each other; the net area of both claims is 50 hectares.

**Carrizal Property – Farellón And Perth Projects**

Technical Report

The information in this Prospectus with respect to the Carrizal Property is derived from Technical Report. The Technical Report has been prepared in accordance with the requirements of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). Mr. Jobin-Bevans is an independent "Qualified Person" for purposes of NI 43-101. The full text of the Technical Report is available for review at the mailing address of the Company at 278 Bay Street, Suite 102, Thunder Bay, Ontario, P7B 102, and may also be accessed online under the Company's SEDAR profile at www.sedar.com and on the Company's website http://www.redmetalresources.com.

Property Description and Location

The Carrizal Property is located approximately 700 km north of Chile's capital city of Santiago, in Region III, referred to as the "Region de Atacama". The Carrizal Property lies within the Carrizal Alto Mining District, straddling the border between Huasco and Copiapo provinces, approximately 75 km northwest of the City of Vallenar, 150 km south of Copiapo, and 20 km west of the Pan-American Highway (Figure 1). The centre of the Carrizal Property is situated at coordinates 308750 mE and 6895000 mN (PSAD56 UTM Zone 19, Southern Hemisphere).

The Carrizal Property has historically been subdivided into two separate projects, namely the Perth and Farellón project areas, representing roughly the northern and southern halves of the Carrizal Property, respectively. The Carrizal Property consists of 21 exploitation concessions ('mensuras'). The Carrizal Property covers a total area of 3,278 hectares (2,044 ha in the Perth Project and 1,234 ha in the Farellón Project) (Figures 2, 3 and 4).

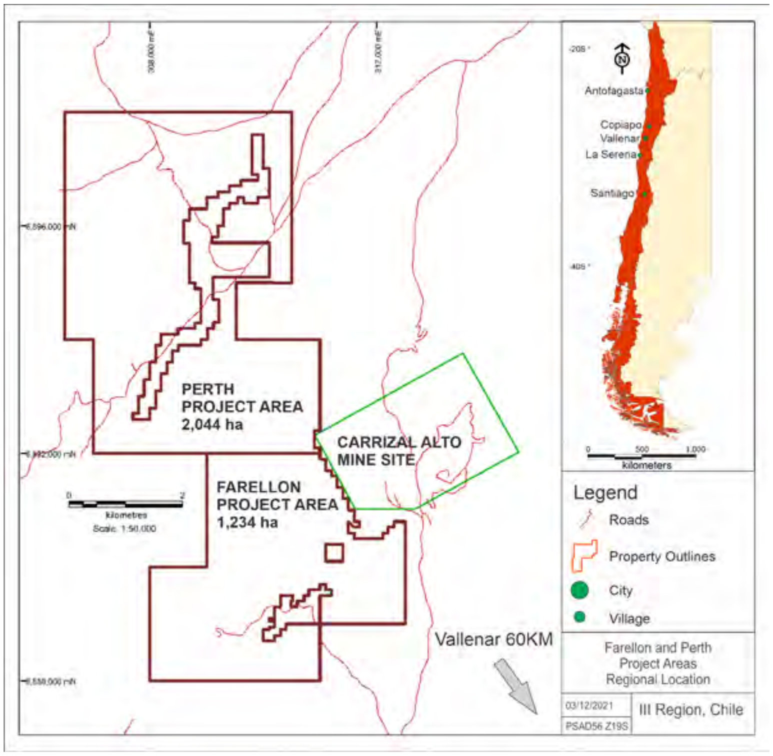



**Figure 2** - Location of the Farellón and Perth projects claim blocks of the Carrizal Property, Region III, Region de Atacama, northern Chile

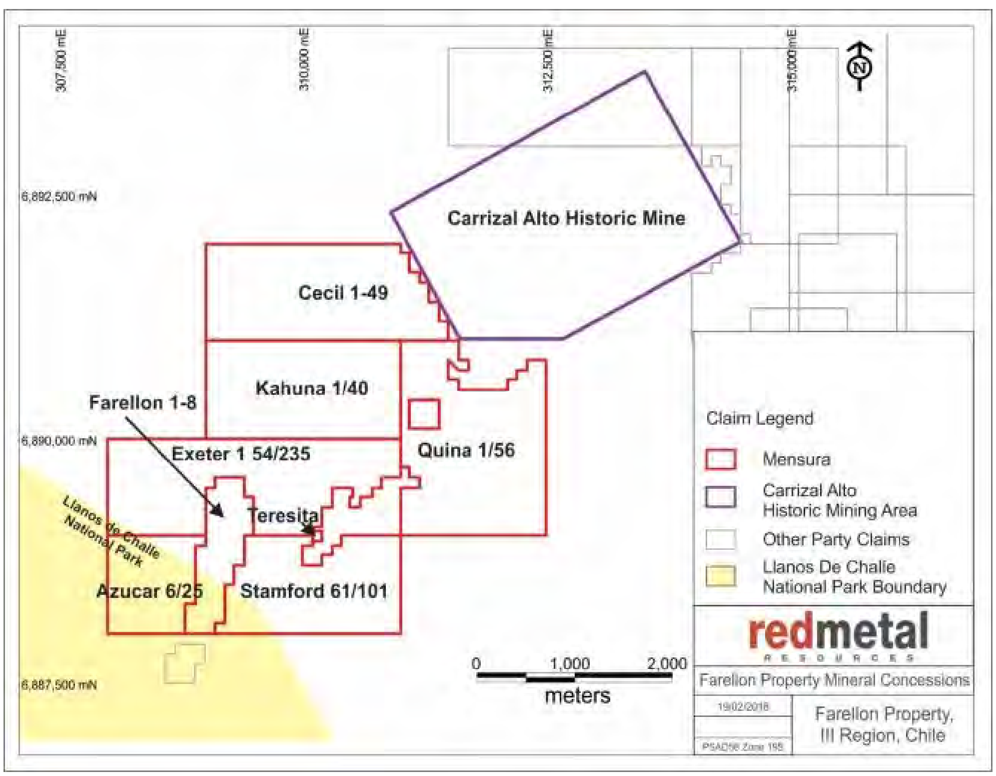



**Figure 3** - Claims in the southern portion of the Carrizal Property referred to as the Farellón Project area

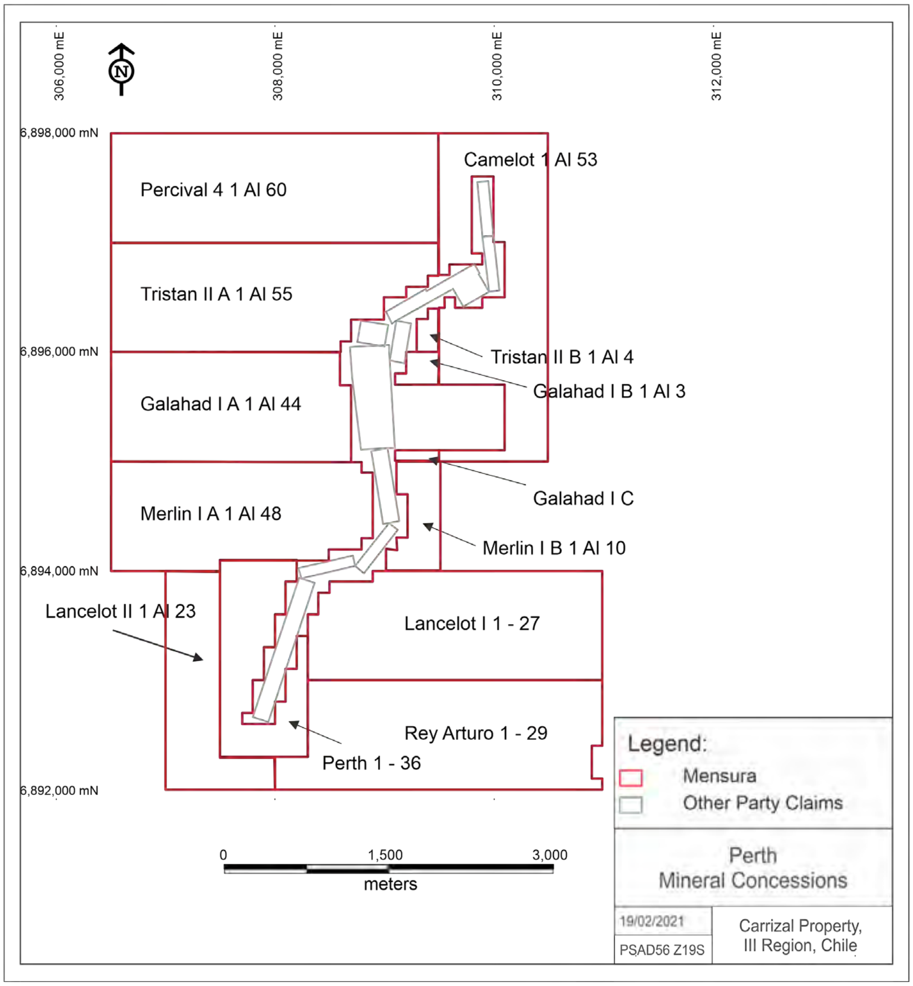



**Figure 4** - Claims in the northern portion of the Carrizal Property referred to as the Perth Project area

Accessibility

The Carrizal Property is readily accessible from the City of Vallenar, Chile, via both paved and well-maintained dirt roads. Access is primarily gained by taking the Pan-American highway (Ruta 5) north from Vallenar to the Carrizal turn-off (approximately 20 km north). From the turn-off, a well-maintained dirt road runs to the CMP Cerro Colorado iron mine and continues to Canto del Agua and towards Carrizal Alto. From this route, a dirt side road then leads directly to the Carrizal Property (Figure 1).

Title/Interest

The Company owns all of the concessions in the Carrizal Property, through right of title.

Surface Rights and Legal Access

The surface rights of the Carrizal Property are owned by the Chilean government; however, if the Carrizal Property is developed and mined at a later date, the surface rights will need to be secured as part of the permitting process. Surface rights are rented to mines for the life of the mine by the Chilean government and claim holders have legal unimpeded access to their pedimentos and mensuras.

Other Land Tenure Agreements

There are pre-existing NSRs on the properties as outlined in Table 2 below and there are no other known land tenure agreements regarding the Carrizal Property. To date, only the existing mensuras and mensuras that are in progress have been surveyed by the Chilean government. The remaining concessions which are exploration pedimentos do not require a survey until an application has been made to transfer them to mensuras.

**Table 2** - Pre-existing NSRs on various concessions, Carrizal Property

| Concession Name | Concession Type | Concession Number | NSR (%) | Buy Back | NSR2* (%) |
|---|---|---|---|---|---|
| ***Southern claim block (Farellón)*** | | | | | |
| Farellón Alto 1 - 8 | Mensura | 033030156-2 | 1.5* | 600,000 | 1.5 |
| Cecil 1 - 49 | Mensura | 033030329-8 | | | 2.5 |
| Azúcar 6 - 25 | Mensura | 033030342-5 | | | 2.5 |
| Kahuna 1 - 40 | Mensura | 033030360-3 | | | 2.5 |
| Stamford 61 - 101 | Mensura | 033030334-4 | | | 2.5 |
| Teresita | Mensura | 033030361-1 | | | 2.5 |
| Quina 1 - 56 | Mensura | 033030398-0 | 1.5* | 1,500,000 | 1.5 |
| Exeter 1 - 54 | Mensura | 033030336-0 | 1.5* | 750,000 | 1.5 |
| ***Northern claim block (Perth)*** | | | | | |
| Perth 1 - 36 | Mensura | 033030383-2 | | | 2.5 |
| Rey Arturo 1 - 30 | Mensura | 033030638-6 | | | 2.5 |
| Lancelot 1 1 - 27 | Mensura | 033022832-6 | | | 2.5 |
| Galahad IA 1 - 44 | Mensura | 03201D252-K | | | 2.5 |
| Camelot 1 - 53 | Mensura | 03201D253-8 | | | 2.5 |
| Percival 4 1 - 60 | Mensura | 03201D256-2 | | | 2.5 |
| Tristan II A 1 - 55 | Mensura | 03201D264-3 | | | 2.5 |
| Galahad IB 1 - 3 | Mensura | 03201D55-4 | | | 2.5 |
| Tristan II B 1 - 4 | Mensura | 03201D251-1 | | | 2.5 |
| Merlin IB 1 - 10 | Mensura | 033030691-2 | | | 2.5 |
| Merlin A 1 - 48 | Mensura | 033030692-0 | | | 2.5 |
| Lancelot II 1 - 23 | Mensura | 033030690-4 | | | 2.5 |
| Galahad IC | Mensura | 03201D254-6 | | | 2.5 |

Pursuant to Mining Royalty Agreements dated July 29, 2020 ("**Mining Royalty Agreements**'), Polymet offered royalties to each of Richard Jeffs, Caitlin Jeffs and Joao (John) da Costa (each a "**Royalty Holder**") for total aggregate consideration of $5,000. The Mining Royalty Agreements have not been finalized in accordance with Chilean law in part due to the current COVID restrictions preventing the parties from executing the agreement under applicable Chilean Law. Upon finalization according to Chilean law, any future royalties arising from the sale of mineral and other materials from the mining properties listed in the table below located in Chile (collectively, the "**Carrizal Property**") will be payable to each of the Royalty Holders in accordance with the terms of their respective Mining Royalty Agreements. The royalty payments are only payable as soon as Polymet initiates or restarts the operation, exploitation, and consequent sale of mineral and other materials from the Properties.

**Table 3 –** Net Smelter Returns Royalty to be paid (%)

| Property | Richard Jeffs, Major Shareholder(1) | Caitlin Jeffs, CEO and Director(1) | Joao da Costa, CFO and Director(1) | Cecilia Alday | David Mitchell | Minera Stamford S.A. |
|---|---|---|---|---|---|---|
| Farellon Alta 1 - 8(2) | 0.75 | 0.45 | 0.30 | 1.5 | | |
| Cecil 1 - 49 | 1.25 | 0.75 | 0.50 | | | |
| Azúcar 6 - 25 | 1.25 | 0.75 | 0.50 | | | |
| Kahuna 1 - 40 | 1.25 | 0.75 | 0.50 | | | |
| Stamford 61 - 101 | 1.25 | 0.75 | 0.50 | | | |
| Teresita | 1.25 | 0.75 | 0.50 | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Quina 1 - 56 [3] | 0.75 | 0.45 | 0.30 | | 1.5 | |
| Exeter 1 - 54[4] | 0.75 | 0.45 | 0.30 | | | 1.5 |
| Perth 1 - 36 | 1.25 | 0.75 | 0.50 | | | |
| Rey Arturo 1 - 30 | 1.25 | 0.75 | 0.50 | | | |
| Lancelot II 1 - 40 | 1.25 | 0.75 | 0.50 | | | |
| Lancelot 1 1 - 27 | 1.25 | 0.75 | 0.50 | | | |
| Merlin IB 1 - 10 | 1.25 | 0.75 | 0.50 | | | |
| Merlin I A 1 - 48 | 1.25 | 0.75 | 0.50 | | | |
| Tristan II B 1 - 4 | 1.25 | 0.75 | 0.50 | | | |
| Galahad IA 1 - 44 | 1.25 | 0.75 | 0.50 | | | |
| Camelot 1 - 60 | 1.25 | 0.75 | 0.50 | | | |
| Galahad I C 1 - 60 | 1.25 | 0.75 | 0.50 | | | |
| Tristan II A 1 - 60 | 1.25 | 0.75 | 0.50 | | | |
| Galahad I B 1 - 3 | 1.25 | 0.75 | 0.50 | | | |
| Percival 4 1 - 60 | 1.25 | 0.75 | 0.50 | | | |

Notes:

(1) Each of the NSR's to Richard Jeffs, Caitlin Jeffs and Joao da Costa will be paid quarterly once commercial exploitation begins and will be paid on gold, silver, copper and cobalt sales. If, within two years, the Company does not commence commercial exploitation of the mineral properties, an annual payment of $10,000 per Royalty Holder will be paid. Pursuant to Chilean law, this agreement is not fully complete until registered against the land title in Chile.

(2) Farellon Alto 1 – 8 is subject to a royalty in favour of Cecilia Alday Limitada equal to 1.5% of the net smelter return that Polymet receives from the property to a maximum of $600,000. The royalty is payable monthly and is subject to a monthly minimum of $1,000 when Red Metal starts selling any minerals it extracts from the property.

(3) Red Metal has the right to buy out the royalty for a one-time payment of $1,500,000.

(4) Red Metal has the right to buy out the royalty for a one-time payment of $750,000.

### *Mineral Tenure*

Chile’s current mining and land tenure policies were incorporated into laws in 1982 and amended in 1983. The laws were established to secure the property rights of both domestic and foreign investors to stimulate mining development in Chile. While the state owns all mineral resources, exploration and exploitation of these resources is permitted by acquiring mining concessions which are granted by the courts according to the law.

Concessions are defined by UTM coordinates representing the centre-point of the concession and dimensions (in metres) in north-south and east-west directions. There are two kinds of concessions, mining and exploration, and three possible stages of a concession to get from an exploration concession to a mining concession: ‘pedimento’, ‘manifestacion’, and ‘mensura’ (see below for descriptions). An exploration concession (‘pedimento’) can be placed on any area, whereas the survey to establish a permanent exploitation concession (‘mensura’) can only be effected on "free" areas where no other mensuras exist.

Pedimento

A pedimento is an initial exploration concession with well-defined UTM coordinates delineating the north-south and east-west boundaries. The minimum size of a pedimento is 100 ha and the maximum is 5000 ha, with a maximum length-to-width ratio of 5:1. A pedimento is valid for a maximum period of 2 years. At the end of the 2-year period it can either be reduced in size by at least 50% and renewed for an additional 2 years or, entered into the process to establish a permanent concession by converting it into a manifestacion. New pedimentos are allowed to overlap pre-existing pedimentos, however, the pedimento with the earliest filing date always takes precedence providing the concession holder maintains their concession in accordance with the Mining Code of Chile and the applicable regulations.

Manifestacion

Before a pedimento expires, or at any stage during its two-year life (including the first day the pedimento is registered), it may be converted to a manifestacion. A manifestacion is valid for 220 days, and then prior to the expiry date, the owner must request an upgrade to a mensura.

Mensura

Prior to the expiration of a manifestacion, the owner must request a survey (mensura). After acceptance of the Survey Request (‘Solicitud de Mensura’), the owner has approximately 12 months to have the concession surveyed by a government licensed surveyor. The surrounding concession owners may witness the survey, which is subsequently described in a legal format and presented to the National Mining Service of Chile (Sernageomin) for technical review, which includes field inspection and verification. Following the technical approval by Sernageomin, the file returns to a judge of the appropriate jurisdiction, who dictates the constitution of the claim as a mensura (equivalent to a patented claim in Canada). Once constituted, an abstract describing the claim is published in Chile’s official mining bulletin (published weekly), and 30 days later the claim can be inscribed in the appropriate Mining Registry (Conservador de Minas).

Once constituted, a mensura is a permanent property right, with no expiration date. As long as the annual fees (‘patentes’) are paid in a timely manner (from March to May of each year), clear title and ownership of the mineral rights is assured in perpetuity. Failure to pay the annual patentes for an extended period can result in the concession being listed for ‘remate’ (auction sale), wherein a third party may acquire a concession for the payment of back taxes owed (plus a penalty payment). In such a case, the claim is included in a list published 30 days prior to the auction and the owner has the possibility of paying the back taxes plus penalty and thus removing the claim from the auction list.

Due to the complicated nature of the land tenure system in Chile, Red Metal has engaged a land tenure specialist who sends a monthly report on the status of all claims in the areas we are working in. This report includes a list of any new concessions in our area along and any obligation on our part to notify new concession holders of our existing concessions.

*Environmental Liabilities*

There are no known environmental liabilities within the Carrizal Property. The Company has not applied for any environmental permits on the Carrizal Property and has been advised that none of the exploration work completed to date requires an environmental permit. For all exploration work in Chile, any damage done to the land must be repaired.

The Llanos de Challe National Park, which was created in July 1994, covers the southern 750 m of the Farellón Una al Ocho concession. According to the Mining Code of Chile, to mine or complete any exploration work within the park boundaries, the Company will be required to get written authorization from the Chilean government.

*Exploration History*

Introduction and Regional History

Mining has played an important role in Chile’s economy starting in the 16th century with gold, silver and copper being mined from high grade deposits. Copper mining, in particular, has employed a significant portion of the population both directly and indirectly over the last 100 years. Historically, the most significant mineral producing zone in Chile has been the Coastal Cordillera, ranging between 50 and 100 km wide, extending over 2,500 km from Valparaiso in the south, northward to the Peruvian boarder.

The Carrizal Alto Mine area is located within this prolific Coastal Cordilleran range, in the Atacama III Region of northern Chile, between Copiapo and Vallenar. Historical records indicate that copper mining commenced at Carrizal Alto in the 1820s and continued on a significant scale mostly by British companies until 1891, when disastrous flooding occurred and mines closed. The historical reports indicate that the larger mines were obtaining good grades over significant widths in the bottom workings at the time of closure. Very little information regarding mining has survived, but there is a small amount of historical data located in the SERNAGEOMIN National Archives in Santiago, Chile. Up until 1891, mining at the Carrizal Alto Mine site produced over 3 million tonnes of Cu ore, grading between 5 and 15% copper (National Archives in Santiago, Chile). There was also a large quantity of direct shipping ore at 12% copper. At one time there was a considerable body of tailings present to support these figures, however this material has been reprocessed and depleted due to the high prices of gold and copper over the last few years.

The Carrizal Alto Mine area contains a series of northeast-trending shear structures, including the principal vein systems of 'Mina Grande' and 'Armonia'. Both vein systems have been worked extensively. The Mina Grande shear contains workings that extend for over 2.5 km as a nearly continuous line of pits, collapsed stopes, narrow open cuts and numerous shafts. The Armonia vein system is similar, extending for 1.8 km. Oxidation depths range from 50 to 150 m, and judging from remnant material, many of the veins were probably worked to this depth and then abandoned as sulfide mineralization was reached.

In the most productive zone at Mina Grande (which stretches for 1.5 km), the mineralized vein reached 15 m in width and is composed of quartz, sericite, chalcopyrite and pyrite. Amphibole-rich seams occur proximal to the diorite wall rock, which also frequently contains chalcopyrite and pyrite-bearing impregnations and smaller veins. The main producing mine in the Carrizal Alto Mine area was the Veta Principal on the Mina Grande shear, which was mined to a depth of 400 m along a strike of 1.8 km and over a width varying from 2-15 m. The deepest workings reached 600 m. Several slag dumps remain at old sites of local smelters treating the sulfide ores. Carrizal Alto, despite spectacular past production from the Capote, Mina Grande, and Armonia mines, has remained virtually untouched since the brief gold revival of the 1930s.

The current Carrizal Property is comprised of two contiguous blocks, namely the Farellón to the south and Perth to the north (Figure 2). Both of these blocks border the historically-productive Carrizal Alto Mine to the east, sharing geological and mineralogical attributes, and for consistency, the historical names have been retained.

Farellón Project Area

The Farellón block of concessions, which are contiguous with the Carrizal Alto Mine area, was mined on a limited basis in the 1940s. Very little information remains from this time period, except for a few plans of the limited underground mining (SERNAGEOMIN National Archives, Santiago, Chile).

In 1963, eight samples were taken from two high grade veins from the accessible workings within the Farellón project area, namely Veta Pique and Veta Naciente. These samples were analysed for copper, gold, silver, and gangue oxides (Table 3). Unfortunately, no units of measure were provided in the 1963 report accompanying the assay grades, although wt% is most likely for copper. In conjunction with historic records from the 1940s, this information was incorporated into a mineral resource estimate (see below).

In the 2010 Technical Report by Micon on the Company's Farellón Property (which corresponds roughly to the current Farellón Project area), the author stated that "no attempt was made to verify the sampling program of 1963, as the workings were not entirely accessible and there is no sample location map upon which to attempt to duplicate the samples" (Lewis, 2010).

**Table 4** - Grades of Cu, Au, and Ag from Veins of the Farellón Project

| Sample Number | Vein | Length (m) | Grade | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Cu | Au | Ag | CaO | FeO | MgO | SiO2 |
| 1 | Veta Pique | 2.5 | 1.8 | 0.5 | 5 | 47.89 | 6.54 | 0.27 | 1.34 |
| 2 | Veta Pique | 2.45 | 6.9 | 1 | 20 | 31.14 | 13.77 | 0.3 | 2 |
| 3 | Veta Pique | 3 | 3 | 1 | 10 | 46.43 | 5.86 | 0.26 | 2.5 |
| 4 | Veta Pique | 1 | 1.2 | 0.2 | 5 | 31.52 | 3.49 | 0.3 | 25.66 |
| 5 | Veta Naciente | 2 | 2.4 | 0.5 | 5 | 47.99 | 5.52 | 0.32 | 1.5 |
| 6 | Veta Naciente | 1.8 | 3 | 1 | 5 | 38.25 | 6.09 | 0.23 | 17.84 |
| 7 | Veta Pique | 1.7 | 1.7 | 0.5 | 3 | 43.77 | 4.51 | 0.28 | 10 |
| 8 | Veta Naciente | 0.8 | 1.6 | 0.5 | 3 | 28.8 | 3.71 | 0.23 | 29.54 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total*** | | **1.8** | **2.1** | **0.6** | **5** | **40.66** | **5.1** | **0.27** | **12.62** |

**Note***: The arithmetic average for the total in the table excludes Sample 2.
Derived from the 1963 report in the Sernageomin files, National Archives, Chile.

Oliver Resources, an Irish-based company, through its Chilean subsidiary Oliver Resources Chile Ltda., briefly explored the Farellón Property in 1990 with a stream sediment sampling program and sampling of the Farellón Alto and Bajo mine dumps.

The Farellón Property was incorporated into a larger land package called the Azucar Project in the 1990s, owned by Minera Stamford S.A. (Minera Stamford), a Chilean exploration company. In a joint venture with Metalsearch, an Australian company, exploration on these concessions included geological mapping, rock chip sampling, soil geochemistry, reverse circulation (RC) drilling and metallurgical sampling. Geological mapping of the Azucar project showed a NE-trending sheared contact 50 to 200 m wide, containing significant consistent mineralization along a 2 km strike length. Minera Stamford collected 152 rock chip and dump samples from prospective areas along the mineralized shear zone, of which 36 samples fell within the boundary of the Farellón Project. Samples were analyzed for gold, copper and cobalt. The highest gold sample within the Farellón Property was 13.50 g/t Au, the highest copper result was 6.15% Cu, and the highest cobalt result was 0.68% Co. Results of this, and other sampling programs conducted on the Farellón Project area are included in Figures 5, 6, and 7 showing Cu, Au, and Co concentrations, respectively. A total of 591 soil samples were also taken by Minera Stamford, but no records of this work have been located.

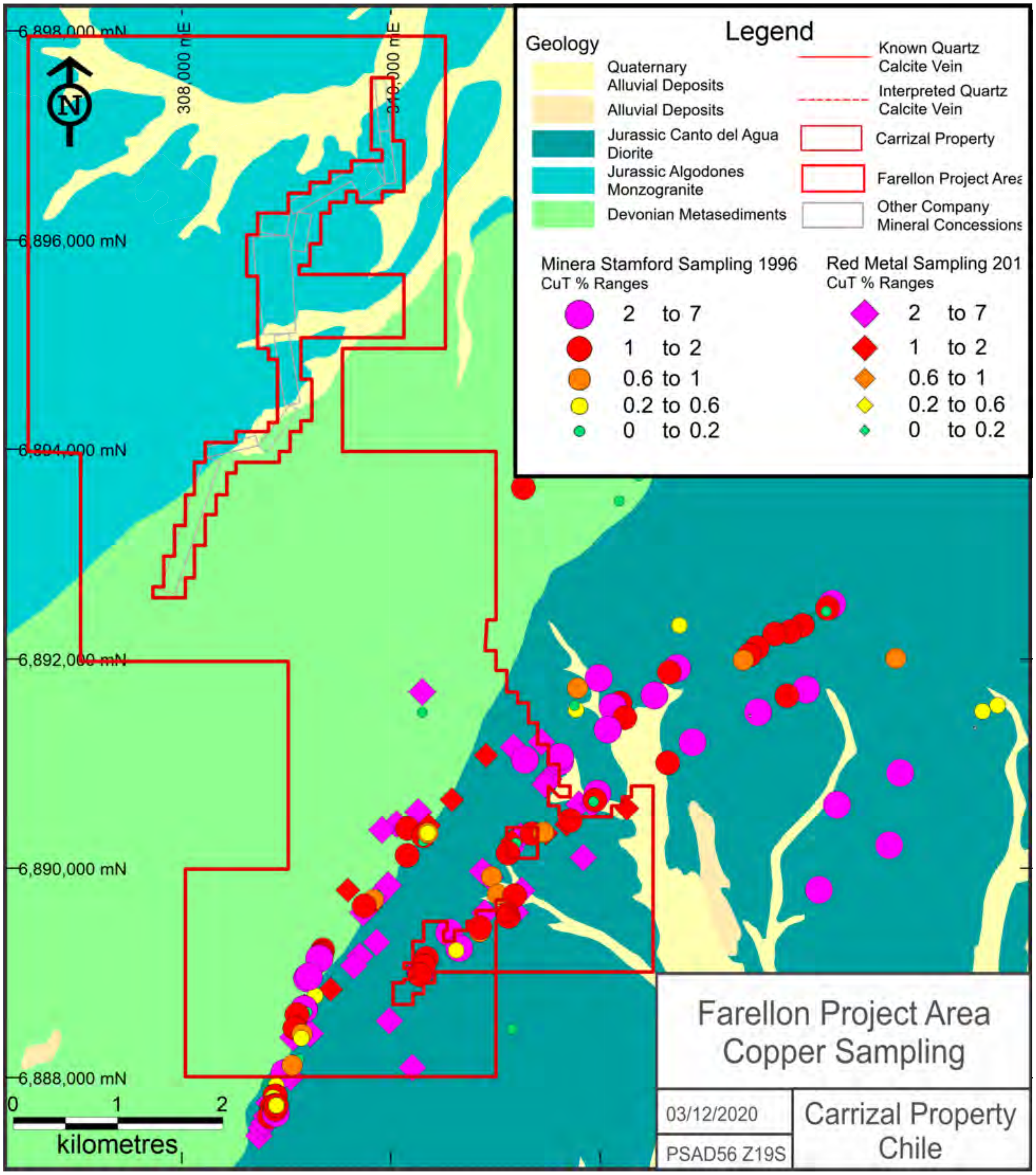



**Figure 5** - Results of sampling programs in the Farellón Project area, showing copper concentrations (Geology based on Arevelo and Welkner, 2003)

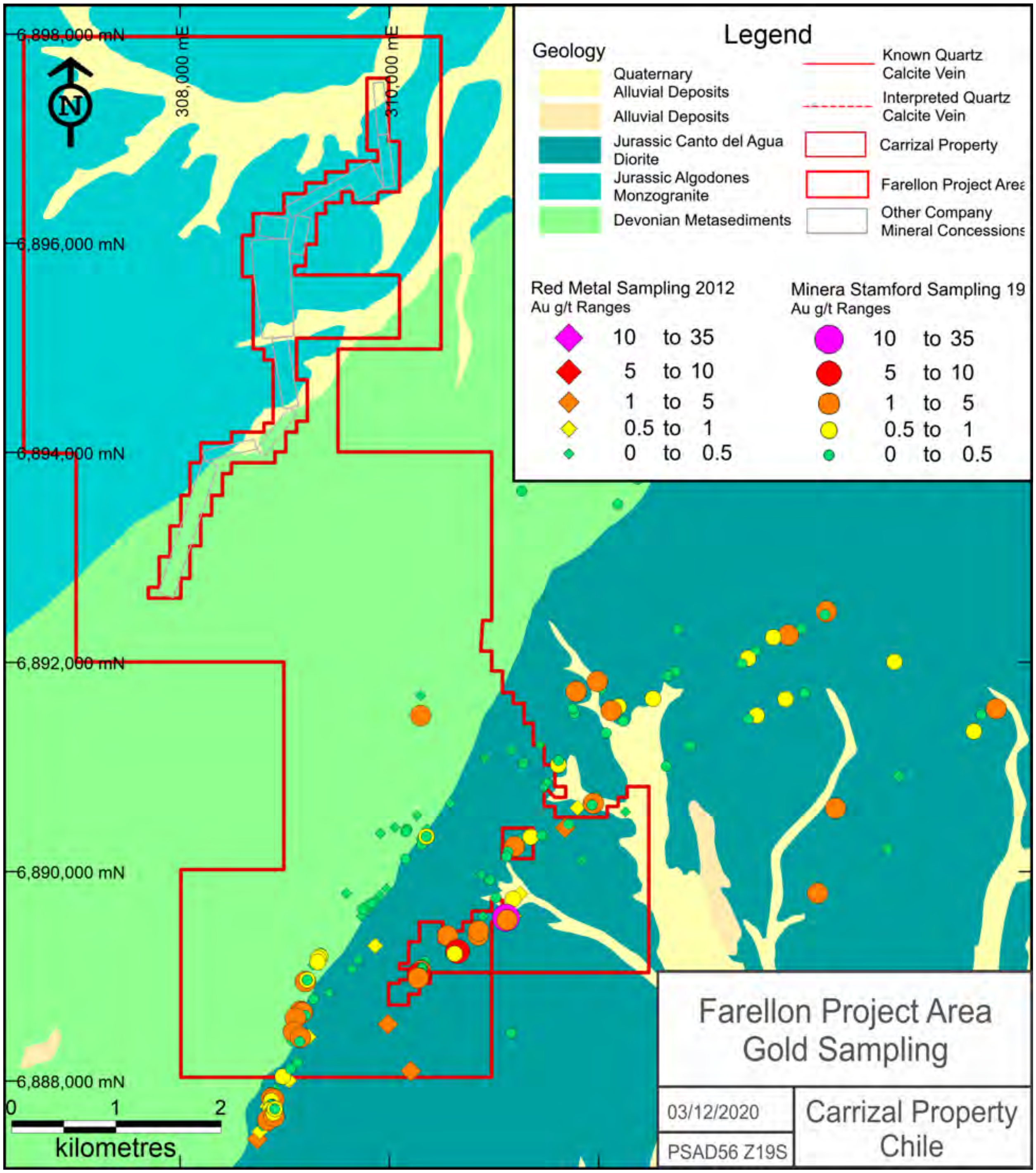



**Figure 6** - Results of sampling programs in the Farellón Project area, showing gold concentrations (Geology based on Arevelo and Welkner, 2003)

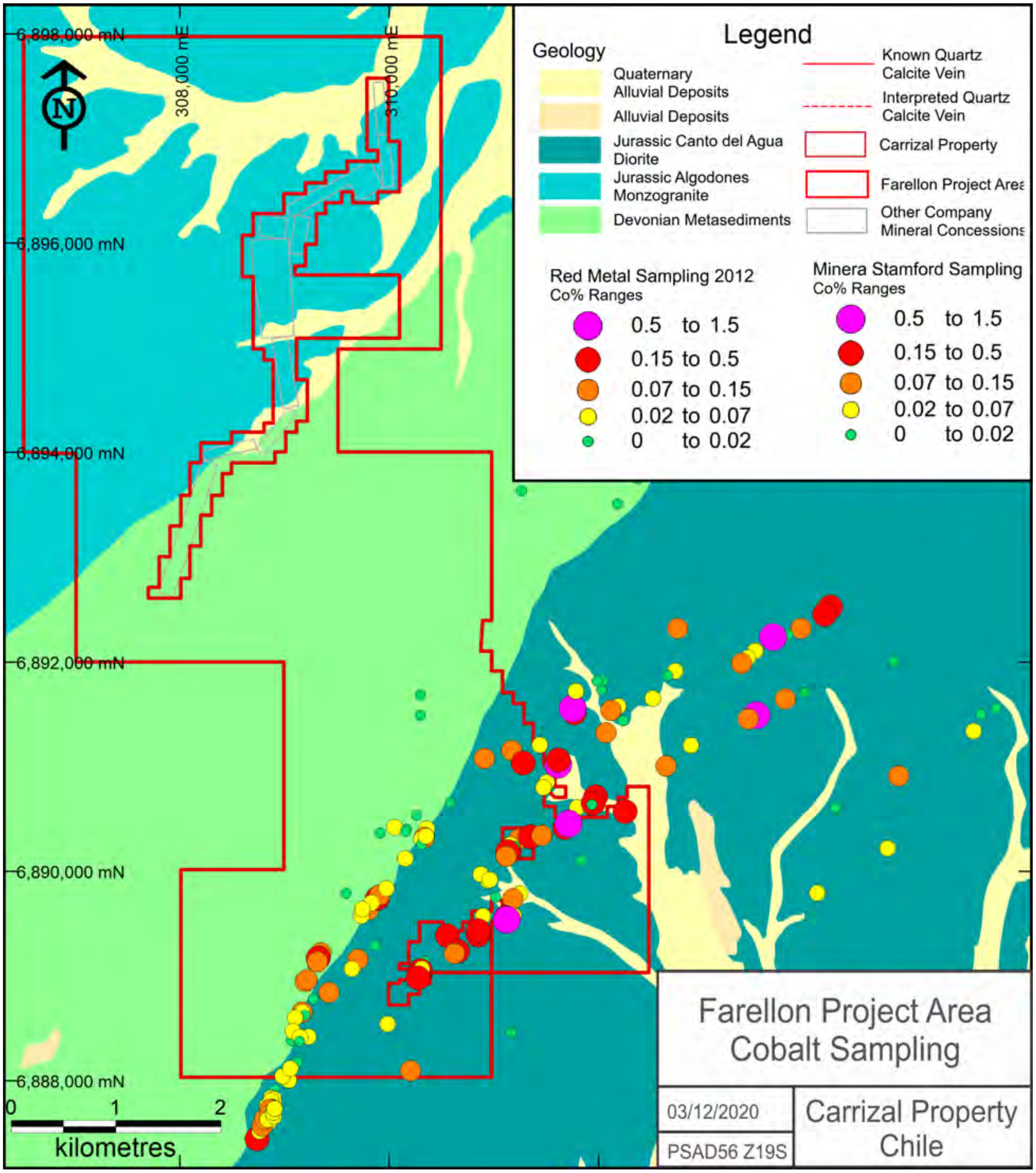



**Figure 7** - Results of sampling programs in the Farellón Project area, showing cobalt concentrations (Geology based on Arevelo and Welkner, 2003)

A reverse circulation drilling program of 33 holes totaling 6 486 m was completed between 1996 and 1997 targeting the shear zone on the Azucar property by the JV between Minera Stamford and Metalsearch. Twenty-two (22) of these holes were located within the Farellón Project area, representing a total of 3918 m. Drill holes were placed at irregular intervals along the mineralized shear zone, and the holes were sampled at regular 1 m intervals along their entire length. Results of this drill campaign confirmed the consistent presence of mineralization in the shear zone, to a vertical depth of ~200 m. As shown in Table 4, the highest gold concentration was 21.03 g/t Au, the highest copper result was 9.21% Cu, and the highest cobalt result was 0.58% Co (all of these results are over 1 m intervals).

**Table 5** - Summary of the Minera Stamford-Metalsearch JV Reverse Circulation Drill Hole Statistics for the Farellón Project area

| Hole Number | UTM Coordinates Easting | Northern | Elevation (m) | Azimuth (°) | Dip (°) | Depth (m) |
|---|---|---|---|---|---|---|
| FAR-96-06 | 308962.3 | 6888011 | 573 | 110 | -62 | 100 |
| FAR-96-07 | 308954.2 | 6888059 | 560 | 110 | -62 | 163 |
| FAR-96-09 | 309131.2 | 6888706 | 552 | 95 | -65 | 242 |
| FAR-96-010 | 309167.3 | 6888980 | 557 | 112 | -75 | 211 |
| FAR-96-011 | 309155.5 | 6888870 | 565 | 102 | -62 | 169 |
| FAR-96-013 | 309092.8 | 6888659 | 540 | 110 | -65 | 257 |
| FAR-96-014 | 309131.5 | 6888703 | 552 | 90 | -90 | 203 |
| FAR-96-015 | 309155 | 6888867 | 565 | 90 | -90 | 200 |
| FAR-96-016 | 309128.3 | 6888882 | 565 | 111 | -65 | 200 |
| FAR-96-017 | 309165.4 | 6888979 | 557 | 90 | -90 | 200 |
| FAR-96-018 | 309181 | 6889026 | 562 | 115 | -65 | 51 |
| FAR-96-019 | 309180 | 6889026 | 562 | 90 | -90 | 200 |
| FAR-96-020 | 309138.7 | 6888640 | 553 | 140 | -65 | 150 |
| FAR-96-021 | 309137.9 | 6888641 | 553 | 90 | -90 | 200 |
| FAR-96-022 | 309086.1 | 6888591 | 564 | 131 | -65 | 150 |
| FAR-96-023 | 309085.3 | 6888601 | 564 | 90 | -90 | 200 |
| FAR-96-024 | 309057.6 | 6888503 | 544 | 110 | -65 | 150 |
| FAR-96-025 | 309056.6 | 6888503 | 544 | 90 | -90 | 172 |
| FAR-96-026 | 309029.9 | 6888387 | 544 | 140 | -65 | 150 |
| FAR-96-027 | 309029.3 | 6888387 | 544 | 90 | -90 | 199 |
| FAR-96-028 | 309337.5 | 6889279 | 500 | 112 | -65 | 150 |
| FAR-96-029 | 309336.5 | 6889280 | 500 | 90 | -90 | 201 |
| **Total** | | | | | | **3,918** |

Table provided by Red Metal Resources Ltd.

**Table 6** - Summary of significant intercepts from the 1996-1997 RC Drilling Program by Minera Stamford and Metalsearch within the Farellón Project area

| Drill Hole | Significant Interval (m) From | To | Length | Assay Results Gold (g/t) | Copper (%) | Cobalt (%) |
|---|---|---|---|---|---|---|
| FAR-96-06 | 49 | 54 | 5 | 0.15 | 0.73 | 0.01 |
| FAR-96-07 | 25 | 34 | 9 | 0.38 | 1.05 | 0.02 |
| FAR-96-09 | 57 | 84 | 27 | 0.51 | 0.91 | 0.03 |
| FAR-96-010 | 31 | 36 | 5 | 1 | 0.68 | 0.04 |
| FAR-96-011 | 20 | 26 | 6 | 0.67 | 0.46 | 0.02 |
| FAR-96-013 | 86 | 93 | 7 | 0.87 | 1.68 | 0.04 |
| FAR-96-014 | 77 | 83 | 6 | 0.66 | 0.85 | 0.06 |
| FAR-96-015 | 59 | 79 | 20 | 0.99 | 0.98 | 0.06 |
| | 99 | 109 | 10 | 0.18 | 1.02 | 0.03 |
| FAR-96-016 | 24 | 26 | 2 | 0.95 | 1.57 | 0.02 |
| | 64 | 70 | 6 | 0.73 | 0.81 | 0.07 |
| FAR-96-020 | 14 | 16 | 2 | 0.46 | 1.85 | 0.05 |
| | 39 | 43 | 4 | 0.75 | 0.9 | 0.03 |
| FAR-96-021 | 22 | 25 | 3 | 4.17 | 5.29 | 0.11 |
| FAR-96-022 | 29 | 39 | 10 | 1.53 | 1.31 | 0.04 |
| FAR-96-022 | 100 | 108 | 8 | 3.72 | 2.49 | 0.06 |

| Drill Hole | Significant Interval (m) | | | Assay Results | | |
|---|---|---|---|---|---|---|
| | From | To | Length | Gold (g/t) | Copper (%) | Cobalt (%) |
| FAR-96-023 | 50 | 53 | 3 | 0.48 | 1.1 | 0.06 |
| | 59 | 64 | 5 | 0.28 | 0.78 | 0.03 |
| | 132 | 147 | 15 | 0.6 | 1.42 | 0.03 |
| FAR-96-024 | 33 | 36 | 3 | 0.94 | 2.89 | 0.06 |
| FAR-96-025 | 65 | 85 | 20 | 0.97 | 1.22 | 0.02 |
| FAR-96-028 | 55 | 58 | 3 | 0.12 | 0.52 | 0.06 |
| FAR-96-029 | 30 | 34 | 4 | 0.18 | 1.15 | 0.07 |

The historic Farellón workings are in metamorphic units within the sheared metamorphic/tonalite contact zone which is about 200 m wide. The workings are large but restricted to the oxide zone and range from 1-20 m wide. A sample of the wall rock and quartz veined metamorphic rocks taken by Minera Stamford returned 3.0% copper, 1.4 g/t gold, 0.08% cobalt, and 1.1% arsenic.

The lower Farellón workings are several hundred metres to the south and associated with massive siderite. A sample collected by Minera Stamford of the lode material returned 5.6% copper, 2.4 g/t gold, 0.02% cobalt. A 20 ton trial parcel of material from the Farellón workings in the 1950s is reported to have returned over 1% cobalt.

The Company acquired the rights to the Farellón Property on April 25, 2008, upon its Chilean subsidiary exercising the option to buy the property from Minera Farellón. The Company drilled five RC drill holes in 2009, totalling 725 m using a Tramrock Dx40 RC rig. This larger rig necessitated widening existing roads rehabilitating access to old drill pads. The drill program was designed to twin some of the Minera Stamford 1996-1997 drill holes for data verification, as no geological information was recovered from the Minera Stamford drill program and assays were not accompanied by laboratory certificates. One drill hole tested 100 m below the known mineralization, and another hole tested continuity of mineralization between previously drilled sections.

Collar locations and azimuths for the 2009 drilling were surveyed using a total station surveying tool. Each drill hole had 1.5 m of blue PVC piping added to it as a surface pre-collar which was cemented into place to permanently denote the drill hole location. Downhole surveys were completed on all drill holes from the 2009 program and on six drill holes from the 1996-1997 Minera Stamford program (holes 9, 14, 20, 21, 22, and 23). Surveying of all historic drill holes surrounding the current drilling was attempted, but some of the holes were caved and the survey tool was unable to be lowered into the hole.

**Table 7 -** Summary of Red Metal's 2009 RC Drill Program
on the Farellón Project

| Hole Number | UTM Coordinates | | | Azimuth (°) | Dip (°) | Depth (m) | Comments |
|---|---|---|---|---|---|---|---|
| | Easting | Northern | Elevation (m) | | | | |
| FAR-09-A | 309,086 | 6,888,591 | 550 | 131 | -65 | 125 | twinning FAR-96-22 |
| FAR-09-B | 309,125 | 6,888,709 | 560 | 95 | -65 | 100 | twinning FAR-96-09 |
| FAR-09-C | 309,127 | 6,888,922 | 555 | 105 | -65 | 145 | testing continuity between sections |
| FAR-09-D | 308,955 | 6,888,696 | 539 | 95 | -65 | 287 | testing depth extent of mineralization |
| FAR-09-E | 309,133 | 6,888,645 | 551 | Vertical | -90 | 68 | twinning FAR-96-21 |
| **Total** | | | | | | **725** | |

**Table 8** contains the significant intervals calculated from the 2009 RC drill program by the Company. The intervals are reported as core lengths, as the true width of the mineralized zones have not been determined.

**Table 8** - Summary of significant intercepts from Red Metal's 2009 RC Drill Program on the Farellón Project

| DI9:P21rill Hole Number | Assay Interval (m) | | | | Assay Grade | | |
|---|---|---|---|---|---|---|---|
| | | From | To | Core Length | Gold (g/t) | Copper (%) | Cobalt (%) |
| FAR-09-A | | 32 | 37 | 5 | 0.59 | 1.3 | 0.02 |
| | | 97 | 106 | 9 | 0.44 | 1.63 | 0.04 |
| | including | 103 | 106 | 3 | 0.48 | 2.49 | 0.07 |
| FAR-09-B | | 56 | 96 | 40 | 0.27 | 0.55 | 0.02 |
| | including | 60 | 63 | 7 | 0.46 | 1.42 | 0.04 |
| | | 75 | 87 | 12 | 0.71 | 1.28 | 0.03 |
| FAR-09-C | | 77 | 82 | 5 | 4.16 | 2.57 | 0.05 |
| FAR-09-D | | 95 | 134 | 39 | 0.11 | 0.58 | 0.01 |
| | including | 95 | 103 | 8 | 0.33 | 2.02 | 0.02 |
| FAR-09-E | | 25 | 30 | 5 | 0.54 | 1.35 | 0.02 |
| | | 65 | 68 | 3 | 0.58 | 1.46 | 0.06 |

Results from the 2009 drilling confirmed the general location and tenor of the mineralization determined during the 1996-1997 Minera Stamford drilling program, however, the 2009 program was not able to reproduce the historical gold assays within holes FAR-09-A and FAR-09-E, designed to duplicate historical holes FAR-96-22 and FAR-96-21, respectively. In the case of FAR-09-E, the disparity between the historical 1996-1997 and 2009 assays was also found with respect to copper. All drill holes during the 2009 drilling program intersected oxide facies mineralization with only minor amounts of sulfide (e.g. hole FAR-09-D).

In 2011, the Company completed a second drilling program, consisting of nine reverse circulation holes and two combined RC/diamond drill (core) holes. Chips and core recovered consisted of 2050 m of RC drilled, and 183 m of diamond (core), for a total of 2233 m. The program was designed to expand the known mineralized zone down-dip to 200 m vertical depth, extend the known mineralized strike length of the overall deposit to 700 m, and infill large gaps with holes drilled at 75 m spacing. Two of the drill holes finished with diamond drill core, providing information to better define the structural controls on mineralization.

Collar locations and azimuths for the 2011 drilling were surveyed using a handheld GPS. The Company used a magnetic REFLEX EZ-TRAC instrument to complete downhole surveys using a digital remote gyroscope. Downhole surveys were completed on all 11 drill holes from the 2011 program every 50-100 m downhole so most drill holes had at least three readings taken along with the one at the surface. Due to the high magnetic susceptibility of the subsurface, the azimuth reading and the magnetic readout gave inaccurate readouts. Therefore, only the downhole dip could be recorded with any level of confidence. The significant assays are reported as core lengths as the true width of the mineralized zone was not established.

**Table 9** - Survey information from Red Metal's 2011 Combined RC/Diamond drilling program.

| Hole Number | UTM Coordinates (PSAD 56) | | | Azimuth (°) | Dip (°) | Depth (m) | Comments |
|---|---|---|---|---|---|---|---|
| | Easting | Northern | Elevation (masl) | | | | |
| FAR-11-001 | 309,298 | 6,889,226 | 499 | 130 | -65 | 101 | |
| FAR-11-002 | 309,180 | 6,889,140 | 508 | 130 | -65 | 228 | |
| FAR-11-003 | 308,992 | 6,888,677 | 517 | 130 | -60 | 200 | |
| FAR-11-004 | 309,095 | 6,888,808 | 513 | 130 | -65 | 200 | |
| FAR-11-005 | 309,041 | 6,888,760 | 497 | 130 | -60 | 143 | Abandoned at 143 m |
| FAR-11-006 | 309,113 | 6,888,870 | 556 | 130 | -80 | 200 | |
| FAR-11-007 | 309,113 | 6,888,870 | 556 | 130 | -60 | 162 | |
| FAR-11-008 | 309,104 | 6,888,984 | 531 | 130 | -65 | 200 | |
| FAR-11-009 | 308,955 | 6,888,710 | 536 | 130 | -65 | 247 | Diamond 200-247 m |
| FAR-11-010 | 309,007 | 6,888,852 | 528 | 130 | -60 | 300 | Diamond 164-300 m |
| FAR-11-011 | 309,031 | 6,888,950 | 541 | 130 | -65 | 252 | |
| **Total** | | | | | | **2,233** | |

**Table 10** - Significant intercepts from Red Metal's 2011 drill program on the Farellón Project.

| Drill hole Number | Assay Interval (m) | | | | Assay Grade | | |
|---|---|---|---|---|---|---|---|
| | | From | To | Core Length | Gold (ppm) | Copper (%) | Cobalt (%) |
| FAR-11-001 | | 36 | 49 | 13 | 0.35 | 2.51 | 0.06 |
| | including | 36 | 44 | 8 | 0.53 | 3.95 | 0.09 |
| FAR-11-002 | Zone faulted off, no significant intercepts | | | | | | |
| FAR-11-003 | | 150 | 155 | 5 | 0.28 | 0.4 | 0.03 |
| FAR-11-004 | | 141 | 145 | 4 | 0.01 | 0.73 | 0.01 |
| FAR-11-005 | | 124 | 133 | 9 | 0.26 | 0.84 | 0.02 |
| | Hole lost in mineralization | | | | | | |
| FAR-11-006 | | 80 | 112 | 32 | 0.99 | 1.35 | 0.02 |
| FAR-11-007 | | 64 | 70 | 6 | 0.7 | 0.66 | 0.07 |
| FAR-11-008 | | 98 | 102 | 4 | 0.26 | 0.85 | 0.01 |
| FAR-11-009 | | 202 | 211.55 | 9.55 | 0.42 | 0.95 | 0.05 |
| FAR-11-010 | | 179.13 | 183 | 3.87 | 0.39 | 0.5 | 0.05 |
| FAR-11-011 | | 54 | 56 | 2 | 0.48 | 0.97 | 0.03 |

Drilling returned copper results as high as 8.86% Cu, with 0.80 g/t Au over 1 m (FAR-11-001), and 5.35 g/t Au, 4.77% Cu, and 0.024% Co over a 2 m interval (FAR-11-006). There was evidence of pinching and swelling in the mineralized vein structures, as significant intercepts ranging in width from 2 m to 32 m. Ten of the eleven drill holes contained significant intercepts (9). Drill hole FAR-11-002 did not intercept the interpreted mineralized zone, likely due to a misinterpretation of localized fault off-set of the mineralized vein. Select drill hole sections from the 2011 drilling program are presented in Figures 8 through 15, all provided by Red Metal.

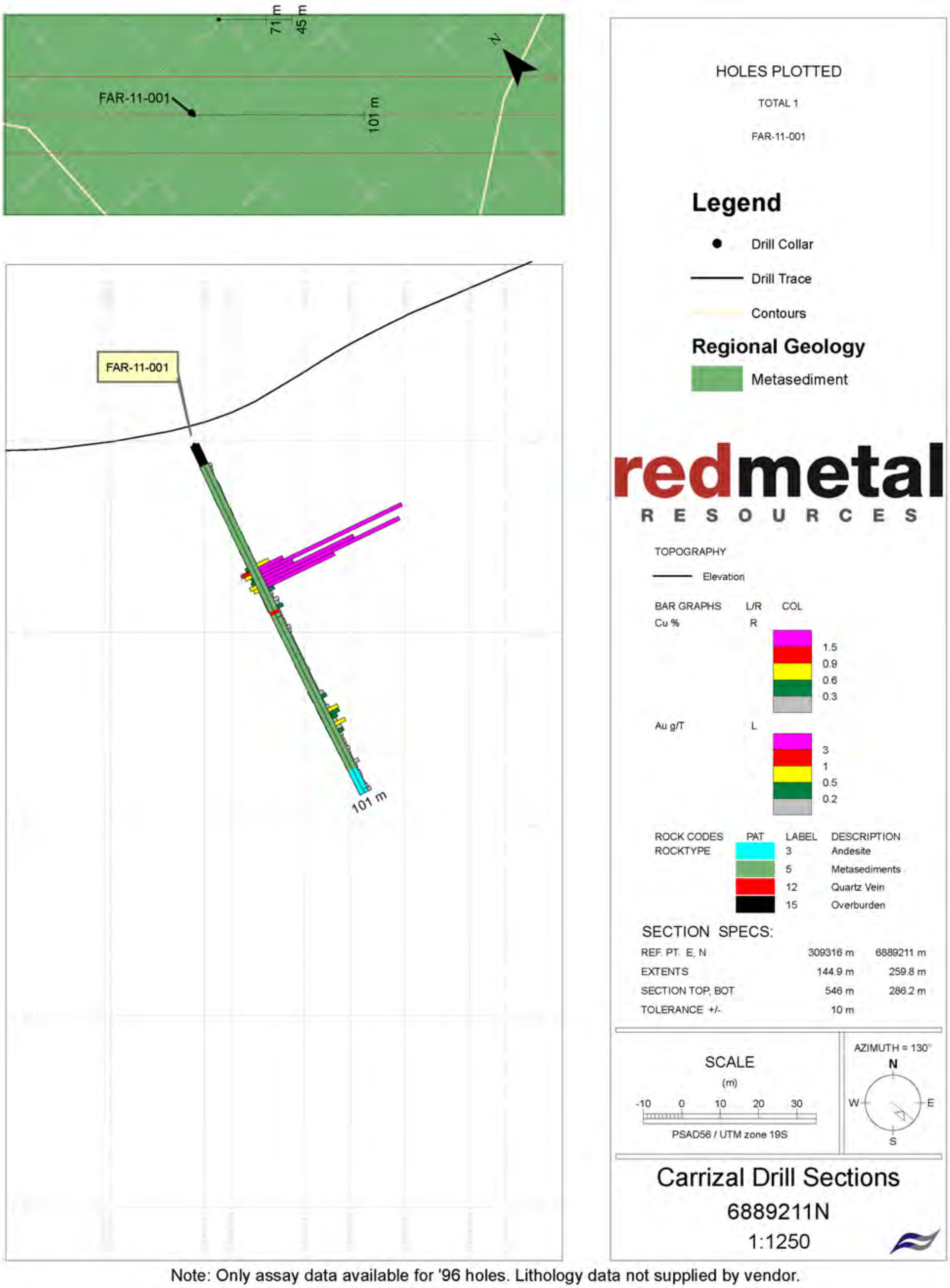



**Figure 8** - Drill hole section for FAR-11-001. (figure provided by Red Metal).

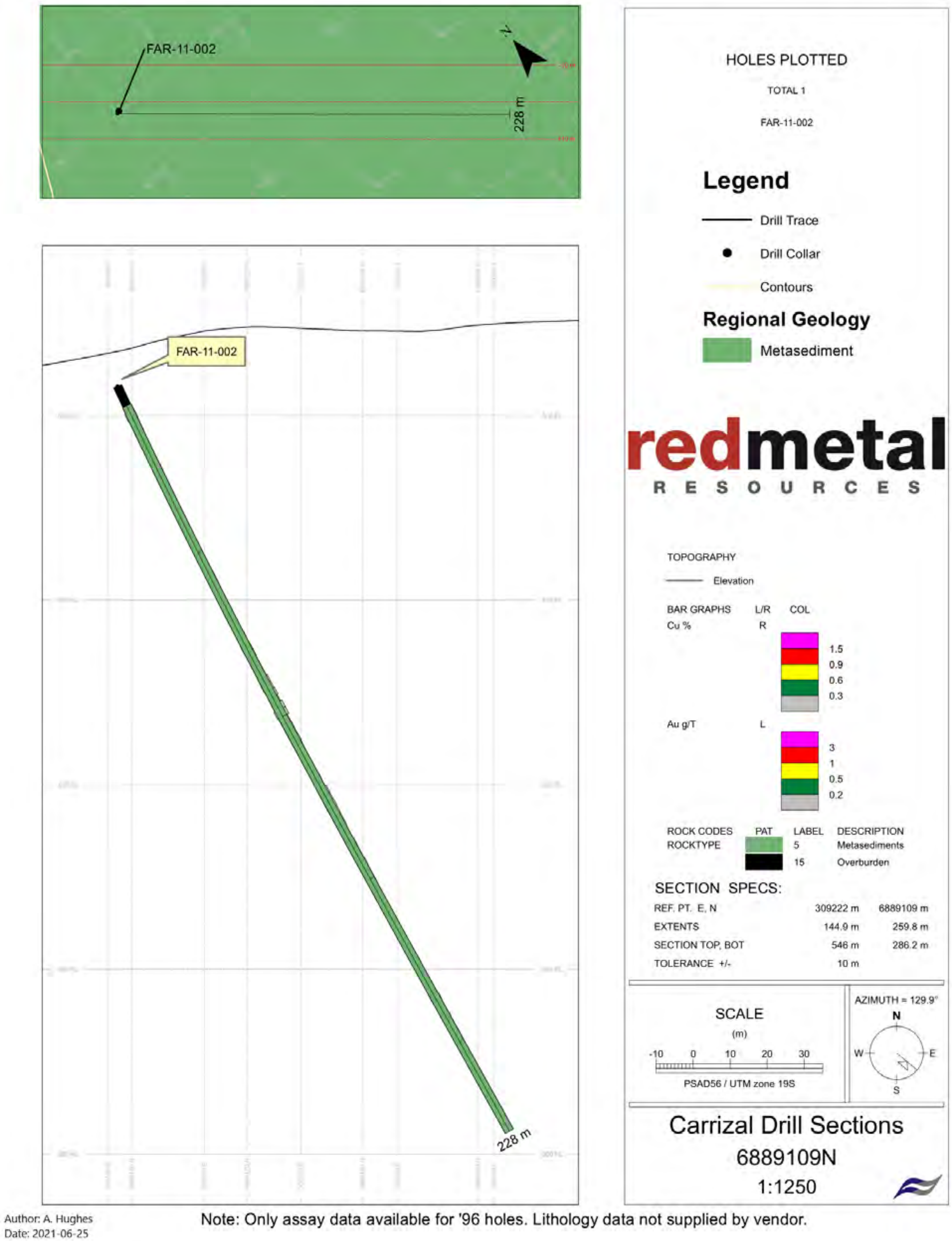
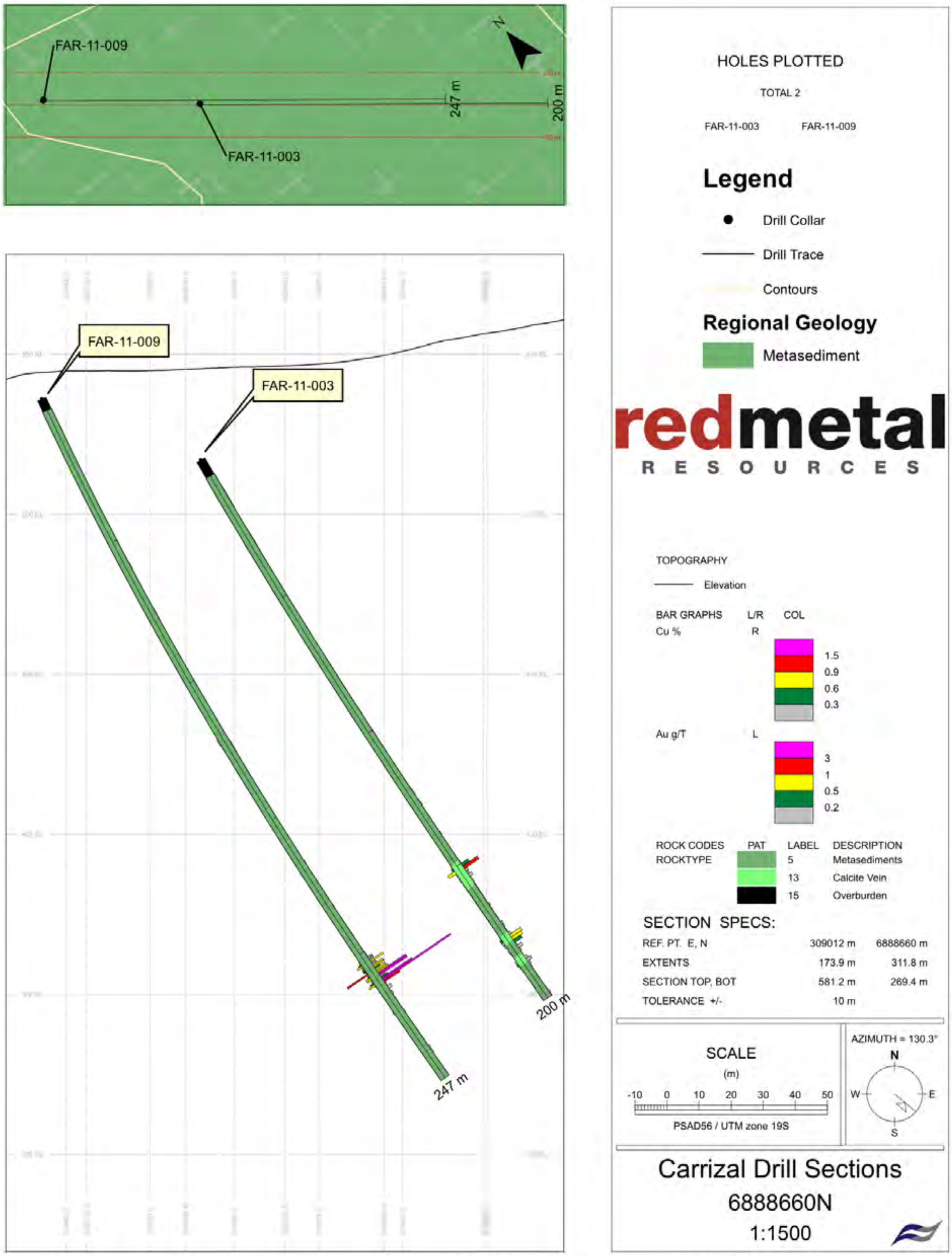



**Figure 9** - Drill section for FAR-11-002. (figure provided by Red Metal).




Author: A. Hughes
Date: 2021-06-25

Note: Only assay data available for '96 holes. Lithology data not supplied by vendor.

**Figure 10** - Drill section for FAR-11-003 and 009. (figure provided by Red Metal).

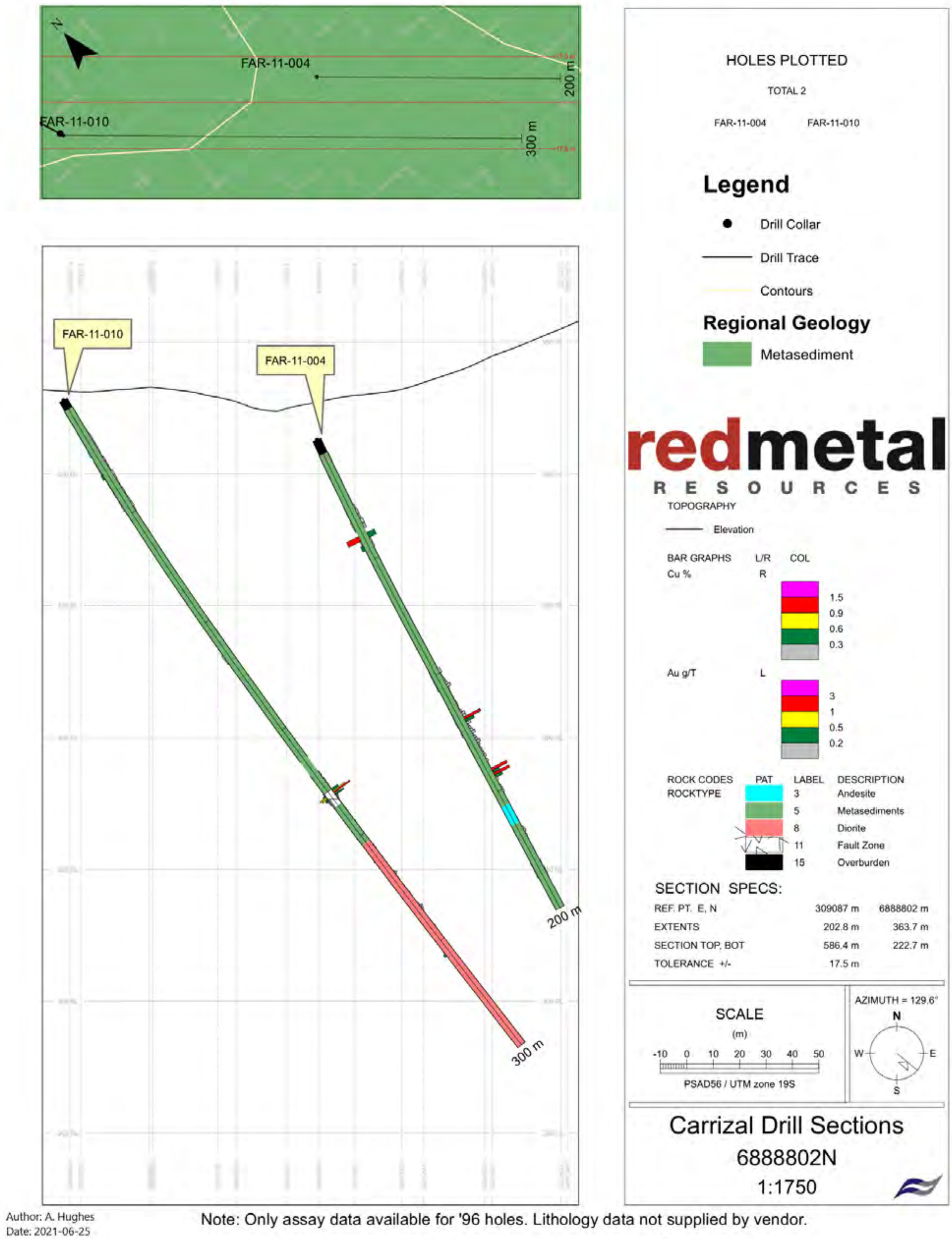



**Figure 11** – Drill hole section for FAR-11-004 and -010. (figure provided by Red Metal).

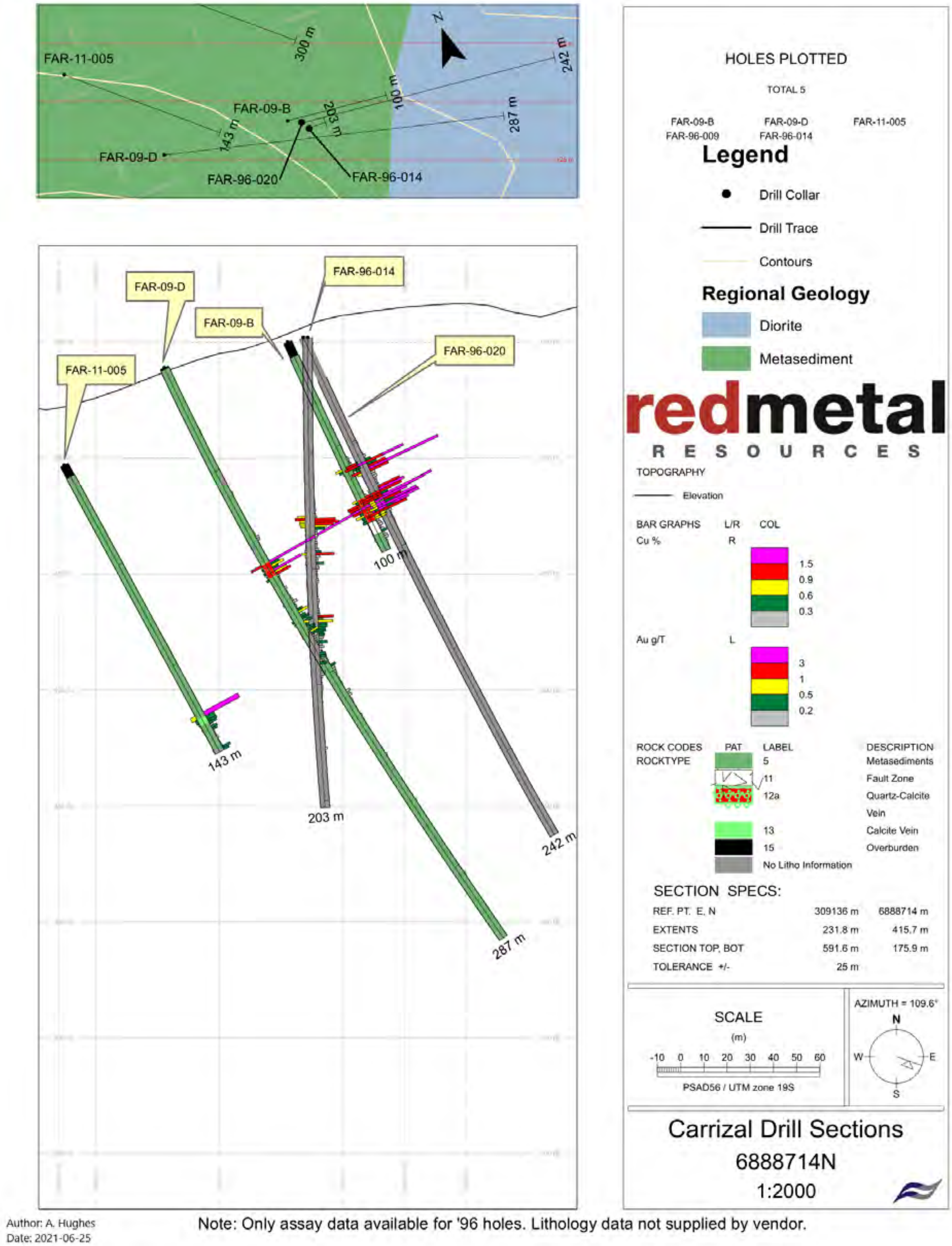



**Figure 12** - Drill hole section for FAR-11-005 and previous holes. (figure provided by Red Metal).

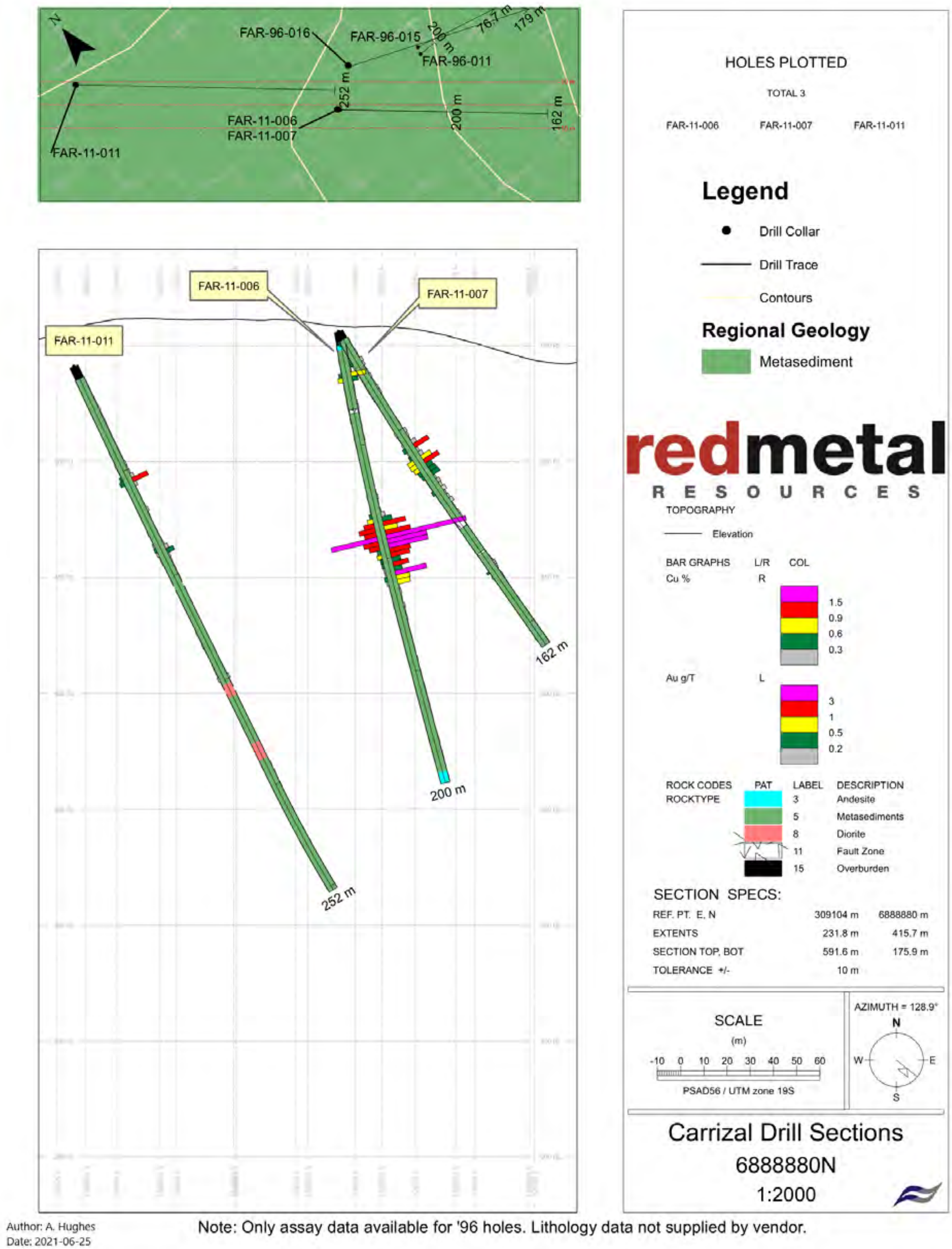



**Figure 13** - Drill hole section for FAR-11-006, -007, and -011, and historic holes. (figure provided by Red Metal).

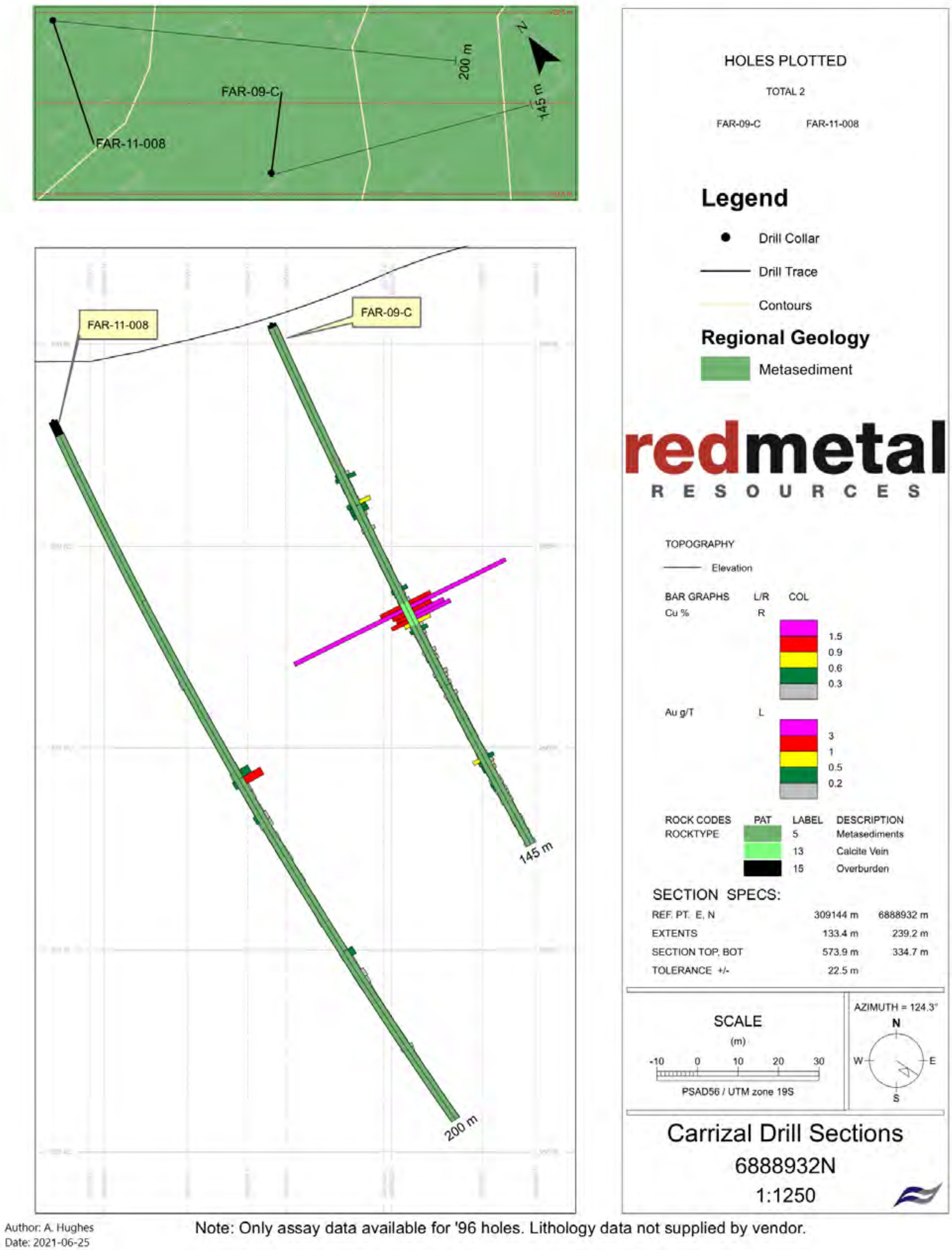



**Figure 14** - Drill hole section for FAR-11-008, as well as historic holes. (figure provided by Red Metal).

All significant intercepts from the 2011 drilling program were dominated by supergene oxide mineralization from surface to ~150 m depth. Sulfide mineralization was minimal within this shallow depth range, becoming more abundant as the transition to the hypogene zone approached below ~150 m depth. This transition zone was highly variable depending on faulting, groundwater flow pathways, and variable elevation. Below 150 m, hypogene conditions dominated, resulting in abundant sulfide mineralization, as seen in drill holes FAR-11-003 (177-182 m), FAR-11-009 (202-211.55 m), and FAR-11-010 (179.13-183 m). Supergene mineralization was dominated by malachite, chrysocolla, and copper±gold within goethite and limonite iron oxides. Alteration haloes were associated with supergene mineralization such as carbonate, limonite, hematite, goethite, and manganese oxide. Other alteration minerals were present, such as chlorite, epidote, actinolite, biotite, and sericite, however these minerals were not related to the supergene mineralization.

Hypogene mineralization was dominated by chalcopyrite with associated gold. Chalcopyrite occurred as amorphous blebs and lesser disseminations hosted in massive, sometimes vuggy quartz and calcite. A good example was found in drill core from hole FAR-11-009 within the mineralized intersection between 202 m and 211.55 m. The mineralized intersections broadly occur along the regional lithological boundary shear zone between overlying Paleozoic metasediments to the west and underlying Jurassic intrusives to the east.

Most of the 2011 drill holes did not pass through the lithological boundaries, even after drilling through the mineralized structures. Therefore, it was interpreted that this mineralization occurs in close proximity to the lithological boundaries, but that the mineralized structures do not exactly follow the contact but instead occur as splays and faults emanating off the major structural boundary.

The 2011 drilling results confirmed that mineralization is still present down-dip of the intersections identified during the previous drilling campaign and are still open at depth. The infill drilling confirmed that the mineralization had significant grades and initiated the process of outlining a consistent 75 m spacing between drill holes. The 2011 drilling results also indicated that the significant grades for the copper and gold mineralization were still open along strike to the northeast and southwest, as demonstrated by hole FAR-11-001, which was drilled towards the northwest. All drill holes during the 2011 drilling program intersected oxide facies mineralization with the only significant intercepts bearing sulfides in holes FAR-11-003 and FAR-11-009. The supergene-hypogene transition occurred anywhere between 50 m and 150 m and appeared to be dependent on local fracturing and faulting.

A mapping and sampling program was conducted on the Farellón Property in 2012, covering the contact zone between the metasediments and the diorite. The main focus of this program was to ascertain the nature of the veins occurring within each major rock type, and to determine whether any major differences existed in vein structure, mineralogy, alteration, size, and geochemical composition. Over 1,270 mapping sites were visited, with information such as major rock type and mineralization recorded. Of these sites, 56 samples were selected and submitted for geochemical analysis (see Figures 5, 6, and 7 - sampling results). The range of total copper achieved by this sampling program was between 1.17 and 5.78 % Cu, with between 50 and 99% of that representing copper sulfide mineralization. These samples also contained from 19-2465 ppm Co, and from 0.02-2.87 g/t Au.

Two diamond drill holes were completed in 2013 by Perfoandes on behalf of Red Metal totaling 116 m (45 m in the first hole, 71 m in the second). The first hole (F13-001) was located 28 m north of FAR-11-001 on a 45˚ bearing. Drill core was selectively sampled (16 m sampled from FAR-13-001 and 15 m sampled from FAR-13-002), and analysed for Au, total Cu and soluble Cu. A significant intersection was encountered in each drill hole, returning 0.7 % Cu and 0.2 g/t Au over 6 m. The second hole recorded 1.75% Cu and 0.25 g/t Au over 9 m. These results confirmed similar findings from FAR-11-001, which was collared 28 m to the south. Both holes recorded the change in mineralogy from dominantly ankerite and other carbonates to more quartz-dominant, containing pyrite and chalcopyrite mineralization.

In 2014, the Company entered into a contract with a Chilean artisanal miner allowing the artisanal miner to extract mineralized material on the Farellón property in return for a 10% net sales royalty. In January 2015, the artisanal miner began selling mineralized material to ENAMI, the Chilean national mining company. To date approximately 11,265 tonnes of sulfide-mineralized material with an average grade of 1.67% Cu, 5.8 g/t Ag and 0.21 g/t Au, as well as 1813 tonnes of oxide mineralized material with an average grade of 1.56% Cu has been sold to ENAMI. The ENAMI processing facility currently does not have the capability of recovering cobalt and therefore the artisanal miner did not regularly analyse for cobalt. Three grab samples taken from the same location as the mined mineralized material (Level 7 - 70 m level), were analysed for gold, copper, and cobalt, with results shown below in Table 11.

**Table 11** - Level 7 sampling

| **70 metre Level Sampling*** | | |
|---|---|---|
| **Gold (ppm)** | **Copper (%T)** | **Cobalt (%)** |
| n/a | 2.86 | 0.12 |
| n/a | 1.43 | 0.07 |
| 2.2 | 6.8 | 0.11 |
| *Grab samples are selective in nature and random in size and may not be representative of mineralization characteristics. n/a = not analyzed. | | |

The Kahuna concession (part of the Farellón Project area) was historically held by Vector Mining, a private company, and optioned to Catalina Resources PLC (Catalina), a private UK registered mineral exploration company. Catalina conducted a geophysical exploration program in order to determine whether the mineralized structures to the northeast, exploited in the Carrizal Alto mine, extended into the Kahuna area, to determine whether any such structures were associated with possible sulfide mineralization, and to define drill targets for a subsequent phase of work. The survey area was traversed in detail and a geological map was prepared showing all the different lithologies and previous mine workings. Two target areas were defined; one within the diorite intrusive hosting the high-grade mineralization at the old Carrizal Alto mine, the other in the surrounding metamorphic sediments. Two ground geophysical surveys (induced polarisation (IP) and magnetometry) were completed May 2007, confirming the continuity of the mineral-bearing structures between Carrizal Alto and the Kahuna area, allowing for the definition of sites for follow-up drilling.

The ground magnetic survey was completed on a grid measuring 1.2 km by 3.2 km. A total of 70 km were surveyed on lines spaced 50 m apart. In the IP survey a total of 27 km of data were acquired with a gradient array. Three one km lines were surveyed in a more detailed follow-up survey with a multi-array consisting of both pole-dipole and multi-bipole gradient array. The principal orientation of the shear zones was confirmed to be to the northeast towards Carrizal Alto where similar structures were exploited previously for copper and cobalt. However, there are also several trends to the northwest interpreted to be fault zones that offset the mineralized shear zones slightly. A north-south trend is probably due to dykes. A strong IP anomaly was located in the western portion of the survey area. The IP anomaly correlated with a shallow strongly conductive zone known to be associated with mineralization developed on the margin of the intrusive and exposed in shallow workings. Despite positive results warranting further attention, Catalina eventually dropped the option to the Kahuna Property, and it returned to Vector Mining.

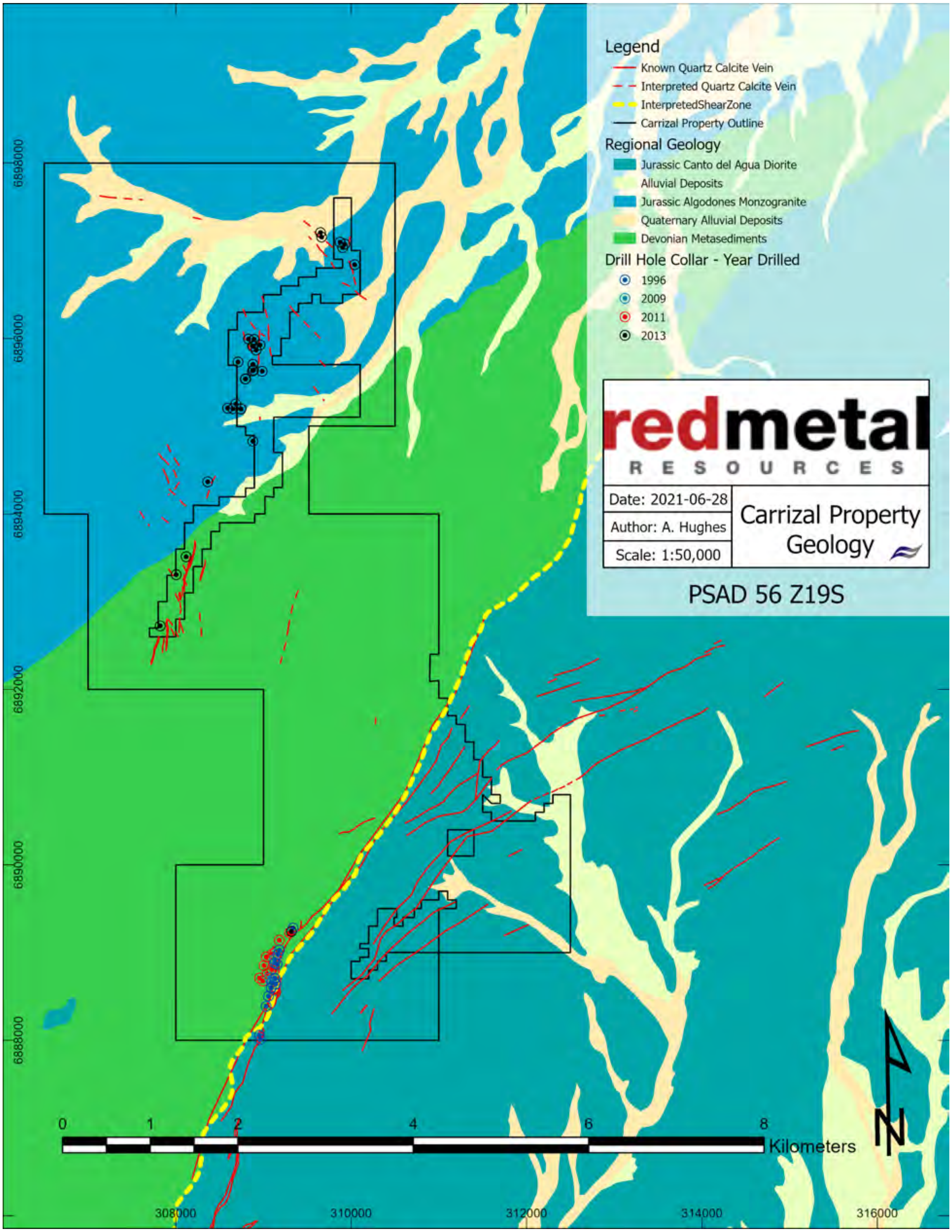



**Figure 15** - Drill hole collar locations on the Carrizal Property
(Geology based on Arevelo and Welkner, 2003; figure supplied by Red Metal).

Perth Project Area

The northern concessions of the Carrizal Property have historically been called the Perth Project. There are numerous artisanal workings throughout this section of the Carrizal Property. The Puenta Negra Mine area contains the Argentina and Dos Amigos veins, with the most significant workings on the property occurring at the Argentina shaft (Figure 16). Unfortunately, no historic mining records have been located for the Argentina and Dos Amigos veins.

In the 1990s the Cachina Grande area of the Carrizal Alto received some attention. The Cachina Grande area is underlain by Paleozoic metasediments to the west of the dioritic-hosted Carrizal Alto. In 1991, seven samples from the Cachina Grande area were taken for the report on the Carrizal Alto mining district by Oliver Resources (Ulriksen, 1991). Samples were taken from the Argentina old workings vein 1.8 m, resulting in a range of Cu between 1.76 and 3.4% Cu, and between 0.05 and 1.22 g/t Au. Samples taken from the Dos Amigos North dump were grab samples and ranged between 0.46 and 0.83% Cu, and between 1.29 and 3.41 g/t Au.

Appleton Resources Ltd. optioned the Perth Property in 2007 and completed a surface sampling program covering 12 veins identified on the southern portion of the project area, as part of a NI 43-101-compliant report on their Perth Caliza Property (which includes the southern portion of the current Perth project area) (Butrenchuk, 2008). Results of this sampling program, as well as other sampling programs discussed below, are illustrated in Figure 17, 18, and 19, highlighting copper, gold, and cobalt results, respectively. Significant results from the 56-sample program by Appleton Resources in 2007 include total copper between 0.01 and 11.4% Cu, and between 0.01 and 10.7 g/t Au and up to 0.186% Co.

**Figure 16** - Argentina Shaft and Headframe in the northern Perth Project Area

In 2011, the Company conducted another sampling program, collecting 129 samples from its Perth Property, and analysing for total copper, soluble copper, gold, and cobalt. Results are presented in the above figures, with total copper ranging between 0.01 to 11.36% Cu, gold ranging between 0.01 to 29.93 g/t Au, and cobalt ranging between 2 to 6933 ppm.

In 2013 and 2014, the Company optioned the Perth Project area to Mineria Activa, a Chilean private mining company. Mineria Activa conducted a surface sampling, stripping and channel sampling program followed by a two phase drilling program within the Perth Project area. The surface sampling and stripping program consisted of collecting 762 samples, a combination of grab and chip samples, and analysing them for total copper, soluble copper, gold, and cobalt. Results are included in Figures 17 through 19, for copper, gold, and cobalt, respectively, illustrating a range of copper total results between 0.001 and 7.16% Cu, between 0.005 and 16.5g/t Au, and between

0.001 and 0.437% Co. Mineria Activa drilled 30 diamond drill holes on the Perth Project area, of these 30 holes, only three were entirely on the Red Metal mineral concessions, the remainder targeted a vein that is exposed at surface on a claim owned by another company that runs through the middle of Red Metal's Perth Project area. Of these three drill holes only one, DP-04, intersected any significant mineralization; 1 m grading 2.15 gt Au, 1.32% Cu and 0.017% Co.

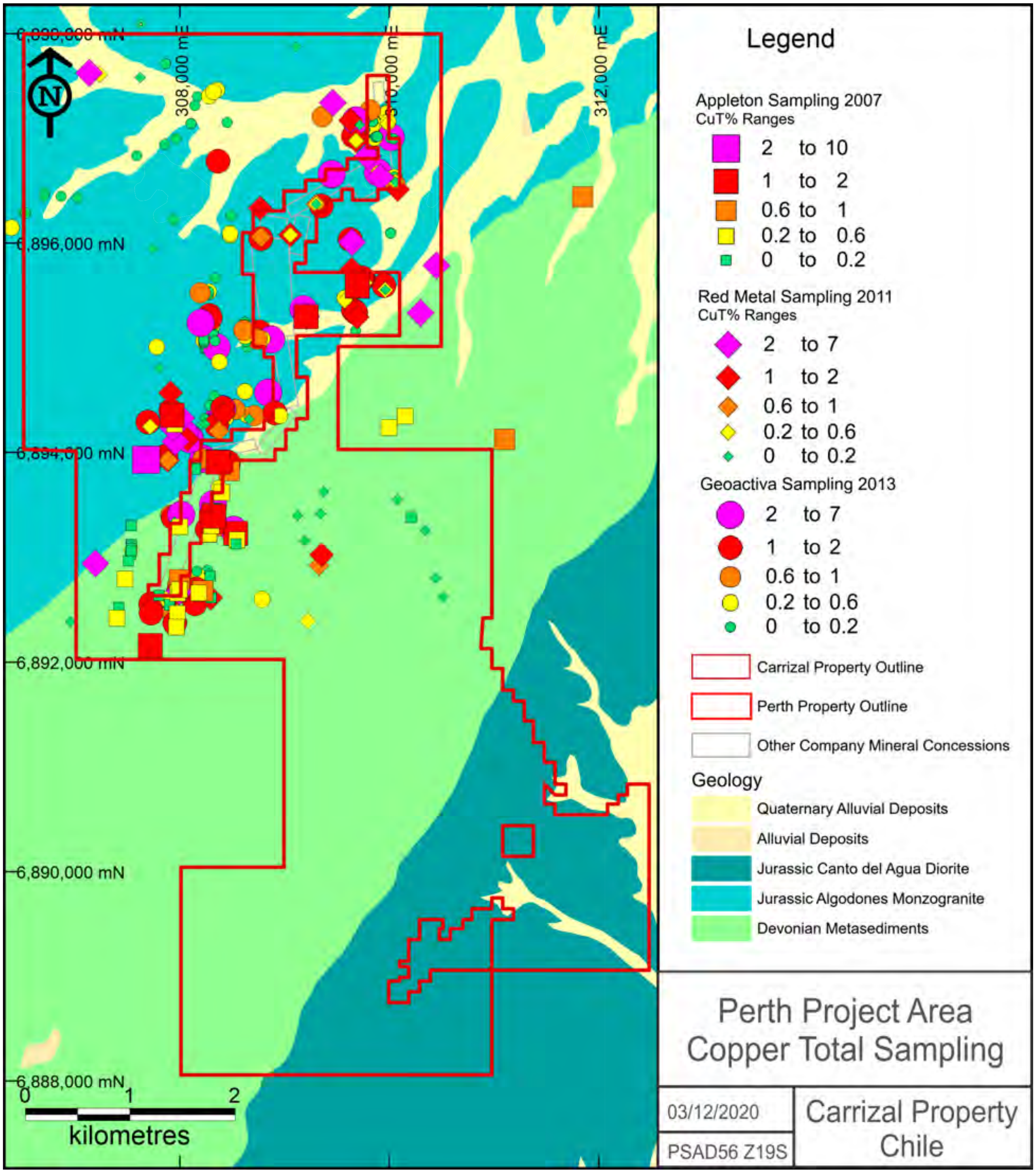



**Figure 17** - Results of sampling programs in the Perth project area, showing copper concentrations (Geology based on Arevelo and Welkner, 2003)

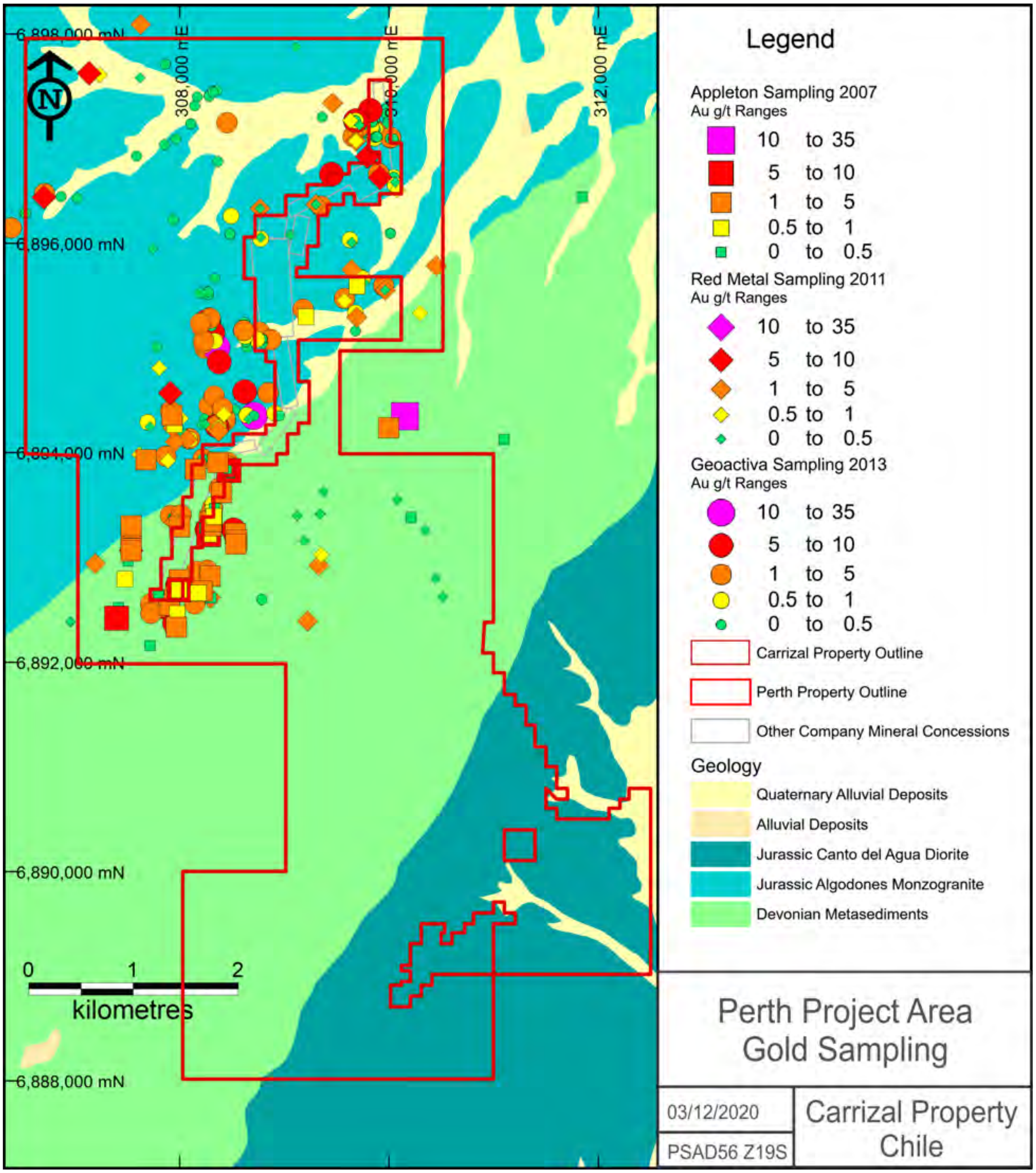



**Figure 18** - Results of sampling programs in the Perth project area, showing gold concentrations (Geology based on Arevelo and Welkner, 2003; figure supplied by Red Metal).

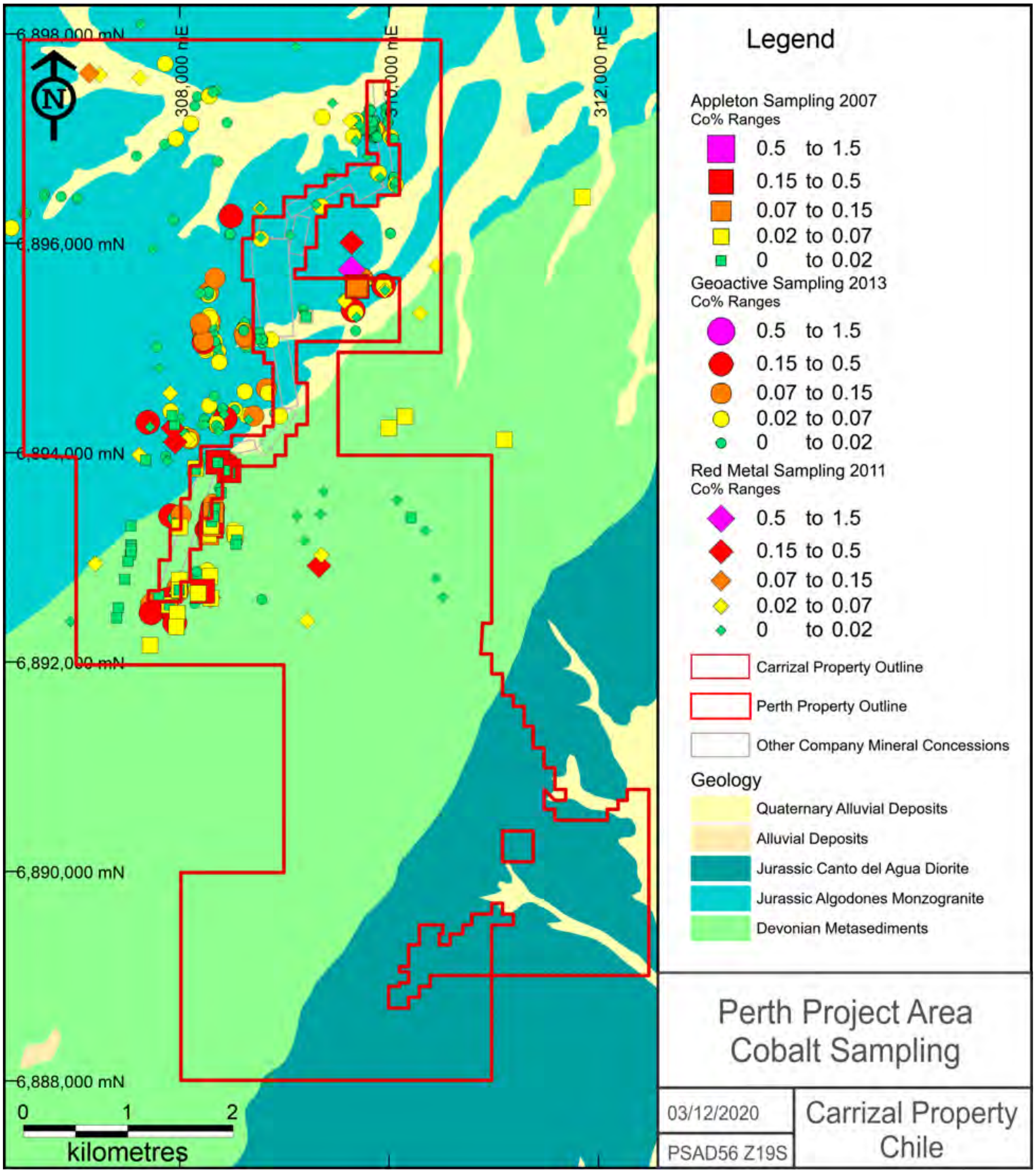



**Figure 19** - Results of sampling programs in the Perth project area, showing cobalt concentrations (Geology based on Arevelo and Welkner, 2003)

<u>Historical Resource Estimates and Production</u>

There are no formal historical resource estimates on the Farellón project. However, a number of old memo-style reports were put together by the provincial engineer for Atacama particularly in 1963. The sources for the 1963 report were other reports dated from 1942 to 1949. In the report it was noted that the deposit consisted of 3 veins in metamorphic rocks and that blocks of material approximately 50 m in length and depth had been extracted. The historical estimates do not conform to the presently accepted CIM standards and definitions, for resource estimates, as required by NI 43-101 regulations.

The 1963 report contained a number of tables which indicated the reserves reported in the previous 1949 report by Ing. Herbert Hornkohl. There are a number of inaccuracies in the tables contained in the 1963 report, most likely related to typing errors, and Micon has attempted to correct these errors by comparing them to the 1949 tables, where applicable. The tables from the reports are reproduced below but not all of the units of measurement were provided for the tabulated grades in the reports. Therefore, Micon has not assigned units of measurement to any grades which are not specified in the reports. After the 1949 study was conducted, the mine was worked and at 1963 there was no visible mineralization (positive ore). There were 500 tons of waste and 1,320 tons of extracted material with the following grades.

**Table 12 - *"Positive Ore"***

| | | Grade | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Tons** | **Cu (%)** | **Au (g/t)** | **Ag** | **CaO (%)** | **SiO2 (%)** | **$Fe_2O3$** | **Al2O3** | **S** |
| Veta Pique* | 5,849 | 3.1 | 1.2 | 3.8 | 45.3 | 4.4 | 7.8 | 1.6 | 0.7 |
| Veta Naciente* | 6,817 | 2.7 | 1.1 | 4.9 | 44.1 | 5.0 | 11.7 | 2.7 | 0.7 |
| **Total** | 12,666 | 2.9 | 1.1 | 4.4 | 44.7 | 4.7 | 9.9 | 2.2 | 0.7 |

Derived from the 1949 and 1963 reports in the Sernageomin files, Chile.

**Table 13 - "*Waste*"**

| **Tons** | **Cu** | **Au** | **Ag** | **CaO** | **FeO** | **MgO** | **$SiO_2$** |
|---|---|---|---|---|---|---|---|
| 500 | 2.20 | 1.0 | 10.0 | 45.98 | 5.29 | 0.60 | 2.50 |

Derived from the 1949 and 1963 reports in the Sernageomin files, Chile.

**Table 14 - *"Extractions"***

| | **Tons** | **Cu** | **Au** | **Ag** | **CaO** | **FeO** | **MgO** | **$SiO_2$** |
|---|---|---|---|---|---|---|---|---|
| Veta Pique* | 810 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Veta Naciente* | 510 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total | 1,320 | 2.3 | 1.0 | 5.0 | 45.07 | 6.54 | 0.22 | 3.0 |

*Note: Veta Pique = Shaft vein and Veta Naciente = Outcrop vein.
Derived from the 1949 and 1963 reports in the Sernageomin files, Chile.

The May 2000 Minera Stamford report mentions a resource estimate but this is a conceptual resource estimate based on a minimal amount of information. However, Micon has reviewed this conceptual estimate and concluded that it would not meet the criteria necessary for its inclusion in an NI 43-101 report. Therefore, the Company should not rely on it as justification for a program of compilation work and further exploration. Further work is required to locate and evaluate the true extent and nature of the mineralization on the Farellón Project.

As mentioned previously a small amount of historical production has occurred on the Farellón Property primarily during the 1940s. However, there are few existing records of the production and there appear to be some discrepancies in the potential size of the waste dumps (1,000 and 500 tons) and grades reported in the material between the 1949 and 1963 reports contained in the archived files.

### *Geological Setting*

<u>Regional Geology</u>

Chile is divided into three major physiographic units running north-south, namely the Coastal Cordillera, Central Valley (also termed the Central Depression), and the High Cordillera (Andes). The Carrizal Property lies within the Coastal Cordillera, on the western margin of Chile (Figure 20).

There are five main geological units within the Coastal Cordillera, including, (1) early Cretaceous back-arc basin marine carbonates (east); (2) late-Jurassic to early-Cretaceous calc-alkaline volcanic arc rocks (central); (3) early-Cretaceous Coastal batholith (west) (Marschik, 2001); (4) the Atacama fault zone (west) (Marschik, 2001); and, (5) Paleozoic basement metasedimentary rocks along the western margin (Hitzman, 2000). Many of these geological units are shown in Figure 20.

The Coastal Cordillera formed in the Mesozoic Era as major plutonic complexes were emplaced into broadly contemporaneous arc and intra-arc volcanics and underlying Paleozoic deformed metasediments (Hitzman, 2000). This time period also saw development of the NW-trending brittle Atacama fault system, followed by widespread extension-induced tilting. Sedimentary sequences accumulated immediately east of the Mesozoic arc terrane in a series of interconnected, predominantly marine, back-arc basins. Early- to mid-Jurassic through mid-Cretaceous volcanism and plutonism throughout the Coastal Cordillera and immediately adjoining regions are generally considered to have taken place under variably extensional conditions in response to retreating subduction boundaries (slab roll-back) and steep, Mariana-type subduction (Hitzman, 2000).

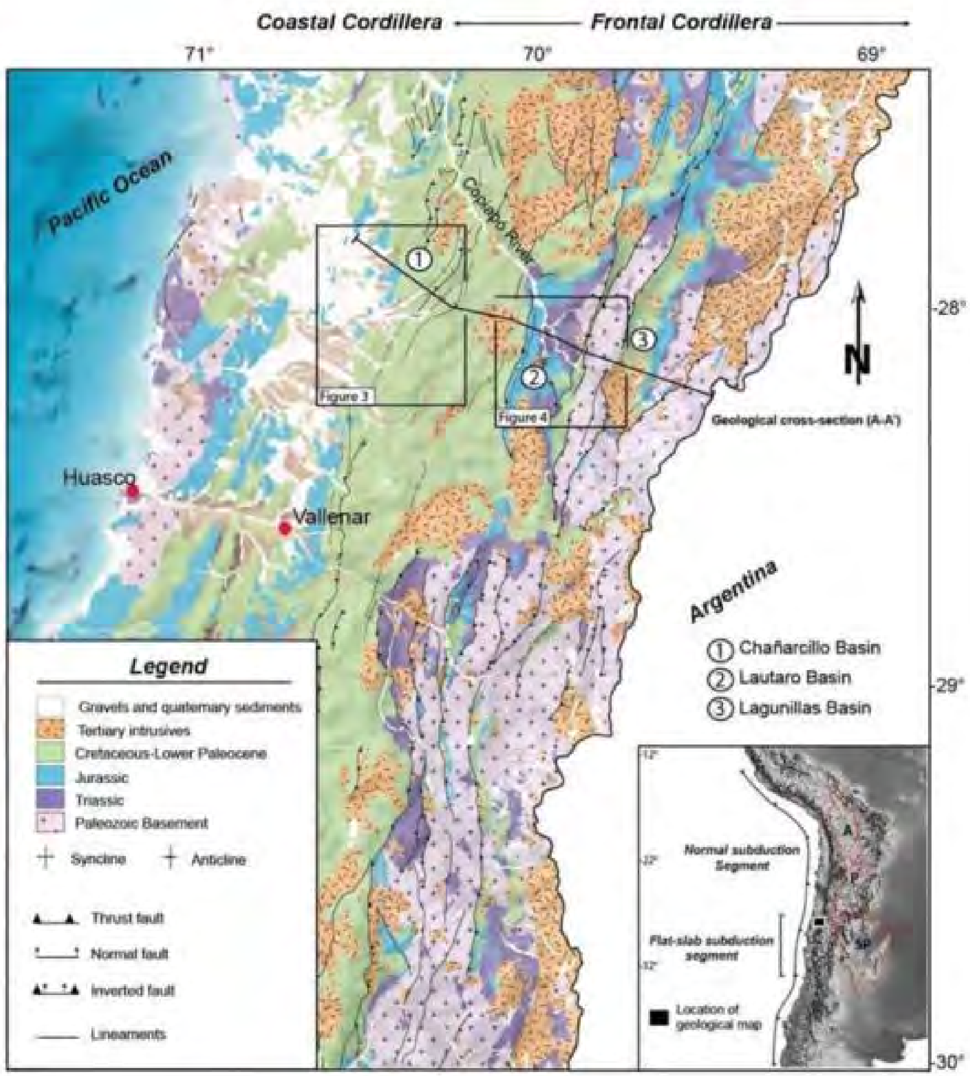



**Figure 20** - Generalized geological map of a segment of northern Chile (taken from Martinez et al., 2017)

Local Geology

The Carrizal Property covers two distinct contact zones between Paleozoic metasedimentary rocks in the central section, and late Jurassic diorites and monzodiorites to the northwest and southeast (Figure 21).

Paleozoic metasedimentary rocks belonging to the Chanaral Metamorphic Complex are composed of shales, phyllites and quartz-feldspar schists/gneisses (Minera Stamford, 2000). The sedimentary rocks have a strong NNE-striking shallow foliation dipping □40° southeast. The intrusives towards the southeast corner of the Carrizal Property, in the Farellón Project area, belong to the Canto del Agua formation and consist of diorites and gabbros hosting many NE-oriented intermediate-mafic dykes. These diorites are known to host extensive veining with copper and gold mineralization (Arevalo and Welkner, 2003). Locally, a small stock-like felsic body, called Pan de Azucar, with lesser satellite dykes, intrudes the diorite. The intrusive relationship between the diorite and metasediments on this south end of the Carrizal Property always appears to be tectonic (Willsteed, 1997).

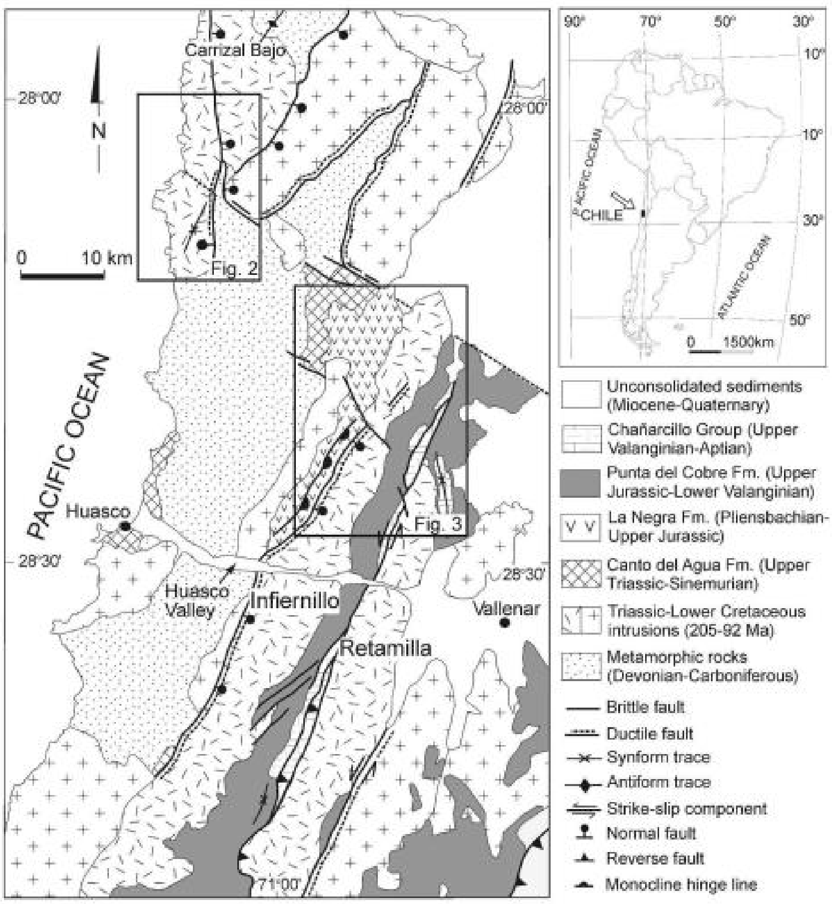



**Figure 21** - Local geology surrounding the Carrizal Property (in red) (after Grocott et al., 2009)

Property Geology

The southern contact zone between the metasedimentary rocks and the diorite is a mylonitic shear zone, ranging between 5 m and 15 m in width, striking NNE, and dipping 65˚ to the northwest (Figure 22). This shear zone is host to mineralized quartz-calcite veins that splay off to the east into the diorites of the adjacent Carrizal Alto Mine area.

The Perth project area at the northern end of the Carrizal Property, also hosts a significant NS-trending vein swarm (Figure 2312). Although these veins pinch and swell, they are generally 2 m wide and have been measured up to 6 m wide. Individual veins can be traced from a few 100 m to greater than 2 km in length. Most of the veins identified thus far on surface lie within the metasedimentary rocks, however several veins have been traced cross-cutting the northern metasediment-granodiorite contact (Figure 22).

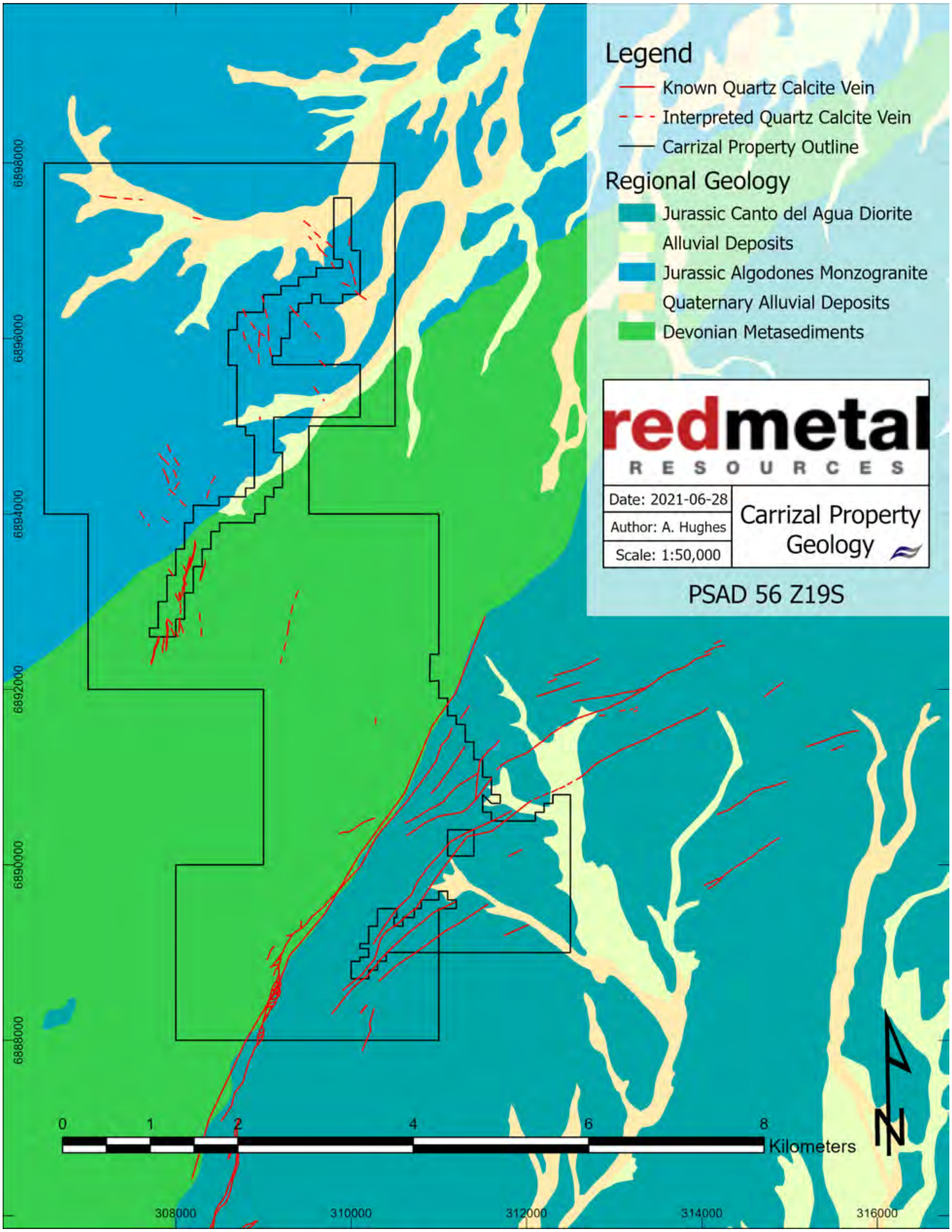



**Figure 22** - Property geology of the Carrizal Property, northern Chile (geology after Arevelo and Welkner, 2003)

***Mineralization***

The Carrizal Property occurs within the Central Andean IOCG Province (Sillitoe, 2003; Figure 23). Vein type, plutonic-hosted IOCG deposits such as Carrizal Alto (highlighted in red on Figure 23), and by extension the contiguous Carrizal Property, are characterized by a distinct mineralogy that includes not only copper and gold but also cobalt, nickel, arsenic, molybdenum, and uranium (Sillitoe, 2003; Clark, 1974). All of the IOCG deposits in the region are partially defined by their iron content in the form of either magnetite or hematite (Sillitoe, 2003).

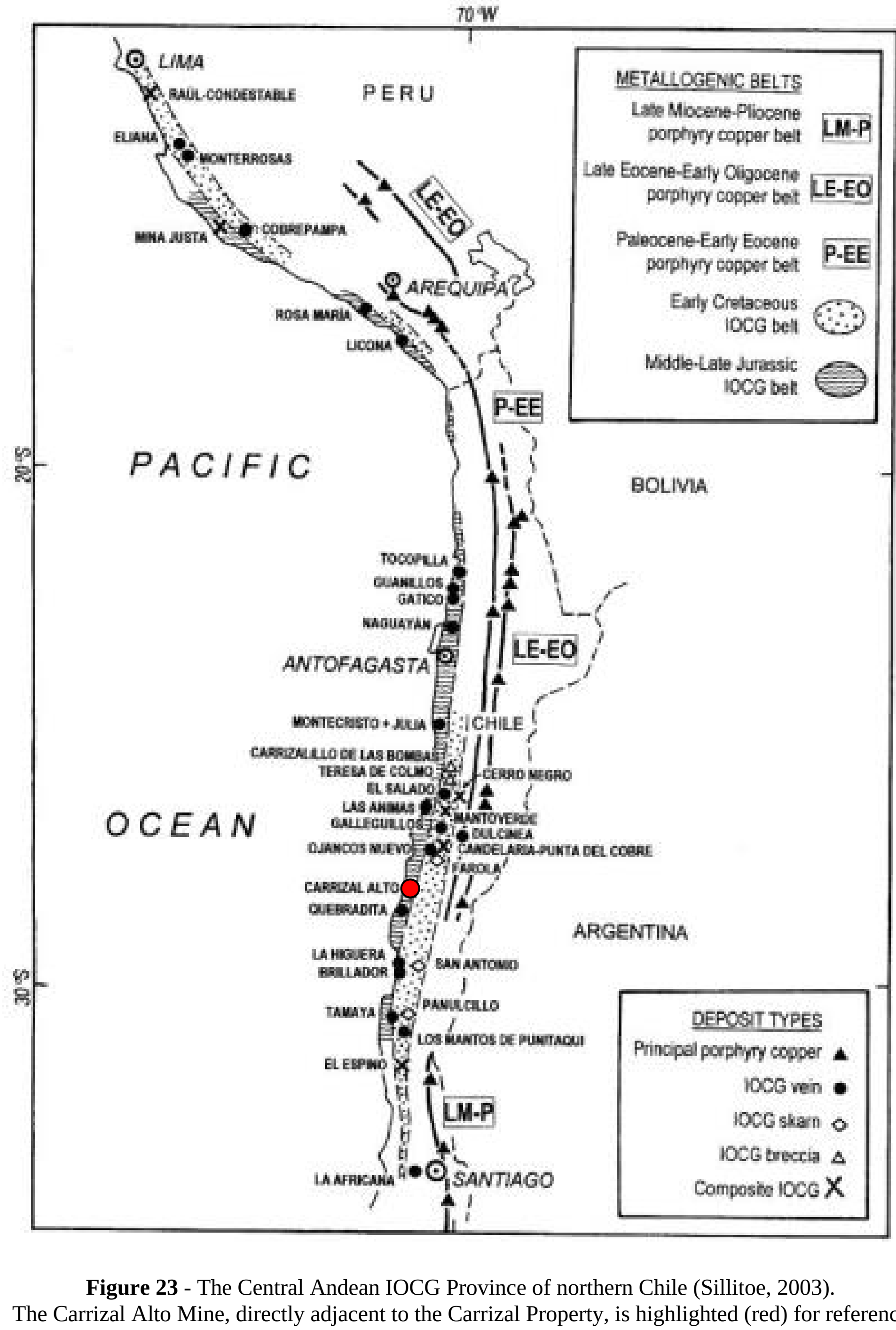



**Figure 23** - The Central Andean IOCG Province of northern Chile (Sillitoe, 2003).
The Carrizal Alto Mine, directly adjacent to the Carrizal Property, is highlighted (red) for reference.

A variety of alteration assemblages has been noted in the Chilean deposits according to whether or not the deposits are hematite or magnetite dominated:

1. Magnetite-rich veins contain appreciable actinolite, biotite and quartz, as well as local apatite, clinopyroxene, garnet, hematite and K-feldspar, and possess narrow alteration haloes containing one or more of actinolite, biotite, albite, K-feldspar, epidote, quartz, chlorite, sericite and scapolite.

2. Hematite-rich veins tend to contain sericite and/or chlorite, with or without K-feldspar or albite, and to possess alteration haloes characterised (Sillitoe, 2003) by these same minerals. Typically the vein deposits of the coastal Cordillera are chalcopyrite, actinolite and magnetite deposits (Ruiz, 1962).

Carrizal Alto, just east of the Carrizal Property, has historically been known as a significant cobalt deposit (Ruiz, 1962; Clark, 1974) and has returned cobalt grades of up to 0.5% Co in the form of cobaltiferous arsenopyrite (Sillitoe, 2003; Ruiz, 1962), carrollite, and other cobalt sulfides (Clark, 1974). Copper mineralization on the Carrizal Property consists of malachite and chrysocolla in the oxide zone and chalcopyrite in the sulfide zone. There is some indication that in the oxide zone some of the copper mineralization is tied up in a goethite-bearing clay matrix (Willsteed, 1997; Floyd, 2009).

Alteration associated with the greater shear zone is comprised of actinolite, biotite, sericite, epidote, quartz and carbonate mineralization. The sulfidized quartz-calcite veins occurring within the shear zone can display an intense pyrite-sericite-biotite alteration halo. In places, there is massive siderite and ankerite alteration (Minera Stamford, 2000).

### *Deposit Types*

The main target on the Carrizal Property is vein-style iron oxide-copper gold (IOCG) mineralization associated with a shear contact between intrusive diorite and metasedimentary rocks, containing significant amounts of iron oxide, copper, gold and cobalt, distinctive of IOCG deposits in the region (Sillitoe, 2003). IOCG deposits of northern Chile are known to exist in the belt from just south of the town of Vallenar (almost 29°S) to just south of Chanaral (26°S) (Hitzman, 2000). Although this deposit type covers a wide spectrum, the characteristic IOCG deposits of northern Chile have been clearly defined by Sillitoe (2003) as the following:

> Iron oxide-copper-gold deposits, defined primarily by their elevated magnetite and/or hematite contents, constitute a broad, ill-defined clan related to a variety of tectono-magmatic settings. The youngest and, therefore, most readily understandable IOCG belt is located in the Coastal Cordillera of northern Chile and southern Peru, where it is part of a volcano-plutonic arc of Jurassic through Early Cretaceous age. The arc is characterised by voluminous tholeiitic to calc-alkaline plutonic complexes of gabbro through granodiorite composition and primitive, mantle-derived parentage. Major arc-parallel fault systems developed in response to extension and transtension induced by subduction rollback at the retreating convergent margin. The arc crust was attenuated and subjected to high heat flow. IOCG deposits share the arc with massive magnetite deposits, the copper-deficient end-members of the IOCG clan, as well as with manto-type copper and small porphyry copper deposits to create a distinctive metallogenic signature.
>
> The IOCG deposits display close relations to the plutonic complexes and broadly coeval fault systems. Based on deposit morphology and dictated in part by lithological and structural parameters, they can be separated into several styles: veins, hydrothermal breccias, replacement mantos, calcic skarns and composite deposits that combine all or many of the preceding types. The vein deposits tend to be hosted by intrusive rocks, especially equigranular gabbrodiorite and diorite, whereas the larger, composite deposits (e.g. Candelaria-Punta del Cobre) occur within volcano-sedimentary sequences up to 2 km from pluton contacts and in intimate association with major orogen-parallel fault systems. Structurally localised IOCG deposits normally share faults and fractures with pre-mineral mafic dykes, many of dioritic composition, thereby further emphasising the close connection with mafic magmatism. The deposits formed in association with sodic, calcic and potassic alteration, either alone or in some combination, reveal evidence of an upward and outward zonation from magnetite-actinolite-apatite to specular hematite-chlorite-sericite and possess Cu-Co-Au-Ni-As-Mo-U-(LREE) (light rare earth element) signature reminiscent of some calcic iron skarns around diorite intrusions. Scant observations suggest that massive calcite veins and, at shallower paleodepths, extensive zones of barren pyritic feldspar-destructive alteration may be indicators of concealed IOCG deposits.

The Carrizal Property lies well within the Chilean IOCG belt and fits many of the tectonic and mineralogical definitions outlined by Sillitoe (2003). The Carrizal Property is considered to be a vein-style IOCG deposit with significant amounts of iron oxide, copper, gold and cobalt distinctive of IOCG deposits in the region.

The main targets on the Carrizal Property are the two mineralized shear contact zones between the metasediments and diorites (Farellón Project area) and monzodiorites (Perth Project area). The shear zone has been interpreted to host several parallel, mineralized lenses.

### *Exploration*

Red Metal began their exploration programs on the Property in 2009 with a 5 hole RC drilling program followed by programs in 2011 (11 RC/core holes), and in 2013 (2 hole RC drilling program), focusing on the Farellón Project area. Red Metal completed surface sampling and mapping programs between 2011 and 2014, as described below. The last work completed on the Property by the Company was in 2014.

### *Drilling*

Red Metal acquired the rights to the Farellón Property on April 25, 2008, upon its Chilean subsidiary exercising the option to buy the Project from Minera Farellón. Red Metal completed five RC drill holes in 2009, totalling 725 m and using a Tramrock Dx40 RC rig. In 2011, Red Metal completed a second drilling program, consisting of nine RC holes and two combined RC/diamond drill (core) holes. The program was designed to expand the known mineralized zone down-dip to 200 m vertical depth, extend the known mineralized strike length of the overall deposit to 700 m, and infill large gaps with holes drilled at 75 m spacing. Two of the drill holes finished with diamond drill core, providing information to better define the structural controls on mineralization.

### *Sample Preparation, Analysis, and Security*

There have been no exploration or drilling samples collected by Red Metal, and as such, there are no preparation, analysis, or security details to describe.

### *Data Verification*

During the site visit for purposes of preparing the Technical Report, the Qualified Person verified that the Carrizal Property contains widespread underground workings. The Qualified Person examined all historical data made available relating to historic sampling and drilling within the Carrizal Property, and took six mineralized rock grab samples from the artisanal mine working and investigated underground, in order to verify the typical grades of Cu, Au, and Co encountered on the Carrizal Property.

A description of the samples is provided in Table 15 and assay results in Table 16. Assays from grab rock samples collected on the Carrizal Property confirmed the presence of copper (oxide and sulfide phases), gold, silver, and cobalt. In the opinion of the QP, this verification data was adequate for the purpose of the Technical Report to provide an independent review of the Company's Carrizal Property and verify the validity of the historical database.

**Table 15** - Description of verification samples collected on the Farellón claims of the Carrizal Property

| Sample No. | Location | Type | Alteration/Silicates | Zone | Mineralization |
|---|---|---|---|---|---|
| **FN-01** | Farellón North | Grab – level 7 stockpile on surface | Chlorite; quartz>calcite | Hypogene | chalcopyrite, pyrite |
| **FN-02** | Farellón North | Grab – level 7 stockpile on surface | Chlorite; quartz>calcite | Hypogene | chalcopyrite, pyrite |
| **FN-03** | Farellón North | Grab – level 7 stockpile on surface | Chlorite; quartz>calcite | Hypogene | chalcopyrite, pyrite |
| **FN-04** | Farellón North | Grab – level 7 stockpile on surface | Chlorite; quartz>calcite | Enriched Supergene | chalcopyrite, pyrite, bornite |

| Sample No. | Location | Type | Alteration/Silicates | Zone | Mineralization |
|---|---|---|---|---|---|
| **FS-01** | Farellón South | Grab – adit stockpile – roughly 3 years on surface | Oxidized, hematized, limonite | Supergene | cuprite; azurite, malachite |
| **FS-02** | Farellón South | Grab – underground, east wall of south drift | | Enriched Supergene | chalcocite, chrysocolla |

**Table 16** - Assay results for verification samples collected on the Farellón claims of the Carrizal Property

| Sample No. | Au | Ag | Cu (total) | Cu (oxide) | Cu (sulfide) | Co | Co |
|---|---|---|---|---|---|---|---|
| ***Method*** | FA-AAS | 4ACID-AAS | 4ACID-AAS | LIX-AAS | Calc. | FUS-AAS | Calc. |
| ***units*** | ppm | ppm | % | % | % | ppm | % |
| ***(Detection Limit)*** | (-0.01) | (-0.1) | (-0.001) | (-0.001) | (-0.001) | (-1) | (-0.0001) |
| **FN-01** | 0.46 | 12.1 | 2.735 | 0.119 | 2.616 | 17366 | 1.7366 |
| **FN-02** | 0.25 | 10.1 | 5.573 | 0.076 | 5.497 | 578 | 0.0578 |
| **FN-03** | 0.16 | 12.3 | 6.631 | 0.12 | 6.511 | 171 | 0.0171 |
| **FN-04** | 1.56 | 28.5 | 7.145 | 0.213 | 6.932 | 2086 | 0.2086 |
| **FS-01** | 3.49 | 5.3 | 10.62 | 10.786 | 0 | 467 | 0.0467 |
| **FS-02** | 0.48 | 2.3 | 3.538 | 3.221 | 0.317 | 2285 | 0.2285 |

Northern Section of the Farellón Project Area

Samples FN-01 through FN-04 were collected from an ore dump near the portal to the North Mine (Figure 24). The ore, reported to be from Level 7 of the mine (hypogene/enriched supergene zones), contained mainly chalcopyrite with lesser bornite (Figure 25).

**Figure 24** - North Mine portal access

**Figure 25** - Mineralized rocks from underground at the North Mine, Level 7

Assays from samples FN-01 through FN-04 range from 0.16 to 1.56 ppm Au, 10.1 to 28.5 ppm Ag, 2.74 to 7.15% Cu(T); the copper was mainly in sulfide form (e.g. chalcopyrite). The highest concentration of gold and silver were from sample FN-04 which also had the highest sulfide copper concentration. Analyses for cobalt, using the peroxide fusion method, returned concentrations ranging from 0.21% to 1.74% Co.

Southern Section of the Farellón Project Area

Sample FS-01 was collected from a small stockpile near the old workings (Figure 26) of the South Mine which had been exposed to the elements for a number of years. This sample was heavily oxidized and contained copper oxides including cuprite, malachite and azurite (supergene zone). Sample FS-02 was collected from the east wall of the south drift in the South Mine Exploration Portal (Figure 27 and Figure 28). This sample contained chalcocite, chrysocolla, malachite, and azurite (enriched supergene zone).

**Figure 26** - Old south mine workings on the Farellón Project area looking north

Assays from sample FS-01 reflect its high copper oxide content reporting 10.62% Cu(T) and averaging 10.70% Cu between the two assay methods used for copper. This sample contained the highest gold concentration at 3.49 ppm Au and assayed 0.05% Co. Sample FS-02 contained 3.54% Cu(T), with relatively low sulfide copper (enriched supergene zone), and 0.23% Co.

**Figure 27** - Main mineralization structure from underground exploratory workings in the South Mine and the site of rock sample FS-02

**Figure 28** - Mining personnel standing in front of the South Mine exploration portal in the Farellón Project area

### *Mineral Processing and Metallurgical Testing*

No mineral processing or metallurgical testing programs have been undertaken on the Carrizal Property.

### *Mineral Resource Estimates*

No mineral resource estimates have been done for the Carrizal Property. As discussed in the "CARRIZAL PROPERTY – FARELLÓN AND PERTH PROJECTS – Exploration History" section of this Prospectus, some documentation exists for historical resource estimates on the Farellón Project prior to February 1, 2001. However, the historical estimates do not conform to the presently accepted CIM standards and definitions for resource estimates, as required by NI 43-101 regulations. As such, the Company is not relying on the historical resource estimates as justification for a program of compilation work and further exploration.

As exploration progress on the Farellón Project, further economic and technical evaluation of the resource potential for the project will need to be performed in accordance with present industry practices and standards, as set out in NI 43-101.

## Mateo Property

Property Description and Location

The Mateo Property is composed of 5 mineral concessions covering 182 hectares in the III Region of Chile, Region de Atacama. The project is situated 10 kilometres east of the City of Vallenar with the highest point at approximately 1,050 metres above sea level. The property is located close to power, water, and the urban centre of Vallenar, with a readily available mining workforce.

Accessibility

The property is easily accessible year-round via a well-used road from Vallenar. The road crosses through the middle of the west half of the property and along the southern border of the east half of the property.

Geology and Mineralization

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 volcaniclastic sequent assigned to the Bandurrias Formation. Widespread iron oxide and skarn style alteration indicate an IOCG mineralizing system further supported by significant amounts of economic grade mineralization found in six historic artisanal mines on the property. Mineralization is found in mantos, veins and breccias.

Exploration History

Historical work on the Mateo Property includes several drill programs completed by different Chilean private and public companies. Records exist from eight drill holes 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 the time included surface RC drilling, including 490 metres in four RC drill holes, and underground diamond drilling, including 220 metres in four drill holes. The Company obtained ENAMI's reports of mining activities from 1994 to 1997. Approximately 11,875 tonnes of rock were mining in that time averaging 4.3% copper, 61.9 grams per tonne silfer, and 1.01 grams per tonne gold. During the period June 2009 to December 2010, the vendor of the Irene mine, Minera Farellon, conducted small scale mining activities on a different area of the Irene claims and mined 1,705 tonnes grading 1.39$ Cu, 1.39 g/t Ag, 0.29 g/t Au in sulphides and 1,477 tonnes grading 1.98% Cu in oxides. The difference in grade between the historic work and 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 drill targets.

Drilling

No drilling has been completed on the Mateo Property.

Sampling, Analysis and Data Verification

In 2011, the Company completed a mapping and prospecting program over an area including the Mateo concessions and a wide area surrounding the concessions. The geological mapping identified nine significant zones of mineralization on the property and confirmed widespread skarn style alteration. Reconnaissance samples were collected on multiple mineralized structures from mantos, veins and mineralized breccia bodies. All samples were taken to Geoanalitica ltda Laboratories in Coquimbo. No reference samples were used for the mapping samples.

Samples of 21.72 g/t Au with 0.69% Cu, 3.10 g/t Au with 0.50% Cu and 3.57 g/t with 0.62% Cu taken from one vein traced for approximately 350 metres on surface. Multiple mineralized veins, mantos and breccia bodies were identified with 36 of 138 samples returning Au results greater than 1.00 g/t and 59 of 138 samples returning Cu results greater than 1.00%.

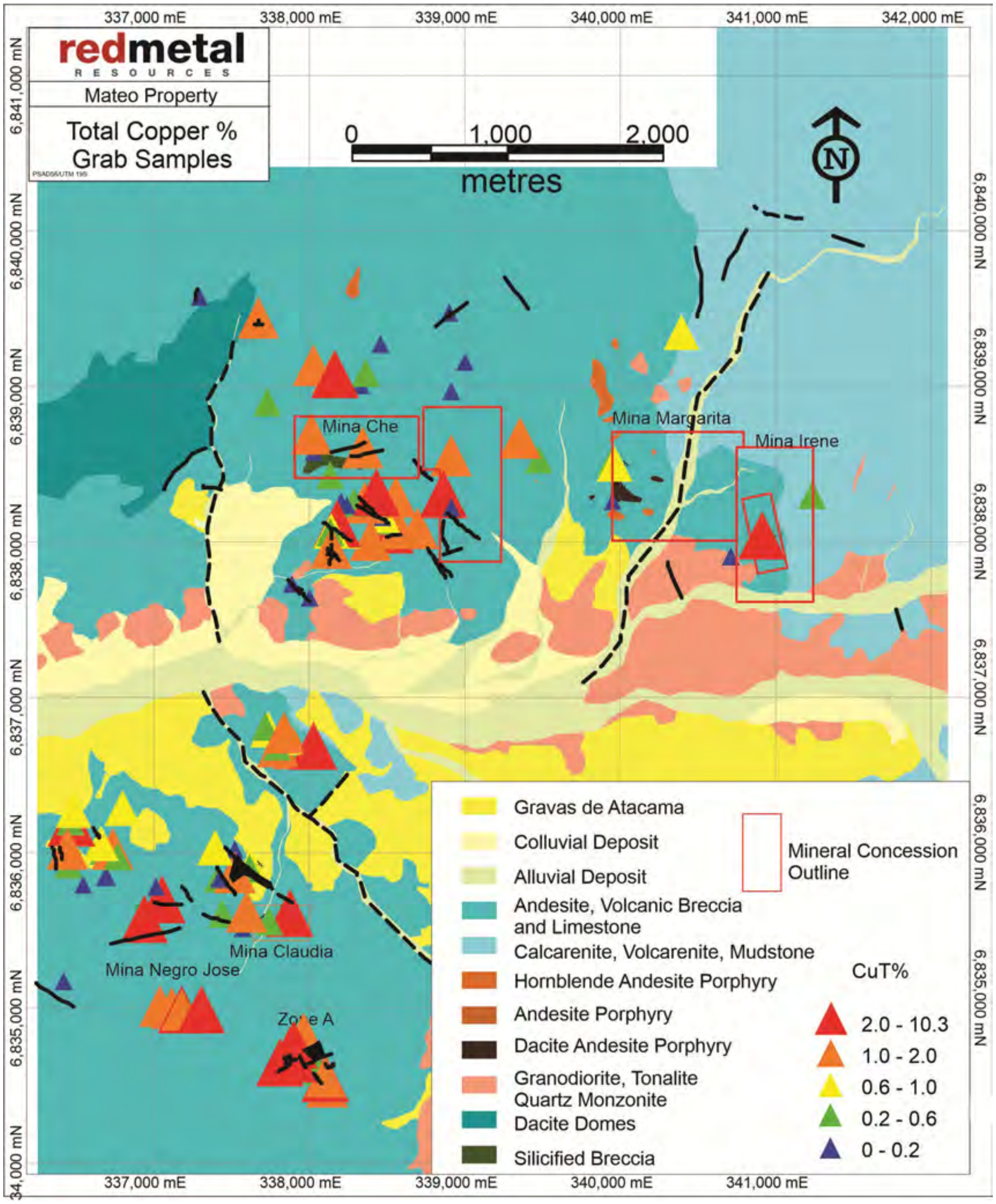



**Figure 29 –** Mateo area geology and copper sampling

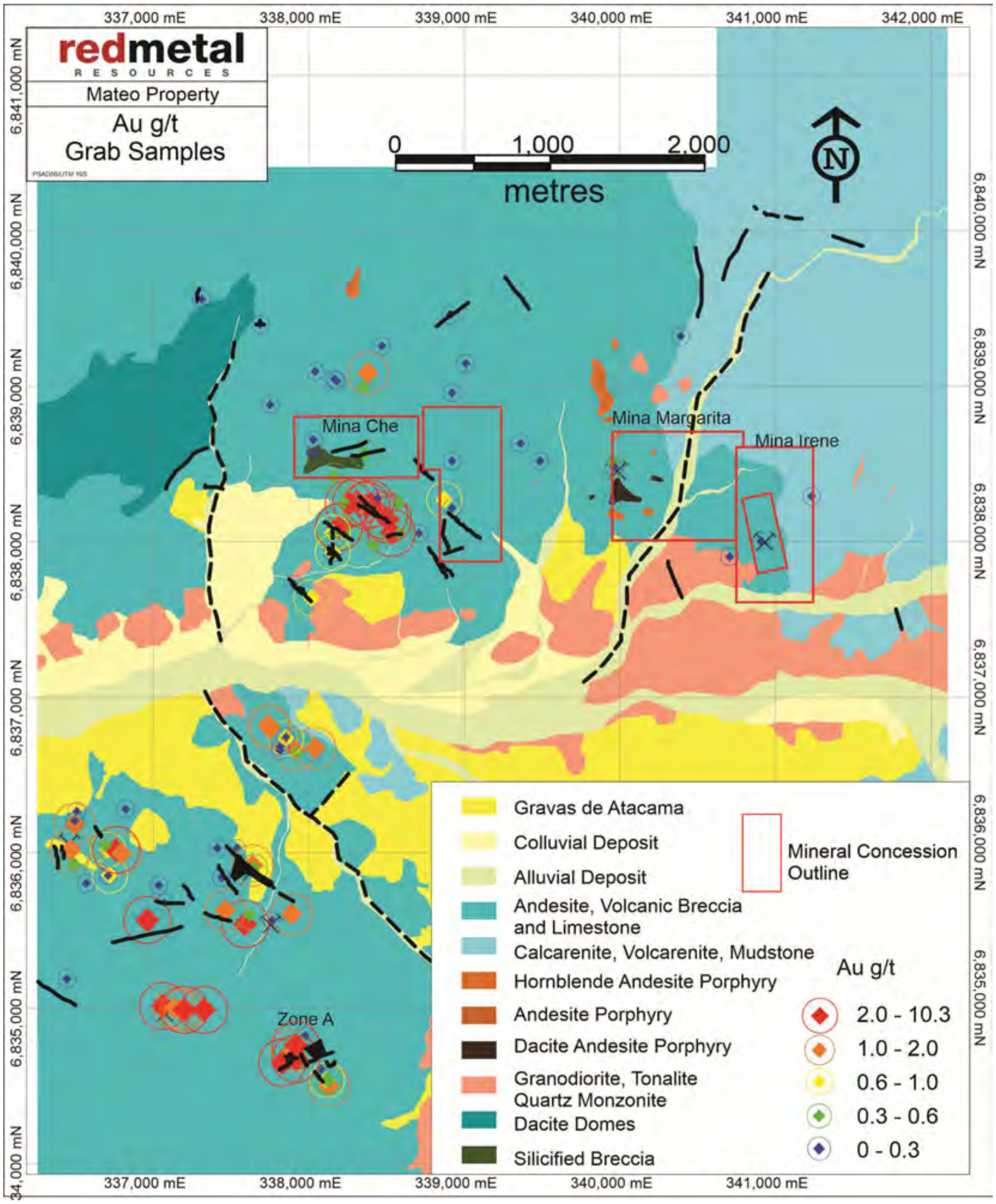



**Figure 30** – Mateo area geology and gold sampling

**Table 17 -** Additional significant reconnaissance sampling results from the Mateo mapping program are listed below:

| Sample | Easting | Northing | Cu % | Au g/t |
|---|---|---|---|---|
| 201272 | 338,028 | 6,836,645 | 7.37 | 1.12 |
| 202871 | 336,478 | 6,836,158 | 2.63 | 1.14 |
| 202852 | 337,880 | 6,835,567 | 7.11 | 1.18 |
| 202849 | 337,880 | 6,834,692 | 10.3 | 1.73 |
| 201220 | 337,898 | 6,834,724 | 4.29 | 2.07 |
| 201277 | 337,314 | 6,834,958 | 9.39 | 2.42 |

| Sample | Easting | Northing | Cu % | Au g/t |
|---|---|---|---|---|
| 202850 | 337,822 | 6,834,611 | 2.58 | 2.46 |
| 202810 | 338,521 | 6,838,037 | 2.44 | 2.49 |
| 202882 | 336,945 | 3,835,537 | 2.57 | 3.08 |
| 202812 | 338,504 | 6,838,120 | 0.5 | 3.1 |
| 202815 | 338,382 | 6,838,223 | 0.62 | 3.57 |
| 202880 | 336,740 | 6,835,991 | 1.46 | 5.7 |
| 202826 | 338,179 | 6,838,079 | 5.3 | 6.85 |
| 201217 | 337,909 | 6,834,632 | 3.46 | 10.11 |
| 202813 | 338,469 | 6,838,147 | 0.69 | 21.72 |

### *Mineral Processing and Metallurgical Testing*

No mineral processing or metallurgical testing programs have been undertaken on the Mateo Property.

### *Mineral Resource Estimates*

The Company has a non-NI 43-101 compliant resource estimate on its Mateo Property. As the historical estimate does not conform to the presently accepted CIM standards and definitions for resource estimates, as required by NI 43-101 regulations, the Company is not relying on the historical resource estimate as justification for a program of compilation work and further exploration. Further economic and technical evaluation of the resource potential for the project will need to be performed in accordance with present industry practices and standards, as set out in NI 43-101.

### *Recommended Plan of Exploration and Development*

Based on the positive results from the multiple exploration programs on the Farellón Project area, it is recommended that the Company approach further exploration in two phases. The first phase will consist of a 3,000 m drilling program to test the primary mineralization at depth that has thus far only been intersected in a few drill holes, and determine the potential of the cobalt mineralization in the sulfide zone. If the first phase continues to return positive results, a second phase 20,000 m drilling program would be conducted in order to test down to 400 m depth with enough intercepts to complete an initial mineral resource estimate. The budget for the two phases of exploration is summarized in Table 18.

**Table 18** - Carrizal Property Recommended Work Budget

| Budget Item | Total (US$) | Comments |
|---|---|---|
| **Exploration (Phase 1) Sulfide Mineralization Testing** | | |
| Drilling | $240,000 | Diamond Drilling @ $160/metre |
| Consulting Geologist | $42,000 | Consulting geologists @ $650/day |
| Geotechnicians | $10,000 | Geotechnicians @ $200/day |
| Heavy Equipment Rental | $60,000 | Drill access road and pad building |
| Assays | $50,000 | Assaying @ $50/sample |
| Room & Board | $7,000 | $100/day per geo & tech |
| Travel | $3,000 | flights and travel costs for geologists |
| Trucks & Fuel | $6,000 | Approx. $4,000 fuel, service etc. for two trucks per month |
| Report Writing/updating 3D Model | $30,000 | |
| 10% contingency for miscellaneous items | $50,000 | Field supplies, etc. |
| **Subtotal (Phase 1)** | **$498,000** | |

| Budget Item | Total (US$) | Comments |
|---|---|---|
| **Exploration (Phase 2) Delineation of Deposit** | | |
| Geophysical surveys | $250,000 | Magnetics and IP |
| Consulting Geologist | $350,000 | Consulting geologist @ $650/day |
| Geotechnicians | $150,000 | Geotechnician @ $200/day |
| Heavy equipment rental | $200,000 | building drill pads and access roads |
| Assays | $300,000 | Assaying @ $50/sample |
| Diamond Drilling | $3,200,000 | Diamond Drilling @ $160/metre |
| Room & Board | $100,000 | $100/day per geo & tech |
| Travel | $40,000 | flights and travel costs for geologists |
| Trucks & Fuel | $12,000 | Approx. $4,000 fuel, service etc. for two trucks per month |
| 3D Model and initial resource estimation | $100,000 | Consultants to build a 3D model required for future exploration and resource estimation |
| 10% contingency for miscellaneous items | $500,000 | Field supplies, etc. |
| **Subtotal (Phase 2)** | **$5,202,000** | |
| **Total US$ (Both Phases)** | **$5,700,000** | |

## USE OF AVAILABLE FUNDS

### Total Available Funds and Principal Purposes

This is a non-offering prospectus. The Company is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds to be raised by the Company pursuant to this Prospectus. As at the month ending October 31, 2021, the Company had a working capital deficiency of CAD$92,828. It is anticipated that upon Listing, with completion of the Private Placements, the Company will have approximately CAD$876,202 in working capital. Upon Listing, the principal purposes for the foregoing available funds will be as follows:

| **PRINCIPAL PURPOSES** | |
|---|---|
| **Use of Available Funds** | **Amount** (CAD$) |
| Estimated general and administrative costs for 12 months(1) | CAD$244,348 |
| Estimated remaining expenses for Listing (regulatory, filing, legal expenses, etc.) | CAD$80,000 |
| Completion of exploration program expenditures on the Property | CAD$498,000 |
| Unallocated working capital | CAD$53,854 |
| **TOTAL:** | CAD$876,202 |

Notes:

(1) See table below for a description of the estimated administrative costs of the Company for the next 12-month period.

The Company expects to incur approximately CAD$244,348 in general and administrative costs on an annual basis to cover the expenses of operating as a public issuer over the next 12 months. A breakdown of the estimated general and administrative costs for that period is as follows:

| **General and Administrative Costs for 12 Months** | **Amount (CAD$)** |
|---|---|
| Administrative and Office Expenses | CAD$19,888 |
| Consulting Fees | CAD$111,236 |
| Professional Fees (Legal and Audit) | CAD$70,000 |
| Rent Overhead | CAD$9,536 |
| Regulatory | CAD$11,964 |
| Advertising and Promotion | CAD$21,724 |
| **TOTAL:** | CAD$244,348 |

It is anticipated that the available funds will be sufficient to achieve the Company's objectives over the next 12 months. The Company intends to spend its available funds as stated in this Prospectus; however, there may be circumstances, where for sound business reasons, a reallocation of funds may be necessary. Use of funds is subject to the discretion of management. For the past three fiscal years ended January 31, 2019, 2020 and 2021, the Company had negative cash flow from operations. See "Risk Factors" for further detail.

**Business Objective and Milestones**

The business objectives the Company expects to achieve using the available funds are to: (i) obtain a listing of the Common Shares on the Exchange; and (ii) complete Phase 1 of the exploration program recommended in the Technical Report. The Issuer expects to commence Phase 1 following Listing. The Company has a multi-stage plan to advance the project to a resource estimation stage within 18 months. The initial drill program will focus on continuing to test the down-dip extent of the mineralization to determine what depth a resource estimate can go to. A second phase will infill drilling to a density required for an inferred resource estimate. The Issuer will require funding from other sources to continue operations beyond the next year or two. Such additional funds would likely be raised through private placements of securities. There is no assurance that such funding will be available.

## DIVIDENDS OR DISTRIBUTIONS

The Company has not paid dividends since its incorporation. While there are no restrictions precluding the Company from paying dividends, it has no source of cash flow and anticipates using all available cash resources toward its stated business objectives. As such, the Company does not anticipate the payment of dividends in the foreseeable future. At present, the Company’s policy is to retain earnings, if any, to finance its business operations. The payment of dividends in the future will depend upon, among other factors, the Company’s earnings, capital requirements and operating financial conditions.

**Dividend Policy**

It is anticipated that all funds legally available for the payment of dividends will be spent on the development of the Company’s business and exploration of the Properties. Accordingly, it is not contemplated that any dividends will be paid on the Common Shares in the immediate or foreseeable future. The Board will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company’s future earnings, its financial condition, and other factors determined relevant at such time.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

***Overview***

Management's discussion and analysis ("**MD&A**") of the Company in respect of its financial condition and results of operations for the three and six-month period ended July 31, 2021, and for the years ended January 31, 2021, and 2020 are included in Schedule "B" to this Prospectus. The following MD&A should be read in conjunction with the unaudited condensed consolidated financial statements of the Company for the three- and six-month periods ended July 31, 2021, and audited consolidated financial statements of the Company for the years ended January 31, 2021, and 2020, and to the related notes thereto, included in this Prospectus in Schedule "B" and to which the management’s discussion and analysis relates.

All of the information presented in the management’s discussion and analysis is based on the said financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America (US Generally Accepted Accounting Principles or U.S. GAAP). All amounts included in the management’s discussion and analysis are expressed in United States dollars, unless otherwise indicated.

Red Metal is a mineral exploration company engaged in the business of mineral exploration in Chile with the objective to explore and, if warranted, develop mineral properties. All of our mineral concessions are located in the III Region of Atacama, Chile. To date we have not determined whether the concessions that comprise our mineral properties contain mineral reserves that are economically recoverable and have not produced revenues from our principal business.

### *Business Strategy*

Consistent with our historical practices, we continue to 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. Currently, our subsidiary, Polymet, has two employees in Chile and engages independent consultants on as needed basis. 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 concessions - Farellon Alto 1-8, Quina 1 - 56, Exeter 1 - 54, and Che. These royalties are payable once exploitation begins. We are also required to pay property taxes that are due annually on all the concessions that are included in the Properties.

The cost and timing of all planned exploration programs are subject to the availability of qualified mining personnel, such as consulting geologists, 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 ours are competing 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*

**Financial Condition for the Three- and Six-Month Periods Ended July 31, 2021 Compared to the Three- and Six-Month Periods Ended July 31, 2020**

*Revenue*.

We did not generate any revenue during the three and six months ended July 31, 2021 and 2020. 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 increased by $263,160, or 1,104.0%, from $23,836 for the three-month period ended July 31, 2020, to $286,996 for the three-month period ended July 31, 2021. The increase in operating expenses during the three-month period ended July 31, 2021, was associated mainly with increased mineral exploration costs, which totaled $85,128, as opposed to $2,155 we incurred during the three-month period ended July 31, 2020, and included a payment of 2020/21 and 2021/22 property taxes on all our mineral exploration projects, and with increased professional fees, which, for the three-month period ended July 31, 2021, amounted to $81,622, as compared to $10,912 we incurred during the three-month period ended July 31, 2020. The increase in professional fees was mainly associated with increased legal fees required to assist us with listing our shares on the Exchange through a filing of the non-offering Prospectus and other day-to-day legal advice.

In addition, during the three-month period ended July 31, 2021, we incurred $41,280 in consulting fees to our management, the companies controlled by our management, and to independent consultants; we did not have similar expenses during the three-month period ended July 31, 2020. Our general and administrative fees increased by $42,141 to $43,809, and included $33,898 in advertising and promotion fees, the expense we did not have in the comparative three-month period; our regulatory fees increased by $19,493 to $23,457 due to the extra filing and regulatory fees associated with the Unit and Receipt Offerings, as well as with the filing of our Prospectus.

Our operating expenses increased by $334,346, or 533.4%, from $62,685 for the six-month period ended July 31, 2020, to $397,031 for the six-month period ended July 31, 2021. The most significant changes in our operating expenses for the six-month period ended July 31, 2021, as compared to the six-month period ended July 31, 2020, were as follows:

- Our professional fees increased by $103,712, or 494.7%, from $20,964 we incurred during the six-month period ended July 31, 2020, to $124,676 we incurred during the six-month period ended July 31, 2021. This increase was mainly associated with legal fees required to assist us with preparing the documents required for continuation from Nevada to British Columbia and to carry out an Annual Special Meeting of our shareholders, to assist us with listing our shares on the Exchange through a filing of non-offering prospectus (the "Prospectus"), and other day-to-day legal advice.

- Our mineral and exploration expenses increased by $91,229, from $3,099 we incurred during the six-month period ended July 31, 2020, to $94,328 we incurred during the six-month period ended July 31, 2021. The higher mineral exploration expenses during the six-month period ended July 31, 2021, were associated with the payment of 2020/21 and 2021/22 property taxes on all our mineral exploration projects, as well as with the costs to prepare of the Farellon Alto 1-8 concession for the drilling program we have planned for our Fiscal 2022 and 2023.

- During the six-month period ended July 31, 2021, we incurred $69,089 in consulting fees to our management, the companies controlled by them, and to external consultants. We did not have similar expenses during the six-month period ended July 31, 2020.

- Our regulatory fees increased by $15,477, or 141.1%, from $10,971 we incurred during the six-month period ended July 31, 2020, to $26,448 we incurred during the six-month period ended July 31, 2021. The higher regulatory fees, as compared to the comparative period, were associated with the extra filing and regulatory fees associated with the Unit and Receipt Offerings, as well as with the filing of our Prospectus.

- Our general and administrative expenses increased by 299.2%, or $44,157 to $58,916 during the six-month period ended July 31, 2021, as compared to $14,759 we incurred in general and administrative expenses during the comparative period ended July 31, 2020. The increase was associated mostly with our investor relation activities and administrative expenses of $39,329 and $6,462, respectively (2020 - $Nil and $9,403), and with increased value added tax, which, for the six-month period ended July 31, 2021, totaled $4,004 (2020 - $483). In addition, we spent $3,040 on our office and administrative expenses, $3,755 on automobile expenses and $2,164 on bank charges (2020 - $2,039, $1,533 and $1,215 respectively).

- The salaries paid to the staff employed through our Chilean subsidiary increased by $2,093, or 16.4% to $14,873 from $12,780 we incurred during the six-month period ended July 31, 2020. The change in payroll expenses resulted mainly from the customary adjustment for inflation in Chile and fluctuation of foreign exchange rates.

*Other items*. To continue our operations, we were required to incur additional debt with our debt holders. Our notes payable carry 8% annual interest, which resulted in $45,903 in interest we accrued during the six-month period ended July 31, 2021, representing a $9,043 increase as compared to $36,860 in interest we accrued during the six-month period ended July 31, 2020. For the three-month period ended July 31, 2021, the interest expense was calculated to be $24,076, as opposed to $19,221 we accrued during the three-month period ended July 31, 2020.

During the comparative six-month period ended July 31, 2020, we reversed an old debt which exceeded the statute of limitations as promulgated under Chilean Laws; the amount reversed was $74,336 and was recorded as forgiveness of debt. We did not have similar transactions during the six-month period ended July 31, 2021.

During the three-month period ended July 31, 2021, we recorded $1,272 loss on foreign exchange fluctuations (2020 - $155), during the six-month period ended July 31, 2021, the loss on foreign exchange fluctuations was calculated to be $2,614 (2020 - $69 gain).

*Comprehensive income/(loss)*. Our comprehensive loss for the three-month period ended July 31, 2021, was $352,160 as compared to $27,311 comprehensive loss we recorded for the three-month period ended July 31, 2020. During the three-month period ended July 31, 2021, the comprehensive loss included $39,816 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative three-month period ended July 31, 2020, the comprehensive loss included $15,901 income associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

On a year-to-date basis, our comprehensive loss was $496,944 as compared to $1,692 comprehensive income we recorded for the six-month period ended July 31, 2020. During the six-month period ended July 31, 2021, the comprehensive loss included $51,396 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative six-month period ended July 31, 2020, the comprehensive income included $26,832 income associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

*Liquidity and Capital Resources*

As of July 31, 2021, we had a cash balance of $908,257 of which $777,605 was held in trust until such time that our shares are listed on the CSE, our working capital was represented by a deficit of $53,954 and cash used in operations totaled $403,182 for the period then ended.

We did not generate cash flows from our operating activities to satisfy our cash requirements for the six-month period ended July 31, 2021. The amount of cash that we have generated from our operations to date is significantly less than our current and long-term debt obligations, including our debt under notes and advances payable. To service our debt, we rely mainly on attracting cash through debt or equity financing.

*Off-Balance Sheet Arrangements*

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

**Financial Condition at January 31, 2021 Compared to the year ended at January 31, 2020**

*Revenue*

We did not generate any revenue during the years ended January 31, 2021 and 2020. 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 total operating expenses for the years ended January 31, 2021 and 2020 increased by $6,406, or 2.5%, from $260,891 for the year ended January 31, 2020, to $267,297 for the year ended January 31, 2021, and consisted of the following most significant year-to-date changes:

- Our professional fees increased by $50,629, or 71.9%, from $70,420 we incurred during the year ended January 31, 2020, to $121,049 we incurred during the year ended January 31, 2021. This increase was mainly associated with legal fees required to prepare our Registration Statement on Form S-4, which we filed on December 4, 2020, and to prepare and carry out our Special Meeting of Shareholders (the "**Meeting**"), where the shareholders approved our continuation into BC, Canada, which we have completed on February 10, 2021.

- During the year ended January 31, 2021, we incurred $53,559 in consulting fees to our CEO, CFO, and Da Costa Management Corp, the company controlled by our CFO. We did not have similar expenses during the year ended January 31, 2020.

- Our regulatory fees increased by $10,263, or 112.8%, from $9,095 we incurred during the year ended January 31, 2020, to $19,358 we incurred during the year ended January 31, 2021. This increase was in part associated with the Company's decision to switch its transfer agent, and in part with extra fees associated with regulatory filings and preparation for the Meeting.

- Our salaries paid to the staff employed through our Chilean subsidiary decreased by $36,604, or 56.6% to $28,061 from $64,665 we incurred during the year ended January 31, 2020. The decrease resulted from an extended leave without pay of one of our Chilean employees, who resigned on July 31, 2020, and only a part-time employment of the new support staff we hired during the year ended January 31, 2021.

- Our general and administrative expenses decreased by 57.8%, or $43,115 to $31,493 during the year ended January 31, 2021, as compared to $74,608 we incurred in general and administrative expenses during the year ended January 31, 2020. The decrease was associated mostly with decreased office and administrative expenses, which amounted to $8,695 and $15,968, respectively (2020 - $34,740 and $27,814), travel and entertainment fees of $470 (2020 - $2,319), and $714 in advertising and promotion activities (2020 - $2,987).

- Our mineral and exploration expenses decreased by $36,334, or 87%; from $41,775 we incurred during the year ended January 31, 2020, to $5,441 we incurred during the year ended January 31, 2021. The higher mineral exploration expenses during the comparative year ended January 31, 2020, were associated with the payment of 2019/20 property taxes. During the year ended January 31, 2021, the Company paid property taxes on Farellon 1-8 claim; the property taxes payable for all other concessions remained unpaid at January 31, 2021.

*Other items*. To continue our operations, we were required to incur additional debt with our debt holders. Our notes payable carry 8% annual interest, which resulted in $79,037 in interest we accrued during the year ended January 31, 2021, representing an $18,147 increase as compared to $60,890 in interest we accrued during the year ended January 31, 2020.

During the first quarter of our fiscal 2021 year, we reversed an old debt which exceeded the statute of limitations as promulgated under Chilean Laws; the amount reversed was $74,336 and was recorded as forgiveness of debt for the year ended January 31, 2021. During the third quarter of our fiscal 2021 year, we entered into an agreement with our former legal representative in Chile (the "**Debt Holder**") whereby the Debt Holder agreed to forgive the amounts we owed him for unpaid salaries, being $127,692 (101,717,118 pesos), and $25,487 (20,302,303 pesos) we owed him under 8% note payable, in exchange for $40,000, of which $25,000 we paid on August 10, 2020. The remaining $15,000 payable to the Debt Holder accumulates no interest and is payable at the discretion of the Company but no later than on October 29, 2021. The transaction resulted in $114,892 forgiveness of debt. We did not have similar transactions during the year ended January 31, 2020.

During the year ended January 31, 2021, we recorded $2,148 loss on foreign exchange fluctuations (2020 - $189 gain).

*Comprehensive loss.* Our comprehensive loss for the year ended January 31, 2021, was $155,045 as compared to $402,821 we recorded for the year ended January 31, 2020. During the year ended January 31, 2021, the comprehensive loss included $4,209 gain associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative year ended January 31, 2020, the comprehensive loss included $81,229 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

### *Liquidity and Capital Resources*

As of January 31, 2021, we had a cash balance of $47,293, our working capital was represented by a deficit of $160,457 and cash used in operations totaled $170,103 for the year then ended. We did not generate any revenue from our operating activities to satisfy our cash requirements for the year ended January 31, 2021. The amount of cash that we have generated from our operations to date is significantly less than our current and long-term debt obligations, including our debt under notes and advances payable. To service our debt, we rely mainly on attracting cash through debt or equity financing.

### *Off-Balance Sheet Arrangements*

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

### *Sources and uses of cash*

*Net cash used in operating activities.*

During the six months ended July 31, 2021, we used net cash of $403,182 in operating activities. We used $385,768 to cover our cash operating costs, $65,897 to prepay our future expenses, and $5,136 and $1,253 to reduce amounts we owed to our vendors and accrued liabilities, respectively. These uses of cash were offset by $54,872 increase to the amounts due to our related parties mainly for consulting services provided by them to our Company.

During the year ended January 31, 2021, we used net cash of $170,103 in operating activities. We used $269,625 to cover our cash operating costs, and $16,170 to decrease our accrued liabilities. These uses of cash were offset by decrease in our prepaid expenses and other receivables of $5,042, and by increases in our accounts payable and the amounts we owed to our related parties of $48,346 and $62,304, respectively.

During the year ended January 31, 2020, we used net cash of $158,974 in operating activities. We used $260,374 to cover our cash operating costs, and $307 to increase our prepaid expenses. These uses of cash were offset by increases in our accounts payable and accrued liabilities of $41,950 and $54,271, respectively, and by $5,486 increase in the amounts we owed to our related parties.

*Certain non-cash changes included in the net loss for the period.*

During the six-month period ended July 31, 2021, our outstanding notes payable to related parties resulted in the accrual of $45,903 in interest. In addition, we recorded $3,877 in amortization of our work trucks used for Chilean operations, and $10,000 on investor relations activities, which were paid for by issuing 29,411 shares of our common stock at $0.34 per share.

During the year ended January 31, 2021, our outstanding notes payable to related parties resulted in the accrual of $78,032 in interest, and our notes payable to non-related party accumulated $1,005 in interest. The accrued interest was in part reduced by $3,933 cash payment we made to our former legal representative in Chile under the debt settlement agreement. In addition, we recorded $3,753 in amortization of our work trucks used for Chilean operations. During the year ended January 31, 2021, we recorded $74,336 forgiveness of debt on reversal of old debt which exceeded the statute of limitation promulgated under Chilean Law, and $114,892 on forgiveness of debt which resulted from our debt settlement agreement with our former legal representative in Chile.

During the year ended January 31, 2020, our outstanding notes payable to related parties resulted in accrual of $58,787 in interest. Our notes payable to non-related party accumulated $2,103 in interest. In addition, we recorded $328 in amortization of equipment we use for mineral exploration.

*Net cash used in investing activities.*

During the six-month period ended July 31, 2021, we did not use our cash in investing activities.

During the year ended January 31, 2021, we spent $27,725 to purchase a new vehicle to be used in our field operations.

During the year ended January 31, 2020, we made our final $50,000 option payment to acquire the Exeter concession.

*Net cash provided by financing activities.*

During the six months ended July 31, 2021, we borrowed $34,202 from Richard Jeffs, our major shareholder. The loan is unsecured, bears interest at 8% per annum, compounded monthly, and is payable on or after August 31, 2022. In addition, we received $459,615 on subscriptions to units of our common stock as part of our Unit Offering which we closed on May 17, 2021, and $777,669 we received in subscriptions to our Subscription Receipts Offering, which we closed on June 15, 2021. The funds received from the Subscription Receipts Offering are held in trust, with their release being contingent upon us listing our shares on the Exchange.

During the year ended January 31, 2021, we borrowed $224,728 (CAD$300,000) and $23,000 from Mr. Richard Jeffs, our major shareholder. In addition, our CEO advanced us $15,228 (CAD$20,000) and $1,454 as part of vendor payments she made on our behalf. The loans are unsecured, bear interest at 8% per annum, compounded monthly, and are payable on or after August 31, 2022 (as renegotiated with the note holders). In addition, during the year ended January 31, 2021, we paid a total of $25,000 to our former legal representative in Chile pursuant to our debt settlement agreement with him. We applied $21,067 to the principal under the notes payable we issued to him and $3,933 to interest accrued on these notes.

During the year ended January 31, 2020, we borrowed $90,000 from Mr. Richard Jeffs, and $56,488 and $67,262 (CAD$89,266) from our CEO. The loans are unsecured, bear interest at 8% per annum, compounded monthly, and are payable on or after July 31, 2021 (subsequently extended to August 31, 2022).

***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.

***Debt financing***

Between February 1, 2019 and July 31, 2021, we borrowed a total of $512,362 from related parties.

***Challenges and risks***

We do not anticipate generating any revenue over the next twelve months; therefore, 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 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 will 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 July 31, 2021, we owed $1,197,760 to related parties under long-term notes payable, which will become payable on or after August 31, 2022, and $120,134 in withholding taxes that will become payable to Chilean tax authorities only when Polymet is in position to start paying the administrative fees it owes us. In addition to the long-term debt, we had $1,043,094 in current liabilities, of which $126,289 we owed to our related parties; these liabilities are payable on demand, and $777,669 were associated with the Subscription Receipts to acquire up to 6,460,872 Units at no additional cost. The funds we received from the Subscription Receipt Offering would become payable if we do not meet all escrow conditions associated with the SR Offering. We do not have the funds to pay all our current liabilities, and as such, we may decide to offer some vendors to convert the amounts we owe them into 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 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 concessions 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*

Since we rely on sales of our securities and loans to continue our operations any uncertainty in the equity markets can have a detrimental impact on our operations. Current trends in the industry and uncertainty that exists in equity markets have resulted in 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 the Properties has become very difficult. If we are unable to raise additional capital, we may not be able to develop the Properties or continue our operations.

### *Off-Balance Sheet Arrangements*

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

### *Summary of Critical Accounting Policies and 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.

## DESCRIPTION OF SECURITIES

The following describes material terms of our authorized share structure. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our Articles.

### Common Shares

The Company’s authorized share structure consists of an unlimited number of Common Shares. As of the date hereof, 45,097,087 Common Shares are issued and outstanding. Each Common Share entitles the holder to receive notice of and attend all meetings of the Shareholders. Each Common Share carries the right to one vote. The holders of Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares at such time and in such amount as may be determined by the Board, in its discretion. In the event of the liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, holders of Common Shares are also entitled to participate, rateably, in the distribution of the assets of the Company, subject to the rights of the holders of any other class of shares ranking in priority to the Common Shares.

**Warrants**

On May 17, 2021, the Company completed a Unit Offering and issued a total of 3,998,978 Warrants as a result. Each Warrant will entitle the holder to purchase an additional Common Share at an exercise price of CAD$0.20 per Common Share for a period of 24 months from the date of issue. The Warrants are subject to an acceleration clause in the event that the Common Shares are listed on a recognized Canadian stock exchange and trade at a price of CAD$0.30 or greater for 10 consecutive trading days, in which event the Company may notify Warrant holders that the Warrants must be exercised within a period of 30 days. The Warrants will expire automatically if the Warrant holders do not exercise them within the accelerated 30-day period.

**Subscription Receipts**

As of the date hereof, 6,460,872 Subscription Receipts issued and outstanding were issued pursuant to the Subscription Receipt Offering. Each Subscription Receipt entitling the holder to receive, immediately upon the satisfaction of the Escrow Release Conditions on or before the Escrow Deadline, one Unit, consisting of one Common Share and one Warrant. Each Warrant will entitle the holder to purchase an additional Common Share at a price of CAD$0.30 per Common Share, if exercised during the first year following the closing date of the Subscription Receipt Offering, and at a price of CAD$0.60, if exercised during the second year following the closing date of the Subscription Receipt Offering. This Prospectus does not qualify the distribution of any of the securities of the Company issuable on conversion of the Subscription Receipts. The Subscription Receipts had a statutory hold period until October 16, 2021.

**Stock Options**

As of the date of this Prospectus, the Company has no incentive stock options convertible into Common Shares issued and outstanding.

The Board has approved a stock option plan (the "**Stock Option Plan**"), designed for selected employees, officers, directors, consultants and contractors, to incentivize such individuals to contribute toward the Company’s long-term goals, and to encourage such individuals to acquire Common Shares as long-term investments. The Stock Option Plan is administered by the Board and authorizes the issuance of stock options not to exceed a total of 10% of the number of Common Shares issued and outstanding from time to time. The terms of any award are determined by the Board, provided that no options may be granted at less than the fair market value of Common Shares as of the date of the grant. See "*Executive Compensation – Stock Options Plans and Other Incentive Plans*".

## CONSOLIDATED CAPITALIZATION

Other than as described in this Prospectus, there have been no material changes in the share capitalization or the indebtedness of the Company since July 31, 2021. The following table sets out the capitalization of the Company as at the dates show below. The table should be read in conjunction with, and is qualified in its entirety by, the Issuer's audited financial statements for the year ended January 31, 2021 and unaudited financial statements for the interim periods ended July 31, 2021, and 2020.

| Description | Authorized as at the date of this Prospectus | Outstanding as at July 31, 2021 | Outstanding as at the date of this Prospectus |
|---|---|---|---|
| Common Shares | unlimited | 45,097,087 | 45,097,087(2) |
| Warrants | N/A | 10,722,049(3) | 10,722,049(3) |
| Subscription Receipts | N/A | 6,460,872 | 6,460,872 |
| Stock Options | 4,509,709(1) | Nil | Nil |

Notes:

(1) The Company has a Stock Option Plan allowing its Board to grant incentive stock options to directors, officers, employees and consultants aggregating up to 10% of the number of issued and outstanding Common Shares at the applicable time.

(2) 45,097,087 Common Shares are currently issued and outstanding on a non-diluted basis. 62,280,008 Common Shares are issued and outstanding on a fully-diluted basis.

(3) Consists of 3,849,668 Warrants and 149,310 finder's Warrants issued in connection to the Unit Offering; and 6,460,872 Warrants underlying the Subscription Receipts and 262,199 finder's Warrants issued in connection to the Subscription Receipt Offering.

## OPTIONS TO PURCHASE SECURITIES

There are no stock options issued by the Company under its Stock Option Plan as of the date of this Prospectus.

## PRIOR SALES

The following table sets out all issuances of Common Shares and securities exercisable for or exchangeable into Common Shares issued within the 12-month period prior to the date of this Prospectus:

| Date | Type of Security | Number of Security | Issuance Price per Security |
|---|---|---|---|
| May 14, 2021 | Common Shares | 29,411 | $0.17 |
| May 17, 2021 | Common Shares(1) | 3,849,668 | CAD$0.15(1) |
| May 17, 2021 | Warrants(1) | 3,849,668 | CAD$0.15(1) |
| May 17, 2021 | Warrants | 149,310(2) | NIL |
| June 15, 2021 | Subscription Receipts(3) | 6,460,872 | CAD$0.15 |

Notes:

(1) Issued as part of Units consisting of one Common Share and one Warrant pursuant to the Unit Offering. The issuance price of each Unit was CAD$0.15. See "*Description of the Business – Private Placement Offering of Units*".

(2) 149,310 finder's Warrants were issued to certain registered broker dealers in connection with the Unit Offering. See "*Description of the Business – Private Placement Offering of Units*".

(3) Each Subscription Receipt will automatically be converted, without payment of additional consideration and without any further action on the part of the holder, into one Common Share and one Warrant on the Deemed Conversion Date, subject to adjustment in certain circumstances, being the date the Escrow Release Condition occurs. See section "*Description of Securities – Subscription Receipts*". Underlying securities will be subject to a statutory hold period of four months from the date of issuance of the Subscription Receipt.

## TRADING PRICE AND VOLUME

The Company's Common Shares currently are not listed or quoted and do not trade on any Canadian stock exchange. Red Metal intends to apply to list its Common Shares on the Exchange; however, as of the date of this Prospectus, the Company has not applied nor received conditional approval from the Exchange to do so.

In the United States, the Company’s Common Shares are quoted for trading under the symbol RMES on the OTC Link alternative trading system – OTC PINK marketplace. The price ranges and volumes traded of the Common Shares on the OTC PINK marketplace for the 12-month period before the date of this Prospectus are set out in the table below:

| Month | High (US$) | Low (US$) | Volume |
|---|---|---|---|
| October 2021 | 0.20 | 0.13 | 225,400 |
| September 2021 | 0.20 | 0.15 | 132,200 |

| | | | |
|---|---|---|---|
| August 2021 | 0.31 | 0.11 | 614,300 |
| July 2021 | 0.39 | 0.17 | 1,167,800 |
| June 2021 | 0.43 | 0.26 | 408,900 |
| May 2021 | 0.40 | 0.28 | 770,300 |
| April 2021 | 0.45 | 0.15 | 650,800 |
| March 2021 | 0.24 | 0.12 | 268,800 |
| February 2021 | 0.22 | 0.12 | 119,600 |
| January 2021 | 0.61 | 0.11 | 210,500 |
| December 2020 | 0.18 | 0.07 | 463,000 |
| November 2020 | 0.31 | 0.05 | 1,257,900 |
| October 2020 | 0.05 | 0.05 | 12,000 |
| September 2020 | 0.1 | 0.05 | 31,100 |
| August 2020 | 0.1 | 0.03 | 58,100 |

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

In accordance with the CSE Policies and NP 46-201 all securities held by the issuer's Principals are subject to escrow restrictions. The CSE Policies require that the Escrowed Securities be governed by the form of escrow prescribed by NP 46-201. At the time of its initial public offering, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201. Uniform terms of automatic timed-release escrow apply to Principals of exchange listed issuers, differing only according to the classification of the issuer. As the Company anticipates that its Common Shares will be listed on the Exchange, it will be classified as an "emerging issuer". As such, the following automatic timed releases will apply to the securities held by its Principals:

| Date of Automatic Timed Release | Amount of Escrowed Securities Released |
|---|---|
| On the Listing Date | 1/10 of the Escrowed Securities |
| 6 months after the Listing Date | 1/6 of the remaining Escrowed Securities |
| 12 months after the Listing Date | 1/5 of the remaining Escrowed Securities |
| 18 months after the Listing Date | 1/4 of the remaining Escrowed Securities |
| 24 months after the Listing Date | 1/3 of the remaining Escrowed Securities |
| 30 months after the Listing Date | 1/2 of the remaining Escrowed Securities |
| 36 months after the Listing Date | The remaining Escrowed Securities |

Assuming there are no changes to the Escrowed Securities initially deposited and no additional escrowed securities are deposited, automatic timed release escrow applicable to the Company will result in a 10% release on the Listing Date, with the remaining escrowed securities being released in 15% tranches every six months thereafter, subject to acceleration provisions provided for in NP 46-201. The release schedule may be accelerated if the Company establishes itself as an "established issuer" as described in NP 46-201.

All the Escrowed Securities are subject to the direction and determination of the CSE. Specifically, the Escrowed Securities may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the CSE. As at the date hereof, the Company, Caitlin Jeffs, Michael Thompson, Da Costa Management Corp., Joao (John) da Costa, Richard N. Jeffs, Jeff Cocks and Rodney Stevens (the "**Escrow Holder**"), will enter into the Escrow Agreement with the Escrow Agent, pursuant to which the Principals will collectively deposit 14,362,282 securities (consisting of 13,928,948 Common Shares and 433,334 Warrants) into escrow with the Escrow Agent, representing 25.85% of the issued and outstanding securities of the Company. Pursuant to the Escrow Agreement with Mr. Jeffs, 100% of Mr. Jeffs' Escrowed Securities will only be released 36 months after the Listing Date.

The following table sets forth the Escrowed Securities of the Principals that, as at the Listing Date, will be subject to escrow or that are currently, or will be, subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class.

| Designation of Class | Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer | Percentage of Class |
|---|---|---|
| Common Shares | 13,928,948 | 27.02%(1) |
| Warrants | 433,334 | 4.04%(2) |

Notes:

(1) Based on 45,097,087 Common Shares issued and outstanding as at the date of this Prospectus.

(2) Based on 10,722,049 Warrants issued and outstanding as at the date of this Prospectus including Warrants underlying the Subscription Receipts.

Pursuant to the terms of the Escrow Agreements, 696,787 Common Shares would be released from escrow on the Listing Date.

Under the terms of the Escrow Agreements, Escrowed Securities cannot be transferred by the holder unless permitted under the Escrow Agreement. Notwithstanding this restriction on transfer, a holder of Escrowed Securities may (a) pledge, mortgage or charge the Escrowed Securities to a financial institution as collateral for a loan provided that no Escrowed Securities will be delivered by the escrow agent to the financial institution; (b) exercise any voting rights attached to the Escrowed Securities; (c) receive dividends or other distributions on the Escrowed Securities; and (d) exercise any rights to exchange or convert the Escrowed Securities in accordance with the Escrow Agreements.

The Escrow Agreements provide that the Escrowed Securities are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with other than in accordance with the terms of the Escrow Agreements. In the event of the bankruptcy of an Escrow Holder, in accordance with the Escrow Agreements, the Escrowed Securities held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Escrowed Securities, which shares will remain in escrow subject to the Escrow Agreements. In the event of the death of an Escrow Holder, in accordance with the Escrow Agreements, the Escrowed Securities held by the escrow shareholder will be released from escrow.

## PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus, no one Shareholder beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Common Shares of the Company, except for the following:

| Name | Number of Common Shares Held and Type of Ownership | Percentage of Total Outstanding Common Shares(1) |
|---|---|---|
| Caitlin Jeffs | 5,439,324(2) | 12.06%(3) |
| Richard Norman Jeffs | 7,194,408(4) | 15.95% |

(1) Based on 45,097,087 Common Shares issued and outstanding as of the date of this Prospectus.

(2) Caitlin Jeffs is the registered holder of 5,321,991 Common Shares and beneficial holder of 117,333 Common Shares.

(3) Ms. Jeffs' 5,439,324 Common Shares represent 12.06% of the Company's issued and outstanding on an undiluted basis and 8.73% on a fully diluted basis assuming the exercise or conversion of the 3,998,978 Warrants related to the Unit Offering; 6,460,872 Subscription Receipt Units (6,460,872 Common Shares and 6,460,872 Warrants); and 262,199 finder's Warrants in connection to the Subscription Receipt Offering totalling 62,280,008 Common Shares issued and outstanding on a fully-diluted basis. Caitlin Jeffs is the daughter of Richard Norman Jeffs.

(4) Richard Norman Jeffs is the registered holder of 5,326,406 Common Shares and beneficial holder of 1,868,002 Common Shares. Mr. Jeffs' 7,194,408 Common Shares represents 15.95% of the Company’s issued and outstanding Common Shares on an undiluted basis and 11.55% on a fully diluted basis.

## DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Information regarding each director and executive officer of Red Metal as of the date of this Prospectus is set out in the table below:

| Name and Province/State and Country of Residence; Current Position | Present and Principal Occupation During the Past Five Years | Age | Date of Appointment as Director | Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly |
|---|---|---|---|---|
| **Caitlin Leigh Jeffs**<br>Ontario, Canada<br><br>Director, Chief Executive Officer, President, and Secretary | Chief Executive Officer, President and Secretary, Red Metal Resources Ltd., April 2008 – present; Vice President and General Manager, Fladgate Exploration Consulting Corporation, April 2007 – present; Director, Kesselrun Resources Ltd., July 2012 – present; Professional Geologist and member of Association of Professional Geoscientists of Ontario; Director and COO | 45 | October 2, 2007 | 5,439,324 |
| **Joao (John) da Costa**[(1)]<br>British Columbia, Canada<br><br>Director, Chief Financial Officer, and Treasurer | President, Da Costa Management Corp., September 2003 – present; Director, Chief Financial Officer, Treasurer and Secretary, Triton Emission Solutions Inc., May 2002 – present; Chief Financial Officer and Director, Kesselrun Resources Ltd., July 2012 – present; Director, Live Current Media Inc., December 2016 – present; Director and Chief Operating Officer , Cell MedX Corp., June 2020 - present | 57 | May 18, 2012 | 743,691[(2)] |
| **Michael John Thompson**<br>Ontario, Canada<br><br>Director and Vice President of Exploration | Vice President of Exploration, Red Metal Resources Inc., April 2008 – present; President, Fladgate Exploration Consulting Corporation, April 2007 – present; Chief Executive Officer and Director, Kesselrun Resources Ltd., July 2012 – present; Director, Fairmont Resources Inc., October 2011 – present; Professional Geologist and member of Association of Professional Geoscientists of Ontario | 52 | October 16, 2007 | 574,859[(3)] |

| Name and Province/State and Country of Residence; Current Position | Present and Principal Occupation During the Past Five Years | Age | Date of Appointment as Director | Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly |
|---|---|---|---|---|
| **Jeffrey Cocks**(1)<br>British Columbia, Canada<br><br>Director | Chief Executive Officer, West Isle Ventures Ltd., July 1996 – present; Chief Executive Officer, Smooth Rock Ventures Corp., July 2011 – present (Director, December 2006 – present); Director, Lithium Energi Exploration Inc., June 2012 – present; Director, Edison Cobalt Corp., December 2016 – present; Chief Executive Officer and Chief Financial Officer, Nevada Canyon Gold Corp., February 2014 - present | 58 | February 28, 2019 | 10,000(4) |
| **Cody McFarlane**(1)<br>Santiago, Chile<br><br>Director | Partner and founder, Axiom Legal SpA, January 2021 – present; General Manager, Harris Gómez Group (Latin American Division), June 2013 – January 2021 | 34 | February 28, 2019 | Nil |
| **Rodney Stevens**<br>British Columbia, Canada<br><br>VP Corporate Finance | VP Corporate Finance, Red Metal Resources Ltd.; CFO, Discovery Harbour Resources, Jun 2020 to Present; Corporate Advisor, Sep 2016 to present; VP Corporate Finance, RCI Capital Group, Sep 2015 to Sep 2016 | 48 | April 23, 2021 | 400,000(5) |
| **Total:** | | | | 7,167,874 (15.89%)(6) |

Notes:

(1) Member of the Audit Committee. See "*Audit Committee*".

(2) Mr. da Costa is the registered holder of 447,024 Common Shares and the beneficial owner of a further 296,667 Common Shares held through Da Costa Management Corp., a corporation in which he holds 100% of the voting shares.

(3) Includes Common Shares to be issued upon exercise of Warrants owned by Mr. Thompson.

(4) Mr. Cocks is the beneficial owner of 10,000 Common Shares held through West Isle Ventures Ltd., a corporation in which he holds 100% of the voting shares.

(5) Includes Common Shares to be issued upon exercise of Warrants owned by Mr. Stevens.

(6) Percentage calculated based on 45,097,087 issued and outstanding shares.

Caitlin Jeffs, P. Geo.

Ms. Jeffs has been the Company's director since October 2007 and our President, Chief Executive Officer and Secretary since April 21, 2008. She has been a director since September 2007. She has more than 15 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.

Ms. Jeffs devotes 75% of her time to the affairs of the Company. She is an independent contractor and did not sign a non-disclosure agreement with the Company.

Michael Thompson, P. Geo.

Mr. Thompson has been the Company's director since October 2007 and our Vice President of Exploration since April 2008. He has more than 20 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 service 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.

Mr. Thompson devotes 25% of his time to the affairs of the Company. He is an independent contractor and did not sign a non-disclosure agreement with the Company.

Joao (John) da Costa

Mr. da Costa has been the Company's director since May 2012 and its Chief Financial Officer and Treasurer since May 13, 2008. Mr. da Costa has more than 20 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, and a director of Live Current Media, Inc., a company reporting under the Exchange Act, engaged in eSports and Gaming industry. Mr. da Costa is also a director, and Chief Financial Officer of Kesselrun Resources Ltd., a Canadian reporting company listed on the TSX Venture Exchange, engaged in the acquisition, exploration, and development of mineral properties in Ontario, Canada. On June 8, 2020, Mr. da Costa was appointed director and Chief Operating Officer of Cell MedX Corp., a SEC reporting issuer, engaged in research and development of therapeutic and non-therapeutic, general wellness products.

Mr. da Costa devotes 25% of his time to the affairs of the Company. He is an independent contractor and did not sign a non-disclosure agreement.

Jeffrey Cocks

Mr. Cocks has over 25 years of experience in consulting, sales, marketing, product development and branding, as well as corporate compliance including overseeing his company’s accounting, compliance and finance departments and as a director of several public companies in both the United States and Canada. From August 1996 to the present, Mr. Cocks has served as the Chairman and Chief Executive Officer of West Isle Ventures, Ltd., a Canadian company that provides consulting services to start-ups and other companies. Mr. Cocks also serves on the board of directors and audit committees of Lithium Energi Exploration Inc., and Edison Cobalt Corp. which are traded on the Toronto Stock Exchange. Since February 28, 2014, Mr. Cocks is the Chairman, CEO, and CFO of Nevada Canyon Gold Corp., an SEC reporting issuer. Mr. Cocks holds a certificate from Simon Frasier University in its securities program.

Mr. Cocks devotes 5% of his time to the affairs of the Company. He is an independent contractor and did not sign a non-disclosure agreement.

Cody McFarlane

Mr. McFarlane is a partner and a founder at Axiom Legal and Business Consultants, an international legal and business advisory firm that is helping foreign technology and services businesses to enter and operate in Latin America. Prior to founding Axiom, Mr. McFarlane was a General Manager with the Latin American division of Harris Gómez Group, an international and multidisciplinary firm specializing in cross border transactions between Australia and Latin America. Mr. McFarlane brings with him an extensive knowledge of international acquisitions and expansions of various businesses into Chile, Peru, Bolivia, Colombia, Ecuador, Argentina, Brazil, Panama and Mexico, as well as expertise of working with international trade organizations (UK Trade, Canadian Embassy, etc.) whom he assisted in identifying opportunities in several Chilean key sectors such as mining, energy and infrastructure. Mr. McFarlane has earned his Diploma in Business Management from Grant MacEwan University, Edmonton, Canada, and his Bachelor of Commerce in Managerial Finance form the University of Lethbridge, Canada.

Mr. McFarlane devotes 5% of his time to the affairs of the Company. He is an independent contractor and did not sign a non-disclosure agreement.

Rodney Stevens

Mr. Stevens is a Chartered Financial Analyst charterholder with over a decade of experience in the capital markets, first as an investment analyst with Salman Partners Inc. and subsequently as a merchant and investment banker and portfolio manager. Over his career, he has been instrumental in assisting in financings and M&A activities worth over $1 billion in transaction value.

Mr. Stevens devotes 20% of his time to the affairs of the Company. He is an independent contractor and did not sign a non-disclosure agreement.

## CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Except as set forth below, none of the directors and executive officers of Red Metal, nor any personal holding company thereof, is, as at the date of this Prospectus, or was within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company, including the Company, that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. da Costa is the Chief Financial Officer and a director of Triton Emission Solutions Inc., ("**Triton**"), a company quoted for trading on the Over-The-Counter Bulletin Board (OTCBB) in the United States. Pursuant to Multilateral Instrument 51-105 – *Issuers Quoted in the U.S.* Over the Counter Markets, Triton was obligated to file its annual financial statements for the year ended December 31, 2017. Pursuant to National Instrument 52-107 – Acceptable Accounting Principles and Auditing Standards, the annual financial statements of Triton were to be accompanied by an auditor's report; however, Triton had filed unaudited financial statements. On April 19, 2018, the British Columbia Securities Commission issued a cease trade order concerning Triton and trading in its common shares. The cease trade order remains outstanding as of the date of this Prospectus. On August 25, 2021, the SEC issued an order of suspension of trading concerning Triton for failure to file period reports since filing its Form 10-Q for the period ended March 31, 2020.

Mr. da Costa was also a director of Live Current Media Inc. ("**Live Current**"), a company quoted on the OTCBB from October 10, 2010, to May 2011. On May 10, 2011, the British Columbia Securities Commission issued a cease trade order against Live Current for failure to file its annual financial statements, Management's Discussion and Analysis, and annual information form for the year ended December 31, 2010. Mr. da Costa resigned as a director on May 19, 2011. Subsequently thereto, in November 2013, Live Current ceased being an OTC reporting issuer. In June 2014, a receiver was placed in charge of Live Current. Mr. da Costa joined the board of directors of Live Current in December 2016 as part of a process intended to bring Live Current out of receivership. In May 2017, Live Current was discharged from receivership and on August 3, 2019, the British Columbia Securities Commission revoked the cease trade order. Live Current has since resumed its status as an OTC reporting issuer and Mr. da Costa remains a director of Live Current.

None of the directors and executive officers of Red Metal, nor shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company thereof:

(a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact;

(b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or

(c) has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

To the best of the Company's knowledge, information and belief, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company and its directors, officers or other members of management as a result of their outside business interests except that certain of the Company's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. As required by law, each of the directors of the Company is required to act honestly, in good faith and in the best interests of the Company. In the event of a conflict of interest, the Company will follow the requirements and procedures of applicable corporate and securities legislation and applicable exchange policies, including the relevant provisions of the Business Corporations Act (British Columbia).

## EXECUTIVE COMPENSATION

**Statement of Executive Compensation**

The purpose of this Statement of Executive Compensation is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to each Named Executive Officer and director for the three most recently completed financial years, and the decision-making process relating to compensation. This disclosure is intended to provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and to help investors understand how decisions about executive compensation are made.

<u>Director and Named Executive Officer compensation, excluding options and Compensation Securities</u>

In accordance with Form 51-102F6V, the following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each Named Executive Officer and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the Named Executive Officer or director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company.

**Table of compensation excluding Compensation Securities**

| Name and position | Year (ended January 31st) | Salary, consulting fee, retainer or commission ($) | Bonus ($) | Committee or meeting fees ($) | Value of perquisites ($) | Value of all other compensation ($) | Total compensation ($) |
|---|---|---|---|---|---|---|---|
| **Caitlin Jeffs**<br>*CEO, President, Secretary and Director* | 2021<br>2020<br>2019 | 22,916<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | 55,579[1]<br>54,352[1]<br>53,575[1] | 78,495<br>54,352<br>53,575 |
| **Joao (John) da Costa**<br>*CFO, Treasurer and Director* | 2021<br>2020<br>2019 | 22,916[2]<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | 797<br>734<br>30,902 | 23,713<br>734<br>30,902 |
| **Michael Thompson**<br>*Vice President of Exploration and Director* | 2021<br>2020<br>2019 | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil | 13,642[3]<br>8,419[3]<br>16,998[3] | 13,642<br>8,419<br>16,998 |

Notes:

(1) For the fiscal year-ended January 31, 2021; other compensation to Ms. Jeffs includes $41,937 in interest accrued on amounts due to Ms. Jeffs under the notes payable due on or after August 31, 2022.

(2) Portions of the consulting fees payable to Mr. da Costa are payable to him directly and to a company wholly-owned by Mr. da Costa. In particular, $6,875 of consulting fees is directly payable to Mr. da Costa and $16,041 of consulting fees is payable to Da Costa Management Corp., a company wholly-owned by Mr. da Costa.

(3) For the fiscal year-ended January 31, 2021; other compensation to Mr. Thompson includes the following: (i) $9,059 in interest the Company accrued on the amounts due to Fladgate Exploration Consulting Corporation ("**Fladgate**") pursuant to notes due on or after August 31, 2022; and (ii) $4,583 in accrued rental fees accrued to Fladgate.

Stock Options and Other Compensation Securities

The Company did not grant or issue any Compensation Securities to any director or Named Executive Officer during the financial years ended January 31, 2021, January 31, 2020, and January 31, 2019. In addition, no Compensation Securities were outstanding as at January 31, 2021, January 31, 2020, and January 31, 2019. The Company does not have any share-based awards plans for its Named Executive Officers or directors.

Stock Option Plans and Other Incentive Plans

The Company's Stock Option Plan was approved by the Board on July 13, 2021, enabling the Board to grant stock options to purchase Common Shares (the "**Options**") from time to time to eligible persons. The purpose of the Stock Option Plan is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under the Stock Option Plan to purchase shares.

The Stock Option Plan permits the granting of Options to directors, officers, employees of, and consultants to, the Company, its subsidiaries and affiliates ("**Eligible Persons**" or "**Optionees**"). The purpose of the Stock Option Plan is to attract and retain Eligible Persons and motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through Options granted under the Stock Option Plan. Unless authorized by the shareholders of the Company, the Stock Option Plan limits the total number of Common Shares that may be reserved for issuance on the exercise of Options outstanding under the Stock Option Plan, together with all of the Company's other previously established or proposed Options, option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Common Shares, to a number not exceeding 10% of the number of issued Common Shares from time to time, subject to the following additional limitations:

1. no one person may be granted Options to purchase a number of Common Shares equaling more than 5% of the issued Common Shares of the Company in any 12 month period; and

2. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12 month period to any one consultant of the Company (or any of its subsidiaries) without the prior consent of the Exchange.

In the event that the Stock Option Plan is approved by a majority of the votes cast at a meeting of the shareholders of the Company, pursuant to section 2.25 of National Instrument 45-106 – *Prospectus and Registration Exemptions*, the Board may grant options to Optionees exceeding the limits set out in section 3.6 of the Stock Option Plan subject to compliance with applicable securities laws and exchange policies. The Stock Option Plan provides that the exercise price of Options is fixed by the Board at the time that the Option is granted, provided that such price is not less than the prevailing price permitted by Exchange policies. Also, the Board may, in its sole discretion, determine the time during which Options will vest and the method of vesting, or impose no vesting restrictions.

The maximum length of any Option is ten (10) years from the date the Option is granted. Except as otherwise determined by the Board, a participant's options will expire ninety (90) days after a participant ceases to act for the Company, other than by reason of death. Options of a participant that provides investor relations activities will expire 30 days after the cessation of the participant's services to the Company. In the event of the death of a participant, the participant's heirs or administrators may exercise any Option granted to the Optionee to the extent such Option was exercisable and had bested on the date of death until the earlier of the expiry date and one (1) year after the date of death of such Optionee.

The decision to grant Options is made by the Board as a whole, and a grant is approved by directors' resolutions or at a meeting of the directors.

Employment, Consulting and Management Agreements

The Company does not have any employment, consulting or management agreements or arrangements with any of the Company's current Named Executive Officers or directors.

Termination and Change of Control Benefits

The Company does not have any plan or arrangement to pay or otherwise compensate any Named Executive Officer if his employment is terminated as a result of resignation, retirement, change of control, or if his responsibilities change following a change of control.

Pension Disclosure

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

Oversight and Description of Director and Named Executive Officer Compensation

The Company does not have a formal compensation program. The Company currently does not pay directors who are not employees or officers of the Company for attending directors' meetings or for serving on committees. The Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations with respect to the compensation of the Company's executive officers. The Board is responsible for all matters relating to the compensation of the directors and executive officers of the Company with respect to: (i) general compensation goals and guidelines and the criteria by which bonuses and stock compensation awards are determined; (ii) amendments to any equity compensation plans adopted by the Board and changes in the number of shares reserved for issuance thereunder; and (iii) other plans that are proposed for adoption or adopted by the Company for the provision of compensation. The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term shareholder value; (b) align management's interests with the long term interests of shareholders; (c) provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

### Aggregate Indebtedness

Other than as disclosed herein and other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5, no directors, executive officers and employees and no former directors, executive officers and employees of the Company are or were indebted to the Company in connection with a purchase of securities and all other indebtedness as at the date of this Prospectus.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER SECURITIES PURCHASE AND OTHER PROGRAMS

Other than as disclosed herein, or other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5, no directors or executive officers of the Company, and associates of such directors or executive officers are or were indebted to the Company as at the date of this Prospectus.

## AUDIT COMMITTEE

### Audit Committee

The role of the Audit Committee is to act in an objective, independent capacity as a liaison between the auditor, management and the Board and to ensure the auditor has a facility to consider and discuss governance and audit issues with parties not directly responsible for operations. NI 52-110, NI 41-101 and Form 52-110F2 require the Company, as a venture issuer, to disclose certain information relating to the Audit Committee and its relationship with the Company's independent auditor.

### Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "D" to this Prospectus.

### Composition of Audit Committee

As of the date of this Prospectus, the members of the Audit Committee are:

| | | |
|---|---|---|
| Joao (John) da Costa | Not Independent(1) | Financially literate(2) |
| Jeffrey Cocks(3) | Independent(1) | Financially literate(2) |
| Cody McFarlane | Independent(1) | Financially literate(2) |

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Mr. da Costa is not considered to be independent as he is the Chief Financial Officer and Treasurer of the Company.

(2) An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

(3) Jeffrey Cocks is the chairman of the Audit Committee.

### Relevant Education and Experience

Each member of the Company's present Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

See "Directors and Executive Officers" for further details.

### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in section 2.4 of National Instrument 52-110 - *Audit Committees (De Minimis Non-audit Services*), or an exemption, in whole or in part, granted under Part 8 of National Instrument 52-110.

**Pre-Approval Policies and Procedures**

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

**External Auditor Service Fees**

The fees billed by the Company's external auditors in each of the last three fiscal years for audit and non-audit related services provided to the Company or its subsidiary are as follows:

| Financial Year Ending January 31 | Audit Fees(1) ($) | Audit-Related Fees(2) ($) | Tax Fees(3) ($) | All Other Fees(4) ($) |
|---|---|---|---|---|
| 2021 | 30,356 | Nil | 1,863 | Nil |
| 2020 | 21,005 | Nil | 3,030 | Nil |
| 2019 | 15,933 | Nil | 380 | Nil |

Notes:

(1) The aggregate audit fees billed.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements that are not included under the heading "Audit Fees".

(3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

(4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

## CORPORATE GOVERNANCE

### General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

**Board of Directors**

The mandate of the Board, is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its Audit Committee. The Board facilitates its exercise of independent supervision over management through frequent meetings of the Board and by ensuring that the Board is composed of at least two directors independent of management. The Board, at present, is composed of five directors, two of whom – Jeffrey Cocks and Cody McFarlane - are not executive officers of the Company and both of whom are considered to be "independent", as that term is defined in NI 58-101. Caitlin Jeffs is not considered to be independent by reason of her offices as Chief Executive Officer, President and Secretary of the Company, Joao

(John) da Costa is not considered to be independent by reason of his offices as Chief Financial Officer and Treasurer, and Michael Thompson is also not considered to be independent by reason of his office as Vice President of Exploration. In determining whether a director is independent, the Board chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's ability to objectively assess the performance of management.

The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

**Directorships**

Certain of the Company's directors are also directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction as follows:

| **Name of Director** | **Other Reporting Issuer (or the equivalent)** |
|---|---|
| Caitlin Jeffs | Kesselrun Resources Ltd.<br>TomaGold Corp. |
| Joao (John) da Costa | Kesselrun Resources Ltd.<br>Live Current Media Inc.<br>Triton Emission Solutions Inc.<br>Cell MedX Corp. |
| Michael Thompson | Kesselrun Resources Ltd. |
| Jeffrey Cocks | Edison Cobalt Corp.<br>Lithium Energi Exploration Inc.<br>Smooth Rock Ventures Corp.<br>Nevada Canyon Gold Corp. |

Orientation and Continuing Education

The Board is responsible for providing orientation for all new recruits to the Board. The Company has not developed an official orientation or training program for new directors as each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. New directors have the opportunity to become familiar with the Company and its business by meeting with the other directors and with officers and employees. Orientation activities are tailored to the particular needs and experience of each director and the overall needs of the Board. The Company provides continuing education for its directors as the need arises and encourages open discussion at all meetings, which foster learning by the directors.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO of the Company and the directors, and for reviewing the CFO’s recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company’s shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations in general; and (v) permitted compensation under the rules of the Exchange.

Other Board Committees

The Board has no committees, other than the Audit Committee.

Assessments

The Board annually reviews its own performance and effectiveness as well as reviews the Audit Committee Charter and recommends revisions as necessary. Neither the Company nor the Board has adopted formal procedures to regularly assess the Board, the Audit Committee or the individual directors as to their effectiveness and contribution. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by the other board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company’s corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

## PLAN OF DISTRIBUTION

This is a non-offering prospectus being filed in the province of British Columbia to qualify the Company as a reporting issue in British Columbia. No securities are being offered pursuant to this Prospectus.

The Company has applied to list its Common Shares on the Exchange. As at the date of this Prospectus, the Company has not received conditional listing approval. Listing of the Common Shares is subject to the Company fulfilling all the listing requirements of the Exchange.

## RISK FACTORS

### General

The Company is in the business of exploring and, if warranted, developing mineral properties, which is a highly speculative endeavor. A purchase of any of the Common Shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares should not constitute a significant portion of an individual's investment portfolio and should be made only by persons who can afford a total loss of their investment. Prospective shareholders should evaluate carefully the following risk factors associated with an investment in the Common Shares.

The following risks and uncertainties could materially adversely affect the Company’s business, financial condition and results of operations. Additional risks and uncertainties not presently known to management of the Company or that are currently deemed immaterial may also impair the Company’s operations and financial condition.

**Negative Operating Cash Flow**

During the six-month period ended July 31, 2021, and for the years ended January 31, 2021 and 2020, the Company earned no revenue while the net loss from operations totaled $445,548; $159,254 and $321,592, respectively. If the Company does not find sources of financing as and when needed, it may be required to cease its operations.

Mineral exploration and development are very expensive. During the six-month period ended July 31, 2021, and for the years ended January 31, 2021 and 2020, the Company had no revenue from its operations.

Our operating expenses for the six-month period ended July 31, 2021, totaled $397,031 (2020 - $62,685). These expenses were further increased by $45,903 (2020 - $36,860) in interest we accrued on our notes payable and $2,614 loss from foreign exchange fluctuation (2020 - $69 gain). During the comparative six-month period ended July 31, 2020, the net loss was in part reduced by reversal of $74,336 associated with reversal of old debt which exceeded the statute of limitation promulgated under Chilean Law. During the fiscal year ended January 31, 2021, our operating expenses totaled $267,297 (2020 - $260,891). These expenses were further increased by $79,037 (2020 - $60,890) in interest we accrued on our notes payable and $2,148 loss from foreign exchange fluctuation (2020 - $189 gain) and were in part offset by reversal of $74,336 associated with reversal of old debt which exceeded the statute of limitation promulgated under Chilean Law, and by $114,892 forgiveness of debt which resulted from a debt settlement agreement with the Company’s former legal representative in Chile.

As of July 31, 2021, January 31, 2021, and January 31, 2020, our cash on hand balances were $130,652; $47,293; and $9,865, respectively. 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.

**Insufficient Capital**

The Company was incorporated on January 10, 2005, and to date has been involved primarily in organizational activities, acquiring and exploring mineral claims and obtaining financing. The Company's financial statements have been prepared assuming that it will continue as a going concern. From the Company's inception on January 10, 2005, the Company has accumulated losses of $10,189,694. As a result, the Company's management has expressed substantial doubt about the Company's ability to continue as a going concern. The continuation of the Company's operations depends on its ability to complete equity or debt financings as needed or generate capital from profitable operations. Such financings may not be available or may not be available on reasonable terms. The Company's financial statements do not include any adjustments that could result from the outcome of this uncertainty. Whether the Company will be successful as a mining company must be considered in light of the costs, difficulties, complications and delays associated with its 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 such properties and the unavailability of human or equipment resources. The Company cannot provide assurance it will ever generate significant revenue from its operations or realize a profit. The Company expects to continue to incur operating losses during the next 12 months.

**Effects of COVID-19 Outbreak**

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 has impacted vast array of businesses through the restrictions put in place by most governments internationally, including the USA, Canadian and Chilean governments, as well as provincial and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place worlds-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company's ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

**Debt Owing to Related Parties**

As of July 31, 2021, the Company owed $126,289 to related parties that were due in the next 12-month period for the services and reimbursable expenses they have provided; in addition, the Company owed its related parties $1,197,760 on account of long-term notes payable, which are payable on or after August 31, 2022. The Company does not have the cash resources to pay the long-term debt; therefore it may decide to partially pay these individuals by issuing shares of the Company's common stock to them. Because of the low market value of the Company's common stock, the issuance of shares will result in substantial dilution to the percentage of the outstanding common stock owned by current shareholders.

**Financing Risks**

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its securities. Even if the results of any future exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the Properties. While the Company may generate additional working capital through equity offerings or through the sale or possible syndication of the Properties, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to shareholders

**Speculative Nature of Mineral Exploration**

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will, in part, be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

**No Known Mineral Reserves**

It is unknown whether the Properties contain viable mineral reserves. If the Company does not find a viable mineral reserve, or if it cannot exploit the mineral reserve, either because the Company does not have the money to do it or because it will not be economically feasible to do so, the Company 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 the Properties, the Company's 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 the Company has not budgeted for;
- Availability and costs of financing;
- Ongoing costs of production; and
- Environmental compliance regulations and restraints.

**Market Factors May Affect Ability to Market Any Minerals Found**

Even if the Company discovers minerals that can be extracted in a cost-effective manner, it may not be able to find a ready market for its minerals. Many factors beyond the Company's 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. The Company cannot accurately predict the effect of these factors, but any combination of these factors could result in an inadequate return on invested capital.

**Mineral Exploration is Hazardous**

The search for minerals is hazardous. In the course of exploration, development and production of mineral properties, the Company could incur liability or damages as it conducts its business due to the dangers inherent in mineral exploration, including pollution, cave-ins, fires, flooding, earthquakes and other hazards. It is not always possible to fully insure against such risks or against which the Company may elect not to insure. The Company has no insurance for these types of hazards, nor does it expect to obtain such insurance for the foreseeable future. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

**Government Regulations**

The mining business is subject to various levels of government control and regulation, which are supplemented and revised from time to time. The Company cannot predict what legislation or revisions might be proposed that could affect its business or when any such proposals, if enacted, might become effective. The Company's exploration activities are subject to laws and regulations governing worker safety, and, if it explores within the national park that is part of its Farellón 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 the Company mines the Properties and processes more than 5,000 tonnes of ore monthly, it will be required to submit an environmental impact study for review and approval by the federal environmental agency. The Company anticipates that the cost of such a study will be significant and, if the study were to show too great an adverse impact on the environment, the Company might be unable to develop the property or it 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 the Company's business, the results of its operations and its financial condition if it were to proceed to mine a property or process ore on the property. The Company has no immediate or intermediate plans to process ore on any of the Properties.

If the Company does not comply with applicable environmental and health and safety laws and regulations, it could be fined, enjoined from continuing its operations, and suffer other penalties. Although the Company makes every attempt to comply with these laws and regulations, it cannot provide assurance that it has fully complied or will always fully comply with them.

**Environmental and Safety Regulations and Risks**

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company minimizes risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

**Competition**

The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to acquire suitable properties or prospects for mineral exploration in the future.

**Stress in the Global Economy**

Negative fluctuations in a state of global economy may 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 the Company's business, results of operations, financial condition and liquidity. The Company's suppliers may not be able to supply it with needed raw materials on a timely basis, may increase prices or go out of business, which could result in the inability of the Company to carry out its planned exploration programs. Furthermore, it may become difficult to locate other mineral exploration companies with available funds willing to engage in risky ventures such as the exploration of the Properties.

Such conditions may make it very difficult to forecast operating results, make business decisions and identify and address material business risks. As a result, the Company's operating results, financial condition and business could be adversely affected.

**The Company conducts operations in a foreign jurisdiction and is subject to certain risks that may limit or disrupt its business operations.**

The Company's head office is in Canada and its 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 the Company's exploration programs, cause it to lose its interests in its mineral claims, restrict the movement of funds, cause it to spend more than it expected, deprive it of contract rights or result in its operations being nationalized or expropriated without fair compensation, and could materially adversely affect the Company's financial position or the results of its operations. If a dispute arises from the Company's activities in Chile, the Company could be subject to the exclusive jurisdiction of courts outside North America, which could adversely affect the outcome of the dispute.

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

The Company's ability to realize a return on its investment in mineral claims depends upon whether it maintains 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. The Company takes a number of steps to protect the legal ownership of its claims, including having its contracts and deeds notarized, recording these documents with the registry of mines and publishing them in the mining bulletin. The Company also reviews the mining bulletin regularly to determine whether other parties have staked claims over its ground. However, none of these steps guarantees that another party could not challenge the Company's right to a claim. Any such challenge could be costly to defend and, if the Company lost its claim, its business and prospects would likely be materially and adversely affected.

**No Anticipation of Payment of Dividends**

A dividend has never been declared or paid in cash on the Common Shares. The Company does not anticipate such a declaration or payment for the foreseeable future. The Company intends to retain any earnings to develop, carry on, and expand its business.

**Price Volatility of Publicly Traded Securities**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of Common Shares will be affected by such volatility.

**Fluctuating Mineral Prices and Currency Risk**

The Company’s revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company’s exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

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

**Management**

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

**Key Person Insurance**

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

**Conflicts of Interest**

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Business Corporations Act* (British Columbia). Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to the Company and their duties to the other companies on whose boards they serve, the directors and officers of the Company have agreed to the following:

- Participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;

- No commissions or other extraordinary consideration will be paid to such directors and officers; and

- Business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to the Company except on the same or better terms than the basis on which they are offered to third party participants.

**"Penny stock" rules may make buying or selling our common stock difficult, and severely limit its marketability and liquidity**

Because the Company's 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 the Company's securities constitute "penny stocks" within the meaning of the rules, the rules apply to the Company and to its securities. The rules may further affect the ability of owners of shares to sell the Company's securities in any market that might develop for them. As long as the trading price of the Common Shares is less than $5.00 per share, the Common Shares will be subject to Rule 15g-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 suitably statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for the Common Shares.

**Tax Issues**

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

**Other Risks and Uncertainties**

Although the Company has tried to identify all significant risks, it may not have identified all risks. There may be other risks.

The Company has sought to identify what it believes to be the most significant risks to its business, but it cannot predict whether, or to what extent, any of such risks may be realized nor can it guarantee that it has identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to the Company's Common Shares.

## PROMOTERS

There are no Promoters of the Company other than the officers of the Company being:

- Caitlin Jeffs
  CEO, President and Secretary

- Joao (John) da Costa
  CFO and Treasurer

- Michael Thompson
  Vice President of Exploration

As of the date of this Prospectus, Caitlin Jeffs beneficially owns, directly or indirectly, an aggregate of 5,439,324 Common Shares or 12.06% of the Common Shares issued and outstanding. In addition, she and Michael Thompson share control or direction of 341,525 Common Shares or 0.76% of Common Shares issued and outstanding. John da Costa beneficially owns, directly or indirectly, an aggregate of 743,691 Common Shares or 1.65% of the Common Shares issued and outstanding.

Other than as disclosed above (see "Statement of Executive Compensation"), no person who was a Promoter of the Company:

1. received anything of value directly or indirectly from the Company;

2. sold or otherwise transferred any asset to the Company within the last two years;

3. is at of the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any person or company that was the subject of a cease trade order or similar order or an order that denied the relevant person or company access to any statutory exemptions for a period of more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO;

4. is at of the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any person or company that was the subject of a cease trade order or similar order or an order that denied the relevant person or company access to any statutory exemptions for a period of more than 30 consecutive days that was issued after the person ceased to be a director, CEO or CFO and which resulted from an event that occurred while the person was acting in the capacity as director, CEO or CFO;

5. is at of the date hereof, or was within 10 years before the date hereof, a director or executive officer of any person or company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;

6. has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person;

7. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;

8. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

9. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### Legal Proceedings

The Company is not and has not been a party to, and none of the Properties are or have been the subject of, since the beginning of the most recently completed financial year for which financial statements of the Company are included in this Prospectus, any legal proceedings.

### Regulatory Actions

The Company has not been subject to:

(a) penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Prospectus;

(b) any other penalties or sanctions imposed by a court or regulatory body; or

(c) any settlement agreements entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, no insider, director or executive officer of the Company, or associate or affiliate thereof, has any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Company.

Polymet offered royalties pursuant to Mining Royalty Agreements, dated July 29, 2020, with each of Richard Jeffs, Caitlin Jeffs and Joao (John) da Costa for total aggregate consideration of $5,000. Both Caitlin Jeffs and Joao (John) da Costa are part of the Board, and Richard Jeffs is a holder of greater than 10% of the issued and outstanding shares of the Company. See *Overview of Mineral Properties - Other Land Tenure Agreements* for the percentages of future royalties arising from the sale of mineral and other materials from the Carrizal Property.

## AUDITOR, TRANSFER AGENT AND REGISTRAR

### Auditor

The auditor of the Company is Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, Canada, V6E 4G1.

### Transfer Agent and Registrar

The transfer agent and registrar for the Common Shares is Odyssey Trust Company, Suite 323, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

## ENFORCEMENT OF JUDGEMENTS AGAINST FOREIGN PERSONS

A director of the Company, Cody McFarlane, and the Qualified Person, Scott Jobin-Bevans, reside outside of Canada. Although Cody McFarlane and Scott Jobin-Bevans appoint Caitlin Jeffs at 278 Bay Street, Suite 102, Thunder Bay, Ontario, P7B 1R8, as their agent for service of process in Canada, it may not be possible for purchasers to enforce against such persons judgments obtained in Canadian courts predicated on the civil liability provisions of applicable securities laws in Canada. Purchasers are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## MATERIAL CONTRACTS

The only material contracts currently in force and effect which have been entered into by the Corporation or will be entered prior to the Listing are the following:

1. the Escrow Agreement between the Company, the Escrow Agent and the Principal Shareholders (see "Escrowed Securities");

2. the Subscription Receipt Agreement dated June 15, 2021;

3. the form of Subscription Receipt Subscription Agreement in connection with the Subscription Receipt Offering;

4. the form of Unit Subscription Agreement in connection with the Unit Offering;

5. the Stock Option Plan;

6. the Transfer Agent Agreement among Computershare Investor Services Inc. and the Company dated July 7, 2021;

7. the Warrant Indenture dated June 15, 2021;

8. the independent contractors services agreement dated April 15, 2021 among Howard Isaacs and Richard Cavalli,

9. the loan agreements between the Company as the borrower, and Caitlin Jeffs as the lender for the following dates and amounts: (i) August 28, 2018 for CAD$50,000; (ii) November 27, 2018 for CAD$35,000; (iii) February 8, 2019 for CAD$3,675; (iv) February 26, 2019 for CAD$20,000; (v) April 9, 2019 for CAD$2,947.13; (vi) April 26, 2019 for CAD$20,273.26; (vii) July 30, 2019 for CAD$15,000; (viii) July 31, 2019 for CAD$200.01; (ix) September 13, 2019 for CAD$10,000; (x) November 8, 2019 for CAD$15,000; (xi) January 31, 2020 for US$2,427.42; (xii) January 31, 2020 for CAD$2,171.30; (xiii) July 31, 2020 for US$1,454.50; (xiv) August 10, 2020 for CAD$5,000; (xv) September 1, 2020 for CAD$15,000; and (xvi) November 8, 2019 for CAD$15,000;

10. the debt forgiveness agreements between the Company as the borrower, and the following lenders:

    (a) Caitlin Jeffs dated July 31, 2018 in the amount of $127,674; and

    (b) Joao (John) da Costa dated July 31, 2018 in the amount of $5,777; and

11. Mining Royalty Agreements between each of Richard Jeffs, Caitlin Jeffs and Joao (John) da Costa, and Polymet dated July 29, 2020 for a total aggregate consideration of $5,000. Copies were filed on August 5, 2020 on SEDAR at www.sedar.com.

## EXPERTS

### Names of Experts

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus:

The Technical Report on the Carrizal Cu-Co-Au Property was prepared by Scott Jobin-Bevans, Ph.D., PMP, P.Geo., Principal Geoscientist of Caracle Creek International Consulting Inc. of Ontario. Mr. Jobin-Bevans has no interest in the Company, the Company's securities or the Carrizal Cu-Co-Au Property.

Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, auditors of the Company, who prepared the independent auditor's report on the Company's audited financial statements included in and forming part of this Prospectus, and have informed the Company they are independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia (CPABC).

### Interests of Experts

Other than as disclosed herein, none of the persons set out under the heading "Experts – Names of Experts" have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such person prepared the report, valuation, statement or opinion aforementioned or thereafter.

## OTHER MATERIAL FACTS

Other than as disclosed in this Prospectus, there are no other material facts about the Common Shares that are not disclosed under any other items and are necessary in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

## FINANCIAL STATEMENTS

Interim financial statements for the period ending July 31, 2021; and audited annual financial statements of the Company for the financial years ended January 31, 2021, and 2020, and audited annual financial statements of the Company for the financial years ended January 31, 2020, and 2019, are included in this Prospectus.

# SCHEDULE "A"
# INTERIM FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE PERIOD ENDED JULY 31, 2021

## PART I - FINANCIAL INFORMATION

**Item 1. Financial Statements.**

**RED METAL RESOURCES LTD.**

CONDENSED CONSOLIDATED BALANCE SHEETS
**(EXPRESSED IN US DOLLARS)**
**(UNAUDITED)**

| | July 31, 2021 | January 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash | $ 130,652 | $ 47,293 |
| Cash held in trust | 777,605 | - |
| Prepaids and other receivables | 80,883 | 994 |
| Total current assets | 989,140 | 48,287 |
| Equipment | 22,150 | 26,450 |
| Unproved mineral properties | 687,066 | 702,941 |
| Total assets | $ 1,698,356 | $ 777,678 |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| Current liabilities | | |
| Accounts payable | $ 85,098 | $ 78,755 |
| Accrued liabilities | 39,038 | 44,475 |
| Due to related parties | 126,289 | 70,514 |
| Subscription receipts payable | 777,669 | - |
| Notes payable | 15,000 | 15,000 |
| Total current liabilities | 1,043,094 | 208,744 |
| Long-term notes payable to related parties | 1,197,760 | 1,093,417 |
| Withholding taxes payable | 120,134 | 116,618 |
| Total liabilities | 2,360,988 | 1,418,779 |
| Stockholders' deficit | | |
| Common stock, no par value, unlimited number authorized 45,097,087 and 41,218,008 issued and outstanding at July 31, 2021 and January 31, 2021, respectively | 6,702,859 | 6,281,521 |
| Additional paid-in capital | 2,945,839 | 2,891,764 |
| Deficit | (10,189,694) | (9,744,146) |
| Accumulated other comprehensive loss | (121,636) | (70,240) |
| Total stockholders' deficit | (662,632) | (641,101) |
| Total liabilities and stockholders' deficit | $ 1,698,356 | $ 777,678 |

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

**RED METAL RESOURCES LTD.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(EXPRESSED IN US DOLLARS)**
**(UNAUDITED)**

| | For the three months ended July 31, 2021 | For the three months ended July 31, 2020 | For the six months ended July 31, 2021 | For the six months ended July 31, 2020 |
|---|---|---|---|---|
| Operating expenses: | | | | |
| Amortization | $ 1,882 | $ 55 | $ 3,877 | $ 112 |
| Consulting fees | 41,280 | - | 69,089 | - |
| General and administrative | 43,809 | 1,668 | 58,916 | 14,759 |
| Mineral exploration costs | 85,128 | 2,155 | 94,328 | 3,099 |
| Professional fees | 81,622 | 10,912 | 124,676 | 20,964 |
| Regulatory | 23,457 | 3,964 | 26,448 | 10,971 |
| Rent | 2,440 | - | 4,824 | - |
| Salaries, wages and benefits | 7,378 | 5,082 | 14,873 | 12,780 |
| | (286,996) | (23,836) | (397,031) | (62,685) |
| Other items | | | | |
| Foreign exchange gain (loss) | (1,272) | (155) | (2,614) | 69 |
| Forgiveness of debt | - | - | - | 74,336 |
| Interest on notes payable | (24,076) | (19,221) | (45,903) | (36,860) |
| Net loss | (312,344) | (43,212) | (445,548) | (25,140) |
| Foreign currency translation | (39,816) | 15,901 | (51,396) | 26,832 |
| Comprehensive income (loss) | $ (352,160) | $ (27,311) | $ (496,944) | $ 1,692 |
| Net loss per share - basic and diluted | $ (0.01) | $ (0.00) | $ (0.01) | $ (0.00) |
| Weighted average number of shares outstanding - basic and diluted | 42,825,848 | 41,218,008 | 42,825,848 | 41,218,008 |

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

**RED METAL RESOURCES LTD.**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**
**(EXPRESSED IN US DOLLARS)**
**(UNAUDITED)**

| | Common Stock | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Number of Shares** | **Amount** | **Additional Paid-in Capital** | **Shares Subscribed** | **Accumulated Deficit** | **Accumulated Other Comprehensive Income / (Loss)** | **Total** |
| Balance at January 31, 2020 | 41,218,008 | $ 6,281,521 | $ 2,891,764 | $ - | $ (9,584,892) | $ (74,449) | $ (486,056) |
| Net income for the three months ended April 30, 2020 | - | - | - | - | 18,072 | - | 18,072 |
| Foreign exchange translation | - | - | - | - | - | 10,931 | 10,931 |
| Balance at April 30, 2020 | 41,218,008 | 6,281,521 | 2,891,764 | $ - | (9,566,820) | (63,518) | (457,053) |
| Net income for the three months ended July 31, 2020 | - | - | - | - | (43,212) | - | (43,212) |
| Foreign exchange translation | - | - | - | - | - | 15,901 | 15,901 |
| Balance at July 31, 2020 | 41,218,008 | $ 6,281,521 | $ 2,891,764 | $ - | $ (9,610,032) | $ (47,617) | $ (484,364) |
| Balance at January 31, 2021 | 41,218,008 | $ 6,281,521 | $ 2,891,764 | $ - | $ (9,744,146) | $ (70,240) | $ (641,101) |
| Shares subscribed | - | - | - | 87,721 | - | - | 87,721 |
| Cash received from short sell fees | - | - | 5,798 | - | - | - | 5,798 |
| Net loss for the three months ended April 30, 2021 | - | - | - | - | (133,204) | - | (133,204) |
| Foreign exchange translation | - | - | - | - | - | (11,580) | (11,580) |
| Balance at April 30, 2021 | 41,218,008 | 6,281,521 | 2,897,562 | 87,721 | (9,877,350) | (81,820) | (692,366) |
| Shares issued for private placement | 3,849,668 | 477,982 | - | (87,721) | - | - | 390,261 |
| Share issuance costs | - | (66,644) | 48,277 | - | - | - | (18,367) |
| Shares issued for services | 29,411 | 10,000 | - | - | - | - | 10,000 |
| Net loss for the three months ended July 31, 2021 | - | - | - | - | (312,344) | - | (312,344) |
| Foreign exchange translation | - | - | - | - | - | (39,816) | (39,816) |
| Balance at July 31, 2021 | 45,097,087 | $ 6,702,859 | $ 2,945,839 | $ - | $ (10,189,694) | $ (121,636) | $ (662,632) |

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

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

| | For the six months ended July 31, 2021 | 2020 |
|---|---|---|
| Cash flows used in operating activities: | | |
| Net loss | $ (445,548) | $ (25,140) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Accrued interest on notes payable | 45,903 | 36,860 |
| Amortization | 3,877 | 112 |
| Forgiveness of debt | - | (74,336) |
| Shares issued for services | 10,000 | - |
| Changes in operating assets and liabilities: | | |
| Prepaids and other receivables | (65,897) | (2,032) |
| Accounts payable | (5,136) | (788) |
| Accrued liabilities | (1,253) | (1,663) |
| Due to related parties | 54,872 | 5,033 |
| Net cash used in operating activities | (403,182) | (61,954) |
| Cash flows provided by financing activities: | | |
| Issuance of notes payable to related parties | 34,202 | 249,182 |
| Cash received on subscription to shares | 459,615 | - |
| Cash received on subscription to subscription receipts | 777,669 | - |
| Cash received from short sell fees | 5,798 | - |
| Net cash provided by financing activities | 1,277,284 | 249,182 |
| Effects of foreign currency exchange | (13,138) | (3,001) |
| Increase in cash | 860,964 | 184,227 |
| Cash, beginning | 47,293 | 9,865 |
| Cash, ending | $ 908,257 | $ 194,092 |
| Cash | $ 130,652 | $ 194,092 |
| Cash held in trust | 777,605 | - |
| Cash and cash held in trust, ending | $ 908,257 | $ 194,092 |
| Supplemental disclosures: | | |
| Cash paid for: | | |
| Income tax | $ - | $ - |
| Interest | $ - | $ - |

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

# RED METAL RESOURCES LTD.
# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
# JULY 31, 2021
# (UNAUDITED)

## NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

### Nature of Operations

Red Metal Resources Ltd. (the "Company") is involved in acquiring and exploring mineral properties in Chile through its wholly-owned subsidiary, Minera Polymet SpA ("Polymet") organized under the laws of the Republic of Chile. The Company has not determined whether its properties contain mineral reserves that are economically recoverable.

### Unaudited Condensed Consolidated Financial Statements

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC"). They do not include all information and footnotes required by GAAP for complete financial statements. Except as disclosed herein, there have been no material changes in the information disclosed in the notes to the consolidated financial statements for the year ended January 31, 2021, included in the Company's Annual Report on Form 10-K, filed with the SEC. The unaudited condensed consolidated financial statements should be read in conjunction with those financial statements included in Form 10-K. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the three and six months ended July 31, 2021, are not necessarily indicative of the results that may be expected for the year ending January 31, 2022.

### Going Concern

These unaudited condensed consolidated financial statements have been prepared on a going-concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated any significant revenues from mineral sales since inception, has never paid any dividends and is unlikely to pay dividends or generate significant earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support of its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. The Company's ability to achieve and maintain profitability and positive cash flows is dependent upon its ability to locate profitable mineral properties, generate revenues from mineral production and control production costs. Based upon its current plans, the Company expects to incur operating losses in future periods. The Company plans to mitigate these operating losses through controlling its operating costs. The Company plans to obtain sufficient working capital through additional debt or equity financing and private loans. At July 31, 2021, the Company had a working capital deficit of $53,954 and accumulated losses of $10,189,694 since inception. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. There is no assurance that the Company will be able to generate significant revenues in the future. These unaudited condensed consolidated financial statements do not give any effect to any adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these unaudited condensed consolidated financial statements.

### Uncertainty due to Global Outbreak of COVID-19

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 has impacted vast array of businesses through the restrictions put in place by most governments internationally, including the USA, Canadian and Chilean governments, as well as provincial and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the COVID-19 outbreak may impact the Company and its operations as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company's ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

**NOTE 2 - RELATED-PARTY TRANSACTIONS**

The following amounts were due to related parties as at:

| | July 31, 2021 | January 31, 2021 |
|---|---|---|
| Due to a company owned by an officer [a] | $ 43,090 | $ 17,481 |
| Due to a company controlled by directors [a] | 18,496 | 12,731 |
| Due to a company controlled by directors [a] | 27,203 | - |
| Due to the Chief Executive Officer ("CEO") [a], [b] | 24,214 | 27,543 |
| Due to the Chief Financial Officer ("CFO") [a], [b] | 8,222 | 8,042 |
| Due to a major shareholder [a], [b] | 2,500 | 2,500 |
| Due to a company controlled by a director [a] | 2,564 | 2,217 |
| Total due to related parties | $ 126,289 | $ 70,514 |

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

(b) On July 29, 2020, Polymet entered into mining royalty agreements (the "NSR Agreements") with the Company's CEO, CFO, and the major shareholder to sell net smelter returns (the "NSR") on its mineral concessions. NSR range from 0.3% to 1.25% depending on particular concession and the purchaser. The Company's CEO agreed to acquire the NSR for $1,500, CFO agreed to acquire the NSR for $1,000, and the major shareholder agreed to acquire his NSR for $2,500.

The NSR will be paid quarterly once commercial exploitation begins and will be paid on gold, silver, copper and cobalt sales. If, within two years, the Company does not commence commercial exploitation of the mineral properties, an annual payment of $10,000 per purchaser will be paid.

Pursuant to Chilean law, the NSR agreements will come in force only when registered against the land title in Chile. Due to temporary safety restrictions associated with COVID-19 pandemic, the registration of the NSR Agreements has been deferred, therefore the payments made by the CEO, CFO, and the major shareholder have been recorded as advances on the books of the Company and will be applied towards the NSR Agreements, once they are fully legalized.

The following amounts were due under the notes payable the Company issued to related parties:

| | July 31, 2021 | January 31, 2021 |
|---|---|---|
| Note payable to CEO [c] | $ 619,959 | $ 581,233 |
| Note payable to CFO [c] | 10,799 | 10,380 |
| Note payable to a company controlled by directors [c] | 435,399 | 378,449 |
| Note payable to a major shareholder [c] | 131,603 | 123,355 |
| Total notes payable to related parties | $ 1,197,760 | $ 1,093,417 |

(c) The notes payable to related parties are based on Level 2 inputs in the ASC 820 fair value hierarchy. The notes payable to related parties accumulate interest at a rate of 8% per annum, are unsecured, and are payable on or after August 31, 2022.

During the three-month period ended July 31, 2021, the Company accrued $24,076 (July 31, 2020 - $18,707) in interest expense on the notes payable to related parties.

During the six-month period ended July 31, 2021, the Company accrued $45,903 (July 31, 2020 - $35,889) in interest expense on the notes payable to related parties.

**Transactions with Related Parties**

During the three and six months ended July 31, 2021 and 2020, the Company incurred the following expenses with related parties:

| | Three Months ended July 31, | | Six Months ended July 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Consulting fees to a company owned by CFO | $ 12,202 | $ - | $ 24,121 | $ - |
| Consulting fees to a company controlled by CEO | 12,202 | - | 24,121 | - |
| Consulting fees paid or accrued to a company controlled by VP of Finance | 6,759 | - | 6,759 | - |
| Prepaid consulting fees paid to a company controlled by VP of Finance | 18,160 | - | 18,160 | - |
| Legal fees paid to a company controlled by a director | 3,908 | - | 8,672 | - |
| Rent fees accrued to a company controlled by directors | 2,440 | - | 4,824 | - |
| Total transactions with related parties | $ 55,671 | $ - | $ 86,657 | $ - |

**NOTE 3 - UNPROVED MINERAL PROPERTIES**

Following is the schedule of the Company's unproved mineral properties as at July 31, 2021 and January 31, 2021:

**Mineral Claims at July 31, 2021**

| Mineral Claims | January 31, 2021 | Effect of foreign currency translation | July 31, 2021 |
|---|---|---|---|
| Farellón Project | | | |
| Farellón | $ 369,863 | $ (8,352) | $ 361,511 |
| Quina | 142,560 | (3,220) | 139,340 |
| Exeter | 144,793 | (3,270) | 141,523 |
| | 657,216 | (14,842) | 642,374 |
| Perth Project | 45,725 | (1,033) | 44,692 |
| Total Costs | $ 702,941 | $ (15,875) | $ 687,066 |

**Mineral Claims at January 31, 2021**

| Mineral Claims | January 31, 2020 | Effect of foreign currency translation | January 31, 2021 |
|---|---|---|---|
| Farellón Project | | | |
| Farellón | $ 343,648 | $ 26,215 | $ 369,863 |
| Quina | 132,455 | 10,105 | 142,560 |
| Exeter | 134,530 | 10,263 | 144,793 |
| | 610,633 | 46,583 | 657,216 |
| Perth Project | 42,484 | 3,241 | 45,725 |
| Total Costs | $ 653,117 | $ 49,824 | $ 702,941 |

**NOTE 4- COMMON STOCK**

On February 10, 2021, the Company changed its corporate jurisdiction from the State of Nevada to the Province of British Columbia. The Articles of Incorporation and Bylaws of the Company, under the Nevada Revised Statutes, were replaced with the Articles of the Company, under the Business Corporations Act (British Columbia). The authorized capital of the Company was amended to an unlimited number of common shares without par value (the "Shares"). The Company retroactively reclassified $6,240,304 associated with the historical share issuances from additional paid-in capital to common stock.

On May 17, 2021, the Company closed a non-brokered private placement by issuing 3,849,668 units at a price of CAD$0.15 per unit (each a "Unit") for gross proceeds of $477,982 (CAD$577,450) (the "Unit Offering"). Each Unit consisted of one common share and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of CAD$0.20 per common share for a period of 24 months from the date of issue. The Warrants are subject to an acceleration clause in the event that the common shares are listed on a recognized stock exchange and trade at a price of CAD$0.30 or greater for 10 consecutive trading days, in which event the Company may notify warrant holders that the Warrants must be exercised within a period of 30 days. In case the Warrant holders do not exercise them within the accelerated 30-day period, the warrants will expire automatically.

In connection with the Unit Offering, the Company paid cash commissions aggregating $18,367 (CAD$22,397) and issued 149,310 Warrants to registered broker-dealers valued at $48,277. The Warrants are subject to the same terms and conditions as the Warrants purchased by other subscribers in the Unit Offering. The Company used Black-Scholes option pricing model to determine the value of the broker warrants. The following assumptions were used:

| | |
|---|---|
| Expected Life of the broker warrants | 2 years |
| Risk-Free Interest Rate | 0.16% |
| Expected Dividend Yield | Nil |
| Expected Stock Price Volatility | 255% |
| Fair Value at the date of transaction | $0.34 |

On May 14, 2021, the Company issued 29,411 shares of its common stock to a consultant for investor relations services. The Shares were issued pursuant to an independent contractors services agreement whereby the Company agreed to a $5,000 monthly fee payable to a consultant during a three-month period commencing on April 14, 2021. At the discretion of the Company, the cash fee can be paid in common shares of the Company at a deemed price of $0.17 per share for a total of 29,411 shares per month. At the time of the share issuance, the fair market value of the shares was $0.34, therefore the Company recognized $10,000 as part of its investor relation fees.

**Warrants**

The changes in the number of warrants outstanding during the six months period ended July 31, 2021, and for the year ended January 31, 2021, are as follows:

| | **Six months ended July 31, 2021** | | | **Year ended January 31, 2021** | | |
|---|---|---|---|---|---|---|
| | **Number of warrants** | **Weighted average exercise price** | | **Number of warrants** | **Weighted average exercise price** | |
| Warrants outstanding, beginning | - | $ | n/a | 2,500,000 | $ | 0.1875 |
| Warrants issued | 3,998,978 | $ | 0.20 | - | $ | n/a |
| Warrants expired | - | $ | n/a | (2,500,000) | $ | 0.1875 |
| Warrants outstanding, ending | 3,998,978 | $ | 0.20 | - | $ | n/a |

Details of warrants outstanding as at July 31, 2021, are as follows:

| Number of warrants exercisable | Grant date | Exercise price |
|---|---|---|
| 3,849,668 | May 17, 2021 | $0.20 expiring on May 17, 2023 |
| 149,310 (1) | May 17, 2021 | $0.20 expiring on May 17, 2023 |
| 3,998,978 | | |

(1) Broker warrants issued on closing of the Unit Offering.

At July 31, 2021, the weighted average life and exercise price of the warrants was 1.79 years and $0.20, respectively.

**Recovery of Short-Swing Profits**

During the six months ended July 31, 2021, the Company received $5,798 related to the recovery of short-swing profits under Section 16(b) of the Securities Exchange Act of 1934, as amended. The Company did not have similar transactions during the six months ended July 31, 2020.

**NOTE 5- SUBSCRIPTION RECEIPTS PAYABLE**

On June 15, 2021, the Company closed a non-brokered private placement by issuing 6,460,872 subscription receipts (each a "Subscription Receipt") at a price of CAD$0.15 per Subscription Receipt for aggregate gross proceeds of $777,669 (CAD$969,131) (the "SR Offering").

Each Subscription Receipt automatically entitles the holder thereof, without payment of any additional consideration and without further action on the part of the holder, to acquire one Subscription Receipt Unit (an "SR Unit"). Until the escrow release conditions (including the listing of the Company's common shares on a recognized stock exchange in Canada) are met in full, the indentures, representing Subscription Receipts, will be held in trust by an escrow agent appointed by the Company. No Subscription Receipts may be exercised by the holders thereof until all escrow release conditions are met in full.

Each SR Unit will consist of one Share and one Share purchase warrant (each, an "SR Warrant"). Each SR Warrant will entitle the holder to purchase an additional Share of the Company at a price of CAD$0.30 per Share, if exercised during the first year following the closing date of the SR Offering, and at a price of CAD$0.60, if exercised during the second year following closing date of the SR Offering. Pursuant to the terms of the SR Offering, in the event that the Company does not meet the escrow release conditions by September 30, 2021 (or such later date as may be agreed to by the Company), the escrow agent shall return to the holders of the Subscription Receipts an amount equal to the aggregate purchase price paid for the Subscription Receipts held by each holder, and each Subscription Receipt shall be cancelled and be of no further force or effect.

In connection with the SR Offering, the Company agreed to pay finders fees to certain registered broker dealers payable on the Escrow Release Date consisting of: (1) a cash commission in an amount equal to 7% of the gross proceeds raised from subscribers to the SR Offering who were introduced by such finders, and (2) finders warrants in an amount equal to 7% of the number of Subscription Receipts purchased by subscribers introduced by such finders to the Company (the "Finder's Warrants"). The Finder's Warrants will be on the same terms as the SR Warrants as defined below.
**(a)**

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

***Forward-Looking Statements***

This Quarterly Report on Form 10-Q filed by Red Metal Resources Ltd. contains forward-looking statements. These are statements regarding financial and operating performance and results and other statements that are not historical facts. The words "expect," "project," "estimate," "believe," "anticipate," "intend," "plan," "forecast," and similar expressions are intended to identify forward-looking statements. Certain important risks could cause results to differ materially from those anticipated by some of the forward-looking statements. Some, but not all, of these risks include, among other things:

- 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; and/or
- other uncertainties, all of which are difficult to predict and many of which are beyond our control.

We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this report. We are not obligated to update these statements or publicly release the results of any revisions to them to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events. You should refer to, and carefully review, the information in future documents we file with the Securities and Exchange Commission.

***General***

You should read this discussion and analysis in conjunction with our unaudited condensed consolidated financial statements and related notes included in this Form 10-Q and the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021. The inclusion of supplementary analytical and related information may require us to make estimates and assumptions to enable us to fairly present, in all material respects, our analysis of trends and expectations with respect to our results of operations and financial position taken as a whole. Actual results may vary from the estimates and assumptions we make.

**Uncertainty due to Global Outbreak of COVID-19**

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 has impacted vast array of businesses through the restrictions put in place by most governments internationally, including the USA, Canadian and Chilean governments, as well as provincial and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company's ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

***Overview***

Red Metal Resources Ltd. was incorporated under the Nevada Business Corporations Act on January 10, 2005, as Red Lake Exploration, Inc. On August 27, 2008, the name of the Company was changed to Red Metal Resources Ltd. On February 10, 2021, the Company changed its corporate jurisdiction from the State of Nevada to the Province of British Columbia by means of a process called a "conversion" under the Nevada Revised Statutes and a "continuation" under the Business Corporations Act (British Columbia). Upon the Company's continuation to British Columbia, the Articles of Incorporation and Bylaws of the Company, under the Nevada Revised Statutes, were replaced with the Articles of the Company, under the Business Corporations Act (British Columbia). The authorized capital of the Company was amended to an unlimited number of common shares without par value.

The Company’s head office is located at 1130 West Pender Street, Suite 820, Vancouver, British Columbia, V6E 4A4. Its registered office address is 700 - 595 Burrard Street, Vancouver, British Columbia, V7X 1S8. The Company's mailing address is 278 Bay Street, Suite 102, Thunder Bay, Ontario, P7B 1R8.

On August 21, 2007, the Company formed Minera Polymet Limitada ("Polymet") as a limited liability company, under the laws of the Republic of Chile. On September 28, 2015, the Company changed Polymet’s incorporation from Limited Liability Company to a Closed Stock Corporation ("SpA"). As of the date of this Quarterly Report on Form 10-Q the Company owns 100% of Polymet, which holds its Chilean mineral property interests.

The Company is engaged in the business of mineral exploration in Chile with the objective to explore and, if warranted, develop mineral properties. All of the Company’s mineral concessions are located in the Candelaria iron oxide copper-gold (IOCG) belt of the coastal cordillera, in the Carrizal Alto Mining District, III Region of Atacama, Chile. The Company has three active copper-gold projects on two properties, namely the Farellón and Perth Projects both located on the Carrizal Property, and the Mateo Project located on the Mateo Property. In addition to holding these active properties, as an exploration company, the Company periodically stakes, purchases or options claims to allow time and access to fully consider the geological potential of claims.

The Company’s flagship project, the Farellón Project, is an early-stage exploration property consisting of eight mining concessions totaling 1,234 hectares.

Consistent with our historical practices, we continue to 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. As at the time of the filing of this Quarterly Report on Form 10-Q, Polymet has two employees and engages independent consultants on as needed basis. Most of the Company’s support - such as vehicles, office, and equipment - is supplied under short-term contracts. The only long-term commitments that the Company has are for royalty payments on four of its mineral concessions - Farellón Alto 1 - 8, Quina 1 - 56, Exeter 1 - 54, and Che. These royalties are payable once exploitation begins. The Company is also required to pay property taxes that are due annually on all the concessions that are included in its properties.

The cost and timing of all planned exploration programs are subject to the availability of qualified mining personnel, such as consulting geologists, 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 are competing for the available resources, if the Company is unable to find the personnel and equipment needed at the prices that were budgeted for the programs, the Company might have to revise or postpone its exploration plans.

***Results of Operations***

SUMMARY OF FINANCIAL CONDITION

Table 1 summarizes and compares our financial condition at July 31, 2021, to the year ended January 31, 2021.

Table 1: Comparison of financial condition

| | July 31, 2021 | | January 31, 2021 | |
|---|---|---|---|---|
| Working capital deficit | $ | (53,954) | $ | (160,457) |
| Current assets | $ | 989,140 | $ | 48,287 |
| Unproved mineral properties | $ | 687,066 | $ | 702,941 |
| Total current liabilities | $ | 1,043,094 | $ | 208,744 |
| Total long-term liabilities | $ | 1,317,894 | $ | 1,210,035 |
| Common stock and additional paid in capital | $ | 9,648,698 | $ | 9,173,285 |
| Accumulated other comprehensive loss | $ | (121,636) | $ | (70,240) |
| Deficit | $ | (10,189,694) | $ | (9,744,146) |

*Selected Financial Results*

THREE AND SIX MONTHS ENDED JULY 31, 2021 AND 2020

Our operating results for the three and six months ended July 31, 2021 and 2020, and the changes in the operating results between those periods are summarized in Table 2:

Table 2: Summary of operating results

| | Three Months Ended | | | Six Months Ended | | |
|---|---|---|---|---|---|---|
| | **July 31, 2021** | **July 31, 2020** | **Percentage Increase / (Decrease)** | **July 31, 2021** | **July 31, 2020** | **Percentage Increase / (Decrease)** |
| Operating expenses | $ (286,996) | $ (23,836) | 1,104.0% | $ (397,031) | $ (62,685) | 533.4% |
| Other items: | | | | | | |
| Foreign exchange gain/(loss) | (1,272) | (155) | 720.6% | (2,614) | 69 | (3,888.4)% |
| Forgiveness of debt | - | - | n/a | - | 74,336 | (100.0)% |
| Interest on notes payable | (24,076) | (19,221) | 25.3% | (45,903) | (36,860) | 24.5% |
| Net loss | (312,344) | (43,212) | 34.4% | (445,548) | (25,140) | 1,672.3% |
| Unrealized foreign exchange gain/(loss) | (39,816) | 15,901 | (350.4)% | (51,396) | 26,832 | (291.5)% |
| Comprehensive income/(loss) | $ (352,160) | $ (27,311) | 1,189.4% | $ (496,944) | $ 1,692 | (29,470.2)% |

*Revenue*. We did not generate any revenue during the three and six months ended July 31, 2021 and 2020. 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 for the three and six months ended July 31, 2021 and 2020, and the changes between those periods are summarized in Table 3.

Table 3: Detailed changes in operating expenses

| | Three Months Ended | | | Six Months Ended | | |
|---|---|---|---|---|---|---|
| | **July 31, 2021** | **July 31, 2020** | **Percentage Increase** | **July 31, 2021** | **July 31, 2020** | **Percentage Increase** |
| Operating expenses | | | | | | |
| Amortization | $ 1,882 | $ 55 | 3,321.8% | $ 3,877 | $ 112 | 3,361.6% |
| Consulting | 41,280 | - | n/a | 69,089 | - | n/a |
| General and administrative | 43,809 | 1,668 | 2,526.4% | 58,916 | 14,759 | 299.2% |
| Mineral exploration costs | 85,128 | 2,155 | 3,850.3% | 94,328 | 3,099 | 2,943.8% |
| Professional fees | 81,622 | 10,912 | 648.0% | 124,676 | 20,964 | 494.7% |
| Regulatory | 23,457 | 3,964 | 491.8% | 26,448 | 10,971 | 141.1% |
| Rent | 2,440 | - | n/a | 4,824 | - | n/a |
| Salaries, wages and benefits | 7,378 | 5,082 | 45.2% | 14,873 | 12,780 | 16.4% |
| Total operating expenses | $ 286,996 | $ 23,836 | 1,104.0% | $ 397,031 | $ 62,685 | 533.4% |

Our operating expenses increased by $263,160, or 1,104.0%, from $23,836 for the three-month period ended July 31, 2020, to $286,996 for the three-month period ended July 31, 2021. The increase in operating expenses during the three-month period ended July 31, 2021, was associated mainly with increased mineral exploration costs, which totaled $85,128, as opposed to $2,155 we incurred during the three-month period ended July 31, 2020, and included a payment of 2020/21 and 2021/22 property taxes on all our mineral exploration projects, and with increased professional fees, which, for the three-month period ended July 31, 2021, amounted to $81,622, as compared to $10,912 we incurred during the three-month period ended July 31, 2020. The increase in professional fees was mainly associated with increased legal fees required to assist us with listing our shares on the Canadian Securities Exchange (the "CSE") through a filing of non-offering prospectus (the "Prospectus") and other day-to-day legal advice.

In addition, during the three-month period ended July 31, 2021, we incurred $41,280 in consulting fees to our management, the companies controlled by our management, and to independent consultants; we did not have similar expenses during the three-month period ended July 31, 2020. Our general and administrative fees increased by $42,141 to $43,809, and included $33,898 in advertising and promotion fees, the expense we did not have in the comparative three-month period; our regulatory fees increased by $19,493 to $23,457 due to the extra filing and regulatory fees associated with the Unit and Receipt Offerings, as well as with the filing of our Prospectus.

Our operating expenses increased by $334,346, or 533.4%, from $62,685 for the six-month period ended July 31, 2020, to $397,031 for the six-month period ended July 31, 2021. The most significant changes in our operating expenses for the six-month period ended July 31, 2021, as compared to the six-month period ended July 31, 2020, were as follows:

- Our professional fees increased by $103,712, or 494.7%, from $20,964 we incurred during the six-month period ended July 31, 2020, to $124,676 we incurred during the six-month period ended July 31, 2021. This increase was mainly associated with legal fees required to assist us with preparing the documents required for continuation from Nevada to British Columbia and to carry out an Annual Special Meeting of our shareholders, to assist us with listing our shares on the CSE through a filing of non-offering prospectus (the "Prospectus"), and other day-to-day legal advice.

- Our mineral and exploration expenses increased by $91,229, from $3,099 we incurred during the six-month period ended July 31, 2020, to $94,328 we incurred during the six-month period ended July 31, 2021. The higher mineral exploration expenses during the six-month period ended July 31, 2021, were associated with the payment of 2020/21 and 2021/22 property taxes on all our mineral exploration projects, as well as with the costs to prepare of the Farellon Alto 1-8 concession for the drilling program we have planned for our Fiscal 2022 and 2023.

- During the six-month period ended July 31, 2021, we incurred $69,089 in consulting fees to our management, the companies controlled by them, and to external consultants. We did not have similar expenses during the six-month period ended July 31, 2020.

- Our regulatory fees increased by $15,477, or 141.1%, from $10,971 we incurred during the six-month period ended July 31, 2020, to $26,448 we incurred during the six-month period ended July 31, 2021. The higher regulatory fees, as compared to the comparative period, were associated with the extra filing and regulatory fees associated with the Unit and Receipt Offerings, as well as with the filing of our Prospectus.

- Our general and administrative expenses increased by 299.2%, or $44,157 to $58,916 during the six-month period ended July 31, 2021, as compared to $14,759 we incurred in general and administrative expenses during the comparative period ended July 31, 2020. The increase was associated mostly with our investor relation activities and administrative expenses of $39,329 and $6,462, respectively (2020 - $Nil and $9,403), and with increased value added tax, which, for the six-month period ended July 31, 2021, totaled $4,004 (2020 - $483). In addition, we spent $3,040 on our office and administrative expenses, $3,755 on automobile expenses and $2,164 on bank charges (2020 - $2,039, $1,533 and $1,215 respectively).

- The salaries paid to the staff employed through our Chilean subsidiary increased by $2,093, or 16.4% to $14,873 from $12,780 we incurred during the six-month period ended July 31, 2020. The change in payroll expenses resulted mainly from the customary adjustment for inflation in Chile and fluctuation of foreign exchange rates.

*Other items*. To continue our operations, we were required to incur additional debt with our debt holders. Our notes payable carry 8% annual interest, which resulted in $45,903 in interest we accrued during the six-month period ended July 31, 2021, representing a $9,043 increase as compared to $36,860 in interest we accrued during the six-month period ended July 31, 2020. For the three-month period ended July 31, 2021, the interest expense was calculated to be $24,076, as opposed to $19,221 we accrued during the three-month period ended July 31, 2020.

During the comparative six-month period ended July 31, 2020, we reversed an old debt which exceeded the statute of limitations as promulgated under Chilean Laws; the amount reversed was $74,336 and was recorded as forgiveness of debt. We did not have similar transactions during the six-month period ended July 31, 2021.

During the three-month period ended July 31, 2021, we recorded $1,272 loss on foreign exchange fluctuations (2020 - $155), during the six-month period ended July 31, 2021, the loss on foreign exchange fluctuations was calculated to be $2,614 (2020 - $69 gain).

*Comprehensive income/(loss)*. Our comprehensive loss for the three-month period ended July 31, 2021, was $352,160 as compared to $27,311 comprehensive loss we recorded for the three-month period ended July 31, 2020. During the three-month period ended July 31, 2021, the comprehensive loss included $39,816 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative three-month period ended July 31, 2020, the comprehensive loss included $15,901 income associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

On a year-to-date basis, our comprehensive loss was $496,944 as compared to $1,692 comprehensive income we recorded for the six-month period ended July 31, 2020. During the six-month period ended July 31, 2021, the comprehensive loss included $51,396 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative six-month period ended July 31, 2020, the comprehensive income included $26,832 income associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

*Liquidity and Capital Resources*

Table 4: Working capital

| | July 31, 2021 | January 31, 2021 | Percentage Increase / (Decrease) |
|---|---|---|---|
| Current assets | $ 989,140 | $ 48,287 | 1,948.5% |
| Current liabilities | 1,043,094 | 208,744 | 399.7% |
| Working capital deficit | $ (53,954) | $ (160,457) | (66.4)% |

As of July 31, 2021, we had a cash balance of $908,257 of which $777,605 was held in trust until such time that our shares are listed on the CSE, our working capital was represented by a deficit of $53,954 and cash used in operations totaled $403,182 for the period then ended.

We did not generate cash flows from our operating activities to satisfy our cash requirements for the six-month period ended July 31, 2021. The amount of cash that we have generated from our operations to date is significantly less than our current and long-term debt obligations, including our debt under notes and advances payable. To service our debt, we rely mainly on attracting cash through debt or equity financing.

*Cash Flow*

Table 5 summarizes our sources and uses of cash for the six months ended July 31, 2021 and 2020.

Table 5: Summary of sources and uses of cash

| | July 31, | |
|---|---|---|
| | 2021 | 2020 |
| Net cash used in operating activities | $ (403,182) | $ (61,954) |
| Net cash provided by financing activities | 1,277,284 | 249,182 |
| Effects of foreign currency exchange | (13,138) | (3,001) |
| Net increase in cash | $ 860,964 | $ 184,227 |

*Net cash used in operating activities*

During the six months ended July 31, 2021, we used net cash of $403,182 in operating activities. We used $385,768 to cover our cash operating costs, $65,897 to prepay our future expenses, and $5,136 and $1,253 to reduce amounts we owed to our vendors and accrued liabilities, respectively. These uses of cash were offset by $54,872 increase to the amounts due to our related parties mainly for consulting services provided by them to our Company.

During the six months ended July 31, 2020, we used net cash of $61,954 in operating activities. We used $62,504 to cover our cash operating costs, $788 to reduce our outstanding vendor payables, $1,663 to reduce our accrued liabilities, and $2,032 to prepay our future expenses. These uses of cash were offset by $5,033 increase to the amounts due to our related parties.

*Certain non-cash changes included in the net loss for the period*

During the six-month period ended July 31, 2021, our outstanding notes payable to related parties resulted in the accrual of $45,903 in interest. In addition, we recorded $3,877 in amortization of our work trucks used for Chilean operations, and $10,000 on investor relations activities, which were paid for by issuing 29,411 shares of our common stock at $0.34 per share.

During the six-month period ended July 31, 2020, our outstanding notes payable resulted in the accrual of $36,860 in interest. In addition, we recorded $112 in amortization of our work truck used for Chilean operations. During the six-month period ended July 31, 2020, we recorded $74,336 forgiveness of debt on reversal of old debt which exceeded the statute of limitation promulgated under Chilean Law.

*Net cash provided by financing activities*

During the six months ended July 31, 2021, we borrowed $34,202 from Richard Jeffs, our major shareholder. The loan is unsecured, bears interest at 8% per annum, compounded monthly, and is payable on or after August 31, 2022. In addition, we received $459,615 on subscriptions to units of our common stock as part of our Unit Offering which we closed on May 17, 2021, and $777,669 we received in subscriptions to our Subscription Receipts Offering, which we closed on June 15, 2021. The funds received from the Subscription Receipts Offering are held in trust, with their release being contingent upon us listing our shares on the CSE.

During the six months ended July 31, 2020, we borrowed $224,728 (CAD$300,000) and $23,000 from Mr. Richard Jeffs, our major shareholder. In addition, our CEO advanced us $1,454 as part of vendor payments she made on our behalf. The loans are unsecured, bear interest at 8% per annum, compounded monthly, and are payable on or after August 31, 2022.

**Going Concern**

The condensed consolidated financial statements included in this Quarterly Report 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 by sharing mineral exploration expenses through joint venture agreements, if possible. At July 31, 2021, we had a working capital deficit of $53,954 and accumulated losses of $10,189,694. 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 condensed 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.

***Unproved Mineral Properties***

Table 6: Active properties

| Property | Percentage, type of claim | Hectares Gross area | Hectares Net area[a] |
|---|---|---|---|
| **Farellón** | | | |
| Farellón Alto 1 - 8 | 100%, mensura | 66 | |
| Quina 1 - 56 | 100%, mensura | 251 | |
| Exeter 1 - 54 | 100%, mensura | 235 | |
| Cecil 1 - 49 | 100%, mensura | 228 | |
| Teresita | 100%, mensura | 1 | |
| Azucar 6 - 25 | 100%, mensura | 88 | |
| Stamford 61 - 101 | 100%, mensura | 165 | |
| Kahuna 1 - 40 | 100%, mensura | 200 | |
| | | **1,234** | **1,234** |
| **Perth** | | | |
| Perth 1 - 36 | 100%, mensura | 109 | |
| Rey Arturo 1-30 | 100%, mensura | 276 | |
| Lancelot 1 1-27 | 100%, mensura | 260 | |
| Galahad IA 1 - 44 | 100%, mensura | 217 | |
| Camelot 1 - 53 | 100%, mensura | 227 | |
| Percival 4 1 - 60 | 100%, mensura | 300 | |
| Tristan II A 1 - 55 | 100%, mensura | 261 | |
| Galahad IB 1 - 3 | 100%, mensura | 10 | |
| Tristan II B 1 - 4 | 100%, mensura | 7 | |
| Merlin IB 1 - 10 | 100%, mensura | 38 | |
| Merlin A 1 - 48 | 100%, mensura | 220 | |
| Lancelot II 1 - 23 | 100%, mensura | 115 | |
| Galahad IC | 100%, mensura | 4 | |
| | | **2,044** | **2,044** |
| **Mateo** | | | |
| Margarita | 100%, mensura | 56 | |
| Che 1 and Che 2 | 100%, mensura | 76 | |
| Irene and Irene II | 100%, mensura | 60 | |
| | | **192** | |
| Overlapped claims[a] | | (10 ) | **182** |
| | | | **3,460** |

(a) Irene and Irene II overlap each other; the net area of both claims is 50 hectares.

***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 any combination of debt financing and/or sale of our 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 July 31, 2021.

As of the date of the filing this Quarterly Report, we have the following long-term contractual obligations and commitments, notwithstanding $1,197,760 we owe to our related parties under notes payable that are due on or after August 31, 2022, and $120,134 in Chilean withholding taxes payable:

*Farellón royalty*. We are committed to paying the vendor a royalty equal to 1.5% on the net sales of minerals extracted from the Farellón Alto 1 - 8 concession 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.

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

*Che royalty*. We are committed to paying a royalty equal to 1% of the net sales of minerals extracted from the concessions 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 concessions in good standing we are required to pay mineral property taxes of approximately $35,000 per annum.

### *Equity Financing*

On May 17, 2021, we issued 3,849,668 units of our common stock at a price of CAD$0.15 per unit (each a "Unit") for gross proceeds of $477,982 (CAD$577,450) (the "Unit Offering"). Each Unit consists of one common share and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of CAD$0.20 per common share for a period expiring on May 17, 2023. The Warrants are subject to an acceleration clause in the event that the common shares are listed on a recognized stock exchange and trade at a price of CAD$0.30 or greater for 10 consecutive trading days, in which event the Company may notify warrant holders that the Warrants must be exercised within a period of 30 days. The Warrants will automatically expire if the Warrant holders do not exercise them within the accelerated 30-day period. In connection with the Unit Offering, the Company paid cash commissions aggregating $18,367 (CAD$22,397) and issued 149,310 Warrants to registered broker-dealers valued at $48,277. The Warrants are subject to the same terms and conditions as the Warrants purchased by other subscribers in the Unit Offering.

On June 15, 2021, we closed a non-brokered private placement of subscription receipts (each a "Subscription Receipt") by issuing 6,460,872 Subscription Receipts for aggregate gross proceeds of $777,669 (CAD$969,131) at a price of CAD$0.15 per Subscription Receipt (the "SR Offering"). Each Subscription Receipt will automatically entitle the holder thereof, without payment of any additional consideration and without further action on the part of the holder, to acquire one Subscription Receipt Unit (an "SR Unit"). Until the escrow release conditions (including the listing of the Company's common shares on a recognized stock exchange in Canada) are met in full, the indentures, representing Subscription Receipts, are held in trust by our escrow agent. No Subscription Receipts may be exercised by the holders thereof until all escrow release conditions are met in full.

Each SR Unit consists of one common share of the Company and one common share purchase warrant (each, an "SR Warrant"). Each SR Warrant will entitle the holder to purchase an additional common share of the Company at a price of CAD$0.30 per common share, if exercised during the first year following the closing date of the SR Offering, and at a price of CAD$0.60, if exercised during the second year following closing date of the SR Offering. Pursuant to the terms of the SR Offering, in the event that the Company does not meet the escrow release conditions by September 30, 2021 (or such later date as may be agreed to by the Company), the escrow agent shall return to the holders of the Subscription Receipts an amount equal to the aggregate purchase price paid for the Subscription Receipts held by each holder, and each Subscription Receipt shall be cancelled and be of no further force or effect.

#### *Debt Financing*

During the six-month period ended July 31, 2021, and up to the date of the filing of this Quarterly Report on Form 10-Q, we borrowed a total of $34,202 from Mr. Jeffs. The loan is unsecured, due on or after August 31, 2022, with interest payable at a rate of 8% per annum, compounded monthly.

### *Challenges and Risks*

We do not anticipate generating any revenue over the next twelve months; therefore, 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 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 will 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 July 31, 2021, we owed $1,197,760 to related parties under long-term notes payable, which will become payable on or after August 31, 2022, and $120,134 in withholding taxes that will become payable to Chilean tax authorities only when Polymet is in position to start paying the administrative fees it owes us. In addition to the long-term debt, we had $1,043,094 in current liabilities, of which $126,289 we owed to our related parties; these liabilities are payable on demand, and $777,669 were associated with the Subscription Receipts to acquire up to 6,460,872 SR Units at no additional cost. The funds we received from the SR Offering would become payable if we do not meet all escrow conditions associated with the SR Offering. We do not have the funds to pay all our current liabilities, and as such, we may decide to offer some vendors to convert the amounts we owe them into 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 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 associated with 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***

Since we rely on sales of our securities and loans to continue our operations, any uncertainty in the equity markets can have a detrimental impact on our operations. Current trends in the industry and uncertainty that exists in equity markets have resulted in 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. 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***

During the six-month period ended July 31, 2021, and up to the date of the filing of this Quarterly Report on Form 10-Q we have entered into the following transactions with the directors, executive officers, or holders of more than 5% of our common stock, or members of their immediate families:

Transactions with Caitlin L. Jeffs

During the six-month period ended July 31, 2021, we accrued $24,057 in interest on notes payable we issued to Ms. Jeffs for a total owed under the USD$ notes payable of $4,354 and $615,607 (CAD$767,169) owed on account of CAD$ notes payable, which were outstanding as at July 31, 2021. The notes payable accumulate interest at 8% per annum compounded monthly, are unsecured and repayable on or after August 31, 2022. In addition to the amounts due under the notes payable, we owed Ms. Jeffs a total of $24,214 on account of unpaid consulting fees Ms. Jeffs charged us during the year ended January 31, 2021, and an advance payment Ms. Jeffs made for the mining royalty which has been described below. This amount is interest-free and payable on demand. During the six-month period ended July 31, 2021, the consulting fees for Ms. Jeffs' services were being accrued as payable to Fairtide Ventures, a company jointly controlled by Ms. Jeffs and Mr. Thompson, our VP of Exploration. We accrued a total of $24,121 in consulting fees for these services. As at July 31, 2021, we owed a total of $27,203 on account of consulting fees payable to Fairtide Ventures.

Transactions with Fladgate Exploration Consulting Corporation

During the six-month period ended July 31, 2021, we accrued $5,112 for a total of $131,603 (CAD$164,003) in notes payable we issued to Fladgate. The notes payable accumulate interest at 8% per annum compounded monthly, are unsecured and repayable on or after August 31, 2022. In addition to the interest accrued on the notes payable, we incurred $4,824 (CAD$6,000) in office rent due to Fladgate under a month-to-month verbal agreement (2020 - $Nil). As of July 31, 2021, we were indebted to Fladgate in the amount of $18,496 (January 31, 2021 - $12,731) on account of unpaid services and reimbursable expenses.

Transactions with John da Costa

During the six-month period ended July 31, 2021, we accrued $419 on $8,500 note payable we issued to Mr. da Costa, which was outstanding as at July 31, 2021. At July 31, 2021, the total owed under the note payable we issued to Mr. da Costa was $10,799. The note payable accumulates interest at 8% per annum compounded monthly, is unsecured and repayable on or after August 31, 2022. In addition to the amounts due under the note payable, we were indebted to Mr. da Costa in the amount of $8,222 (January 31, 2021 - $Nil) on account of unpaid consulting fees and an advance payment Mr. da Costa made for the mining royalty which has been described below. During the six-month period ended July 31, 2021, the consulting fees for Mr. da Costa's services were being accrued through Da Costa Management Corp., a company controlled by Mr. da Costa.

Transactions with Da Costa Management Corp.

During the six-month period ended July 31, 2021, we incurred $24,121 (CAD$30,000) in consulting fees with Da Costa Management Corp. As at July 31, 2021, we owed Da Costa Management a total of $43,090 (January 31, 2021 - $17,481) for services and reimbursable expenses.

Loans from Richard N. Jeffs

During the six-month period ended July 31, 2021, Mr. Jeffs advanced us $34,202 at 8% annual interest compounded monthly and repayable on or after August 31, 2022. During the six-month period ended July 31, 2021, we accrued $5,826 in interest due on a total of $147,202 in US$ notes payable we issued to Mr. Jeffs, and $10,489 in interest due on a total of $240,732 (CAD$300,000) notes payable. All notes payable issued to Mr. Jeffs accumulate interest at 8% per annum compounded monthly, are unsecured, and repayable on or after August 31, 2022. As of July 31, 2021, we were indebted to Mr. Jeffs in the amount of $435,399 (January 31, 2021 - $378,449), consisting of the full principal of all advances made by Mr. Jeffs to that date and accrued interest of $47,465 (January 31, 2021 - $30,707). In addition, at January 31, 2021, we owed Mr. Jeffs $2,500 on account of the advance payment he made for the mining royalty which has been described below.

NSR Agreements with Ms. Jeffs, Mr. da Costa, and Mr. Jeffs

On July 29, 2020, Polymet entered into mining royalty agreements (the "NSR Agreements") with Ms. Jeffs, Mr. da Costa, and Mr. Jeffs to sell net smelter returns (the "NSR") on its mining concessions. NSR range from 0.3% to 1.25% depending on particular concession and the purchaser. Ms. Jeffs agreed to acquire the NSR for $1,500, Mr. da Costa agreed to acquire the NSR for $1,000, and Mr. Jeffs agreed to acquire his NSR for $2,500.

The NSR will be paid quarterly once commercial exploitation begins and will be paid on gold, silver, copper and cobalt sales. If, within two years of legalizing the NSR Agreements, the Company does not commence commercial exploitation of the mineral concessions, an annual payment of $10,000 per purchaser will be paid.

Pursuant to Chilean law, the NSR Agreements will come in force only when registered against the land title in Chile. Due to temporary safety restriction associated with COVID-19 pandemic, the registration of the NSR Agreements has been deferred.

Transactions with Axiom Legal SpA

Axiom Legal SpA ("Axiom") provides us legal services in Chile. Mr. McFarlane, our director, is the managing partner and founder of Axiom. During the six-month period ended July 31, 2021, we incurred $8,672 in legal fees with Axiom. As at July 31, 2021, we were indebted to Axiom in the amount of $2,564 (January 31, 2021 - $2,217) on account of unpaid legal fees.

Transactions with Stevens & Company Corporate Advisory Services Ltd.

Stevens & Company Corporate Advisory Services Ltd. ("Stevens & Company") provides us with corporate consulting services. Mr. Stevens, the Company's VP of Finance, is the sole owner of Stevens & Company. During the six-month period ended July 31, 2021, we incurred $6,759 in consulting fees with Stevens & Company and $18,160 in prepaid future consulting fees. We were not indebted to Stevens & Company as at July 31, 2021 (January 31, 2021 - $Nil).

***Critical Accounting Estimates***

Preparing financial statements in conformity with the 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 period. 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.

***Financial Instruments***

Our financial instruments include cash, prepaids and other receivables, accounts payable, accrued liabilities, amounts due to related parties and notes payable. The fair value of these financial instruments approximates their carrying values due to their short maturities.

(b) Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

(c) Item 4. Controls and Procedures.

**(a) Disclosure Controls and Procedures**

Caitlin Jeffs, our Chief Executive Officer and President, and John da Costa, our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as the term is defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934) as of the end of the quarter covered by this report (the "Evaluation Date"). Based on their assessment, as of the Evaluation Date, 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 Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms due to lack of segregation of duties.

**(b) Changes in Internal Control over Financial Reporting**

During the quarter covered by this report, there were no changes to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

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

### Item 1a. Risk Factors.

We incorporate by reference the Risk Factors included as Item 1A of our Annual Report on Form 10-K we filed with the Securities and Exchange Commission on May 3, 2021.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On May 17, 2021, we issued 3,849,668 units of our common stock at a price of CAD$0.15 per unit (each a "Unit") for gross proceeds of $477,982 (CAD$577,450) (the "Unit Offering"). Each Unit consists of one common share and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of CAD$0.20 per common share for a period expiring on May 17, 2023. The Warrants are subject to an acceleration clause in the event that the common shares are listed on a recognized stock exchange and trade at a price of CAD$0.30 or greater for 10 consecutive trading days, in which event the Company may notify warrant holders that the Warrants must be exercised within a period of 30 days. The Warrants will automatically expire if the Warrant holders do not exercise them within the accelerated 30-day period. In connection with the Unit Offering, the Company paid cash commissions aggregating $18,367 (CAD$22,397) and issued 149,310 Warrants to registered broker-dealers valued at $48,277. The Warrants are subject to the same terms and conditions as the Warrants purchased by other subscribers in the Unit Offering.

On June 15, 2021, we closed a non-brokered private placement of subscription receipts (each a "Subscription Receipt") by issuing 6,460,872 Subscription Receipts for aggregate gross proceeds of $777,669 (CAD$969,131) at a price of CAD$0.15 per Subscription Receipt (the "SR Offering"). Each Subscription Receipt will automatically entitle the holder thereof, without payment of any additional consideration and without further action on the part of the holder, to acquire one Subscription Receipt Unit (an "SR Unit"). Until the escrow release conditions (including the listing of the Company's common shares on a recognized stock exchange in Canada) are met in full, the indentures, representing Subscription Receipts, are held in trust by our escrow agent. No Subscription Receipts may be exercised by the holders thereof until all escrow release conditions are met in full.

Each SR Unit consists of one common share of the Company and one common share purchase warrant (each, an "SR Warrant"). Each SR Warrant will entitle the holder to purchase an additional common share of the Company at a price of CAD$0.30 per common share, if exercised during the first year following the closing date of the SR Offering, and at a price of CAD$0.60, if exercised during the second year following closing date of the SR Offering. Pursuant to the terms of the SR Offering, in the event that the Company does not meet the escrow release conditions by September 30, 2021 (or such later date as may be agreed to by the Company), the escrow agent shall return to the holders of the Subscription Receipts an amount equal to the aggregate purchase price paid for the Subscription Receipts held by each holder, and each Subscription Receipt shall be cancelled and be of no further force or effect.

The Units, Shares, and Warrants (and the issuance of Shares upon exercise thereof) have been determined to be exempt from registration under the Securities Act of 1933 in reliance on Section 4(a)(2) of the Securities Act, Rule 506 of Regulation D promulgated thereunder and/or Regulation S, as the case may be, as transactions by an issuer not involving a public offering, in which the subscribers are accredited and have acquired the securities for investment purposes only and not with a view to or for sale in connection with an distribution thereof. The Company relied on this exemption from registration based in part on representations made by the subscribers.

The Company's management intends to use the net proceeds from the Unit Offering and from the SR Offering, including any proceeds resulting from a cash exercise of the Warrants, to advance the Company's flagship Carrizal copper-gold-cobalt property in Atacama, Chile, and general working capital purposes.

On May 14, 2021, we issued 29,411 shares of our common stock to a consultant for investor relations services. The Shares were issued pursuant to an independent contractors services agreement. The Shares were issued pursuant to the registration exemption available under the Securities Act of 1933, Rule 506 of Regulation D promulgated thereunder, as the consultant represented that he was an accredited investor and acquired the securities for investment purposes only.

**Item 3. Defaults upon Senior Securities.**

None

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

Effective July 13, 2021, the board of directors (the "Board") of the Company adopted a rolling 10% stock option plan (the "Stock Option Plan"). The Stock Option Plan provides for the grant of stock options in an amount of up to an aggregate of 10% of the total number of issued common shares of the Company (the "Shares") (calculated on a non-diluted basis) at the time of grant. The Board believes that the adoption of the Stock Option Plan is in the best interests of the Company and its shareholders as the Stock Option Plan will provide the Company with the ability to retain and attract its directors, potential employees and consultants to promote growth, improve performance and further align their interests with those of shareholders of the Company through the ownership of additional Shares.

The Stock Option Plan is subject to certain terms and conditions, including the following:

(a) Unless authorized by the shareholders of the Company, the Stock Option Plan limits the total number of Shares that may be reserved for issuance on the exercise of Options outstanding under the Stock Option Plan, together with all of the Company's other previously established or proposed options, option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, to a number not exceeding 10% of the number of Shares outstanding from time to time subject to certain limitations set out in the Stock Option Plan.

(b) The Board has the discretion to establish the exercise price of the options at the time each option is granted, subject to compliance with the policies of any exchange on which the Shares are listed.

(c) The maximum length of any option is 10 years from the date that it is granted or such shorter period as may be required under applicable securities laws or any applicable exchange policies.

(d) Any Shares that may be issued in the future to an eligible person as defined in the Stock Option Plan upon the exercise of an option will be subject to a hold period expiring on the date that is four months and a day after the date the option is granted and certificates representing Shares issued prior to the expiry of the hold period will bear a legend as described in the Stock Option Plan.

(e) If an eligible person under the Stock Option Plan is terminated for cause, any option granted shall terminate and cease to be exercisable upon the person ceasing to be director, employee or consultant.

(f) In the event that the Stock Option Plan is approved by a majority of the votes cast at a meeting of shareholders of the Company, the Board may grant a number of options that exceeds the limits set out in section 3.6 of the Stock Option Plan subject to compliance with applicable securities laws, regulatory rules, and exchange policies.

**SCHEDULE "B"**
**AUDITED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JANUARY 31, 2021 AND JANUARY 31, 2020**

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

1500 – 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

700 – 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

200 – 1688 152 Street
Surrey, BC V4A 4N2
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

**Report of Independent Registered Public Accounting Firm**

To the shareholders and the board of directors of Red Metal Resources Ltd.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Red Metal Resources Ltd. (the "Company") as of January 31, 2021 and 2020, the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company *as of* January 31, 2021 and 2020, 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.

**Going Concern**

The accompanying 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 only generated minimal income to date. 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

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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 in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

| **Critical Audit Matter** | **How the Matter was Addressed in the Audit** |
|---|---|
| ***Assessment of Unproved mineral properties for potential impairment indicators***<br><br>As described in Note 2 to the financial statements, management reviews and evaluates the net carrying value of unproved mineral properties for impairment upon the occurrence of events or changes in circumstances that indicate that the related carrying amounts may not be recoverable. If deemed necessary based on this review and evaluation, management performs a test for impairment.<br><br>In its review and evaluation, management determined that there were no indicators that the carrying amount of unproved mineral properties, which has a carrying value of $702,941 as of January 31, 2021, may not be recoverable.<br><br>We identified the assessment of unproved mineral properties for potential impairment indicators as a critical audit matter due to the materiality of the balance, the high degree of auditor judgment and an increased level of effort when performing audit procedures to evaluate the reasonableness of management's assumptions in determining whether indicators of impairment are present. | The primary procedures we performed to address this critical audit matter included:<br><br>● Evaluation of the Company's identification of significant events or changes in circumstances that have occurred indicating the underlying Chilean property may not be recoverable by performing an independent assessment.<br><br>● Discussion with management of future business plans for the unproved mineral property<br><br>● Ensuring key assumptions were consistent with evidence obtained in other areas of the audit. |

*/s/ DMCL LLP*

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We have served as the Company's auditor since 2010
Vancouver, Canada
May 3, 2021

MOORE

An independent firm associated with Moore Global Network Limited

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

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash | $ 47,293 | $ 9,865 |
| Prepaids and other receivables | 994 | 5,764 |
| Total current assets | 48,287 | 15,629 |
| Equipment | 26,450 | 798 |
| Unproved mineral properties | 702,941 | 653,117 |
| Total assets | $ 777,678 | $ 669,544 |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| Current liabilities | | |
| Accounts payable | $ 78,755 | $ 239,098 |
| Accrued liabilities | 44,475 | 168,927 |
| Due to related parties | 70,514 | 7,282 |
| Notes payable | 15,000 | 24,451 |
| Total current liabilities | 208,744 | 439,758 |
| Long-term notes payable to related parties | 1,093,417 | 715,842 |
| Withholding taxes payable | 116,618 | - |
| Total liabilities | 1,418,779 | 1,155,600 |
| Stockholders' deficit | | |
| Common stock, $0.001 par value, authorized 500,000,000, 41,218,008 issued and outstanding at January 31, 2021 and 2020 | 41,217 | 41,217 |
| Additional paid-in capital | 9,132,068 | 9,132,068 |
| Deficit | (9,744,146) | (9,584,892) |
| Accumulated other comprehensive loss | (70,240) | (74,449) |
| Total stockholders' deficit | (641,101) | (486,056) |
| Total liabilities and stockholders' deficit | $ 777,678 | $ 669,544 |

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

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

| | For the year ended January 31, 2021 | For the year ended January 31, 2020 |
|---|---|---|
| Operating expenses: | | |
| Amortization | $ 3,753 | $ 328 |
| Consulting fees | 53,559 | - |
| General and administrative | 31,493 | 74,608 |
| Mineral exploration costs | 5,441 | 41,775 |
| Professional fees | 121,049 | 70,420 |
| Regulatory | 19,358 | 9,095 |
| Rent | 4,583 | - |
| Salaries, wages and benefits | 28,061 | 64,665 |
| | (267,297) | (260,891) |
| Other items | | |
| Foreign exchange gain (loss) | (2,148) | 189 |
| Forgiveness of debt | 189,228 | - |
| Interest on notes payable | (79,037) | (60,890) |
| Net loss | (159,254) | (321,592) |
| Foreign currency translation | 4,209 | (81,229) |
| Comprehensive loss | $ (155,045) | $ (402,821) |
| Net loss per share - basic and diluted | $ (0.00) | $ (0.01) |
| Weighted average number of shares outstanding - basic and diluted | 41,218,008 | 37,514,762 |

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

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

| | Common Stock Issued | | | | Accumulated | |
|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Other Comprehensive Income / (Loss) | Total |
| Balance at January 31, 2019 | 37,504,588 | $ 37,504 | $ 8,968,677 | $ (9,263,300) | $ 6,780 | $(250,339) |
| Stock issued for debt | 3,713,420 | 3,713 | 163,391 | - | - | 167,104 |
| Net loss for the year ended January 31, 2020 | - | - | - | (321,592) | - | (321,592) |
| Foreign exchange translation | - | - | - | - | (81,229) | (81,229) |
| Balance at January 31, 2020 | 41,218,008 | 41,217 | 9,132,068 | (9,584,892) | (74,449) | (486,056) |
| Net loss for the year ended January 31, 2021 | - | - | - | (159,254) | - | (159,254) |
| Foreign exchange translation | - | - | - | - | 4,209 | 4,209 |
| Balance at January 31, 2021 | 41,218,008 | $ 41,217 | $ 9,132,068 | $ (9,744,146) | $ (70,240) | $(641,101) |

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)**

| | For the year ended January 31, 2021 | 2020 |
|---|---|---|
| Cash flows used in operating activities: | | |
| Net loss | $ (159,254) | $ (321,592) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Accrued interest on notes payable | 79,037 | 60,890 |
| Amortization | 3,753 | 328 |
| Cash paid for interest | (3,933) | - |
| Forgiveness of debt | (189,228) | - |
| Changes in operating assets and liabilities: | | |
| Prepaids and other receivables | 5,042 | (307) |
| Accounts payable | 48,346 | 41,950 |
| Accrued liabilities | (16,170) | 54,271 |
| Due to related parties | 62,304 | 5,486 |
| Net cash used in operating activities | (170,103) | (158,974) |
| Cash flows used in investing activities: | | |
| Acquisition of unproved mineral properties | - | (50,000) |
| Acquisition of equipment | (27,725) | - |
| Net cash used in investing activities | (27,725) | (50,000) |
| Cash flows provided by financing activities: | | |
| Issuance of notes payable to related parties | 264,410 | 213,750 |
| Repayment of notes payable | (21,067) | - |
| Net cash provided by financing activities | 243,343 | 213,750 |
| Effects of foreign currency translation on cash | (8,087) | (3,597) |
| Increase in cash | 37,428 | 1,179 |
| Cash, beginning | 9,865 | 8,686 |
| Cash, ending | $ 47,293 | $ 9,865 |
| Supplemental disclosures: | | |
| Cash paid for: | | |
| Income tax | $ - | $ - |
| Interest | $ 3,933 | $ - |

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

**RED METAL RESOURCES LTD.**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**JANUARY 31, 2021**

## NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

### Nature of Operations

Red Metal Resources Ltd. (the "Company") is involved in acquiring and exploring mineral properties in Chile through its wholly-owned subsidiary, Minera Polymet SpA ("Polymet") organized under the laws of the Republic of 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 contemplate the realization of assets and discharge of liabilities and commitments in the normal course of business. The Company has generated only minimal income to date and has accumulated losses of $9,744,146 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.

### Uncertainty due to Global Outbreak of COVID-19

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 has impacted vast array of businesses through the restrictions put in place by most governments internationally, including the USA, Canadian and Chilean governments, as well as provincial and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the COVID-19 outbreak may impact the Company and its operations as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company's ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

## 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.

### 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, other receivables, accounts payable, 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 to related and arms-length 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

**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**

The Company capitalizes all property acquisition costs (including option payments). Mineral exploration costs and costs associated with maintenance of the claims 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.

The Company periodically reviews its long-lived assets to determine if any events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The Company determines impairment by comparing the undiscounted net future cash flows estimated to be generated by its assets to their respective carrying amounts. If impairment is deemed to exist, the assets will be written down to fair value.

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 in, 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, 2021 | January 31, 2020 |
|---|---|---|
| Due to a company owned by an officer (a) | $ 17,481 | $ 110 |
| Due to a company controlled by directors (a) | 12,731 | 7,172 |
| Due to the Chief Executive Officer ("CEO") (a), (b) | 27,543 | - |
| Due to the Chief Financial Officer ("CFO") (a), (b) | 8,042 | - |
| Due to a major shareholder (a), (b) | 2,500 | - |
| Due to a company controlled by a director (a) | 2,217 | - |
| Total due to related parties | $ 70,514 | $ 7,282 |

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

(b) On July 29, 2020, Polymet entered into mining royalty agreements (the "NSR Agreements") with the Company's CEO, CFO, and the major shareholder to sell net smelter returns (the "NSR") on its mineral concessions. NSR range from 0.3% to 1.25% depending on particular concession and the purchaser. The Company's CEO agreed to acquire NSR for $1,500, CFO agreed to acquire the NSR for $1,000, and the major shareholder agreed to acquire his NSR for $2,500.

The NSR will be paid quarterly once commercial exploitation begins and will be paid on gold, silver, copper and cobalt sales. If, within two years, the Company does not commence commercial exploitation of the mineral properties, an annual payment of $10,000 per purchaser will be paid.

Pursuant to Chilean law, the NSR agreements will come in force only when registered against the land title in Chile. Due to temporary safety restriction associated with COVID-19 pandemic, the registration of the NSR Agreements has been deferred, therefore the payments made by the CEO, CFO, and the major shareholder, have been recorded as advances on the books of the Company and will be applied towards the agreements, once they are fully legalized.

The following amounts were due under the notes payable the Company issued to related parties:

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Note payable to CEO (c) | $ 581,233 | $ 502,575 |
| Note payable to CFO (c) | 10,380 | 9,583 |
| Note payable to a company controlled by directors (c) | 123,355 | 109,984 |
| Note payable to a major shareholder (c) | 378,449 | 93,700 |
| Total notes payable to related parties | $ 1,093,417 | $ 715,842 |

(c) The notes payable to related parties are based on Level 2 inputs in the ASC 820 fair value hierarchy. The notes payable to related parties accumulate interest at a rate of 8% per annum, are unsecured, and are payable on or after August 31, 2022.

During the year ended January 31, 2021, the Company accrued $78,032 (January 31, 2020 - $58,787) in interest expense on the notes payable to related parties.

**Transactions with Related Parties**

During the year ended January 31, 2021, the Company incurred the following expenses with related parties:

| | | January 31, 2021 |
|---|---|---|
| Consulting fees to a company owned by the CFO | $ | 16,041 |
| Consulting fees to CFO | | 6,875 |
| Consulting fees to CEO and President | | 22,916 |
| Rent fees accrued to a company controlled by directors | | 4,583 |
| Legal fees to a company controlled by a director | | 2,088 |
| Total transactions with related parties | $ | 52,503 |

During the year ended January 31, 2020, the Company did not incur any expenses with related parties.

**NOTE 4 -FORGIVENESS OF DEBT**

During the year ended January 31, 2021, the Company recorded $74,336 as forgiveness of debt associated with reversal of an old debt which exceeded the statute of limitations as promulgated under Chilean Laws (January 31, 2020 - $Nil).

During the year ended January 31, 2021, the Company entered into an agreement with its former legal representative in Chile (the "Debt Holder") whereby the Debt Holder agreed to forgive the amounts the Company owed to him for unpaid salaries, being $127,692 (101,717,118 pesos), and a total of $25,487 (20,302,303 pesos) the Company owed under 8% notes payable, in exchange for $40,000, of which $25,000 the Company paid on August 10, 2020. The remaining $15,000 payable to the Debt Holder accumulates no interest and is payable at the discretion of the Company but no later than on October 29, 2021. The transaction resulted in $114,892 forgiveness of debt.

**NOTE 5 - UNPROVED MINERAL PROPERTIES**

The following are the schedules of the Company's unproved mineral properties as at January 31, 2021 and 2020:

**Mineral Claims at January 31, 2021**

| Mineral Claims | | January 31, 2020 | | Additions/ Payments | | Effect of foreign currency translation | | January 31, 2021 |
|---|---|---|---|---|---|---|---|---|
| Farellon Project | | | | | | | | |
| Farellon Alto 1-8 | $ | 343,648 | $ | - | $ | 26,215 | $ | 369,863 |
| Quina | | 132,455 | | - | | 10,105 | | 142,560 |
| Exeter | | 134,530 | | - | | 10,263 | | 144,793 |
| | | 610,633 | | - | | 46,583 | | 657,216 |
| Perth Project | | 42,484 | | - | | 3,241 | | 45,725 |
| Total Costs | $ | 653,117 | $ | - | $ | 49,824 | $ | 702,941 |

**Mineral Claims at January 31, 2020**

| | | January 31, 2019 | | Additions/ Payments | | Effect of foreign currency translation | | January 31, 2020 |
|---|---|---|---|---|---|---|---|---|
| Farellon Project | | | | | | | | |
| Farellon Alto 1-8 | $ | 411,268 | $ | - | $ | (67,620) | $ | 343,648 |
| Quina | | 158,519 | | - | | (26,064) | | 132,455 |
| Exeter | | 109,584 | | 50,000 | | (25,054) | | 134,530 |
| | | 679,371 | | 50,000 | | (118,738) | | 610,633 |
| Perth Project | | 51,178 | | - | | (8,694) | | 42,484 |
| Total Costs | $ | 730,549 | $ | 50,000 | $ | (127,432) | $ | 653,117 |

**NOTE 6 - WITHHOLDING TAXES PAYABLE**

During the year ended January 31, 2021, the Company reclassified $108,079 in Chilean withholding taxes payable from current- to long-term. As at January 31, 2021, the Company had a total of $116,618 in Chilean withholding taxes payable.

**NOTE 7 - COMMON STOCK**

On January 30, 2020, the Company issued 3,713,420 shares of the Company's common stock under a debt settlement agreement with Ms. Caitlin Jeffs, the CEO, President, and director of the Company. The shares were issued on conversion of $167,104 the Company owed to Ms. Jeffs under convertible notes payable at a deemed price of $0.045 per share. The Company recognized $18,567 loss on conversion, which was recorded through additional paid-in capital.

During the year ended January 31, 2021, the Company did not have any transactions that would have resulted in the issuance of the shares of its common stock.

**Warrants**

During the year ended January 31, 2021, 2,500,000 warrants issued as part of the April 20, 2018, private placement expired unexercised. The Company has no warrants outstanding as at January 31, 2021 (January 31, 2020 - 2,500,000).

**NOTE 8 - 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, 2021 | | January 31, 2020 |
|---|---|---|---|---|
| Net loss | $ | (159,254) | $ | (321,592) |
| Statutory income tax rate | | 21% | | 21% |
| Expected income tax recovery at statutory income tax rates | | (33,000) | | (67,000) |
| Difference in foreign tax rates, foreign exchange, other | | 4,000 | | (12,000) |
| Other | | (45,048) | | (9,000) |
| Adjustment to prior year provisions versus statutory tax returns | | 57,048 | | 4,000 |
| Change in valuation allowance | | 17,000 | | 84,000 |
| Income tax recovery | $ | - | $ | - |

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

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Deferred tax assets (liabilities) | | |
| Federal loss carryforwards | $ 790,000 | $ 741,000 |
| Foreign loss carryforwards | 944,000 | 967,000 |
| Mineral properties | 30,000 | 40,000 |
| | 1,764,000 | 1,748,000 |
| Valuation allowance | (1,764,000) | (1,748,000) |
| | $ - | $ - |

The Company has approximately $3,760,531 of United States federal net operating loss carry forwards that may be offset against future taxable income. These losses may be carried forward indefinitely.

The Company also has approximately $3,496,879 of Chilean tax losses. The Chilean tax losses can be carried forward indefinitely.

**NOTE 9 – SUBSEQUENT EVENT**

On February 10, 2021, the Company changed its corporate jurisdiction from the State of Nevada to the Province of British Columbia. The Articles of Incorporation and Bylaws of the Company, under the Nevada Revised Statutes, were replaced with the Articles of the Company, under the Business Corporations Act (British Columbia). The authorized capital of the Company was amended to an unlimited number of common shares without par value.

1500 – 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

700 – 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

200 – 1688 152 Street
Surrey, BC V4A 4N2
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

**Report of Independent Registered Public Accounting Firm**

To the shareholders and the board of directors of Red Metal Resources Ltd.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Red Metal Resources Ltd. (the "Company") as of January 31, 2020 and 2019, the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2020 and 2019, 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.

**Going Concern**

The accompanying 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 only generated minimal income to date. The Company requires additional funds to meet its obligations and the cost 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

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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 in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*/s/ DMCL*

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We have served as the Company's auditor since 2010
Vancouver, Canada
April 30, 2020

MOORE

An independent firm associated with Moore Global Network Limited

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

| | | January 31, 2020 | | January 31, 2019 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets | | | | |
| Cash | $ | 9,865 | $ | 8,686 |
| Prepaids and other receivables | | 5,764 | | 1,838 |
| Total current assets | | 15,629 | | 10,524 |
| | | | | |
| Equipment | | 798 | | 1,305 |
| Unproved mineral properties | | 653,117 | | 730,549 |
| Total assets | $ | 669,544 | $ | 742,378 |
| | | | | |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | | | |
| Current liabilities | | | | |
| | | | | |
| Accounts payable | $ | 239,098 | $ | 216,926 |
| Accrued liabilities | | 168,927 | | 133,383 |
| Due to related parties | | 7,282 | | 1,849 |
| Notes payable | | 24,451 | | 27,019 |
| Total current liabilities | | 439,758 | | 379,177 |
| | | | | |
| Long-term notes payable to related parties | | 715,842 | | 613,540 |
| Total liabilities | | 1,155,600 | | 992,717 |
| | | | | |
| Stockholders' deficit | | | | |
| | | | | |
| Common stock, $0.001 par value, authorized 500,000,000, 41,218,008 and 37,504,588 issued and outstanding at January 31, 2020 and 2019, respectively | | 41,217 | | 37,504 |
| Additional paid-in capital | | 9,132,068 | | 8,968,677 |
| Deficit | | (9,584,892) | | (9,263,300) |
| Accumulated other comprehensive income (loss) | | (74,449) | | 6,780 |
| Total stockholders' deficit | | (486,056) | | (250,339) |
| Total liabilities and stockholders' deficit | $ | 669,544 | $ | 742,378 |

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

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

| | For the Year Ended January 31, 2020 | | For the Year Ended January 31, 2019 | |
|---|---|---|---|---|
| Operating expenses: | | | | |
| Amortization | $ | 328 | $ | 492 |
| Consulting fees | | - | | 30,000 |
| General and administrative | | 74,608 | | 56,165 |
| Mineral exploration costs | | 41,775 | | 15,432 |
| Professional fees | | 70,420 | | 41,784 |
| Rent | | - | | 5,099 |
| Regulatory | | 9,095 | | 7,770 |
| Salaries, wages and benefits | | 64,665 | | 64,507 |
| | | (260,891) | | (221,249) |
| Other items | | | | |
| Foreign exchange gain | | 189 | | 4,062 |
| Forgiveness of debt | | - | | 162,723 |
| Interest on notes payable | | (60,890) | | (79,598) |
| Net loss | | (321,592) | | (134,062) |
| Unrealized foreign exchange gain (loss) | | (81,229) | | 27,128 |
| Comprehensive loss | $ | (402,821) | $ | (106,934) |
| Net loss per share - basic and diluted | $ | (0.01) | $ | (0.00) |
| Weighted average number of shares outstanding - basic and diluted | | 37,514,762 | | 37,504,588 |

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 | | Additional | | Accumulated Other | |
|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Paid-in Capital | Accumulated Deficit | Comprehensive Income / (Loss) | Total |
| Balance at January 31, 2018 | 35,004,588 | $ 35,004 | $ 6,803,833 | $ (9,129,238) | $ (20,348) | $ (2,310,749) |
| Stock issued for cash | 2,500,000 | 2,500 | 185,000 | - | - | 187,500 |
| Extinguishment of related party debt | - | - | 1,979,844 | - | - | 1,979,844 |
| Net loss for the year ended January 31, 2019 | - | - | - | (134,062) | - | (134,062) |
| Foreign exchange translation | - | - | - | - | 27,128 | 27,128 |
| Balance at January 31, 2019 | 37,504,588 | 37,504 | 8,968,677 | (9,263,300) | 6,780 | (250,339) |
| Stock issued for debt | 3,713,420 | 3,713 | 163,391 | - | - | 167,104 |
| Net loss for the year ended January 31, 2020 | - | - | - | (321,592) | - | (321,592) |
| Foreign exchange translation | - | - | - | - | (81,229) | (81,229) |
| Balance at January 31, 2020 | 41,218,008 | $ 41,217 | $ 9,132,068 | $ (9,584,892) | $ (74,449) | $ (486,056) |

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)**

| | For the Year Ended January 31, 2020 | 2019 |
|---|---|---|
| Cash flows used in operating activities: | | |
| Net loss | $ (321,592) | $ (134,062) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Accrued interest on related party notes payable | 58,787 | 70,138 |
| Accrued interest on related party payables | - | 7,061 |
| Accrued interest on notes payable | 2,103 | 2,399 |
| Amortization | 328 | 492 |
| Forgiveness of debt | - | (162,723) |
| Changes in operating assets and liabilities: | | |
| Prepaids and other receivables | (307) | 4,751 |
| Accounts payable | 41,950 | 1,793 |
| Accrued liabilities | 54,271 | (35,746) |
| Due to related parties | 5,486 | 36,962 |
| Cash paid for interest on notes payable | - | (4,646) |
| Net cash used in operating activities | (158,974) | (213,581) |
| Cash flows used in investing activities: | | |
| Acquisition of unproved mineral properties | (50,000) | (103,530) |
| Net cash used in investing activities | (50,000) | (103,530) |
| Cash flows provided by financing activities: | | |
| Cash received on issuance of notes payable to related parties | 213,750 | 142,142 |
| Issuance of common stock for private placements | - | 187,500 |
| Cash paid for notes payable | - | (2,130) |
| Net cash provided by financing activities | 213,750 | 327,512 |
| Effects of foreign currency exchange | (3,597) | (4,107) |
| Increase in cash | 1,179 | 6,294 |
| Cash, beginning | 8,686 | 2,392 |
| Cash, ending | $ 9,865 | $ 8,686 |
| Supplemental disclosures: | | |
| Cash paid for: | | |
| Income tax | $ - | $ - |
| Interest | $ - | $ 4,646 |

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

**RED METAL RESOURCES LTD.**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**JANUARY 31, 2020**

## 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") organized 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 has generated only minimal income to date and has accumulated losses of $9,584,892 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, other receivables, accounts payable, 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 to related and arms-length 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

**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**

The Company capitalizes all property acquisition costs (including option payments). Mineral exploration costs and costs associated with maintenance of the claims 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, as a result of successful development or by sale, is unlikely to be recovered in full. 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 in, 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, 2020 | | January 31, 2019 | |
|---|---|---|---|---|
| Due to a company owned by an officer [a] | $ | 110 | $ | 25 |
| Due to a company controlled by directors [b] | | 7,172 | | 1,824 |
| Total due to related parties | $ | 7,282 | $ | 1,849 |

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

(b) Amounts are unsecured, due on demand, and prior to forgiveness of debt on July 31, 2018, bore interest at 10%; subsequent to forgiveness of debt no interest is being accrued on the amounts owed to the company controlled by directors.

During the year ended January 31, 2020, the Company did not incur any interest on outstanding amounts payable to related parties. During the year ended January 31, 2019, the Company accrued $7,061 in interest expense on outstanding amounts payable to related parties.

During the year ended January 31, 2019, the Company's related parties agreed to forgive a total of $1,206,055 the Company owed for services provided by related parties. The $1,206,055 gain resulting from the extinguishment of debt was recorded in additional paid-in capital. The details of debt forgiveness are as follows:

| **Amounts due for services:** | | |
|---|---|---|
| Debt forgiven by the company owned by an officer | $ | 721,947 |
| Debt forgiven by the company controlled by directors | | 361,163 |
| Debt forgiven by the company controlled by a major shareholder | | 85,374 |
| Debt forgiven by the major shareholder | | 37,571 |
| Total debt forgiven by related parties | $ | 1,206,055 |

**Transactions with Related Parties**

During the years ended January 31, 2020 and 2019, the Company incurred the following expenses with related parties:

| | January 31, 2020 | | January 31, 2019 | |
|---|---|---|---|---|
| Consulting fees paid or accrued to a company owned by the CFO | $ | - | $ | 30,000 |
| Rent fees accrued to a company controlled by a major shareholder | $ | - | $ | 5,184 |

**Notes Payable Issued to Related Parties**

The following amounts were due under the notes payable the Company issued to related parties:

| | January 31, 2020 | | January 31, 2019 | |
|---|---|---|---|---|
| Notes payable to the Chief Executive Officer ("CEO") (c) | $ | 502,575 | $ | 502,448 |
| Note payable to the Chief Financial Officer ("CFO") (c) | | 9,583 | | 8,849 |
| Note payable to a major shareholder (c) | | 93,701 | | - |
| Note payable to a company controlled by directors (c) | | 109,984 | | 102,243 |
| Total notes payable to related parties (d) | $ | 715,842 | $ | 613,540 |

(c) Amounts are unsecured and bear interest at 8%.

(d) At July 31, 2018, as part of debt forgiveness the debt holders agreed to extend the repayment period on outstanding notes payable until July 31, 2021; as such, the full amount due under the notes payable was reclassified to long-term notes payable.

During the year ended January 31, 2020, the Company accrued $58,787 (January 31, 2019 - $70,138) in interest expense on the notes payable to related parties.

On January 30, 2020, the Company's CEO and President agreed to convert a total of $167,104, representing $154,845 in principal the Company owed to her under the demand notes payable and $12,259 in interest accrued thereon, into 3,713,420 shares of the Company's common stock at a deemed price of $0.045 per share. At the time of conversion, the fair market value of the common shares of the Company was $0.05, which resulted in a loss on conversion of $18,567, which was recorded as part of additional paid-in capital (Note 6).

During the year ended January 31, 2019, related parties agreed to forgive a total of $773,789 the Company owed to them under the demand notes payable. The $773,789 gain resulting from the extinguishment of debt was recorded in additional paid-in capital. The details of forgiveness of the notes payable are as follows:

| **Amounts due for** | **Principal** | **Accrued Interest** |
|---|---|---|
| Accrued interest on note payable to the CEO | $ - | $ 127,674 |
| Accrued interest on note payable to the CFO | - | 5,777 |
| Note payable including accrued interest to a major shareholder | 456,369 | 128,666 |
| Accrued interest on note payable to the company controlled by directors | - | 55,303 |
| Total notes payable and accrued interest forgiven by related parties | $ 456,369 | $ 317,420 |

## NOTE 4 -FORGIVENESS OF DEBT

During the year ended January 31, 2019, the Company reached an agreement with certain service providers to forgive portion of debt the Company owed to them as at July 31, 2018. As a result of these agreements, the Company recognized $124,512 as forgiveness of debt. In addition, at July 31, 2018, the Company recorded an additional $38,211 as forgiveness of debt associated with reversal of old debt which exceeded the statute of limitations.

## NOTE 5 - UNPROVED MINERAL PROPERTIES

The following are the schedules of the Company's unproved mineral properties as at January 31, 2020 and 2019:

**Mineral Claims at January 31, 2020**

| | **January 31, 2019** | **Additions/ Payments** | **Effect of foreign currency translation** | **January 31, 2020** |
|---|---|---|---|---|
| Farellón Project | | | | |
| Farellón Alto 1-8 | $ 411,268 | $ - | $ (67,620) | $ 343,648 |
| Quina | 158,519 | - | (26,064) | 132,455 |
| Exeter | 109,584 | 50,000 | (25,054) | 134,530 |
| | 679,371 | 50,000 | (118,738) | 610,633 |
| | | | | |
| Perth Project | 51,178 | - | (8,694) | 42,484 |
| | | | | |
| Total Costs | $ 730,549 | $ 50,000 | $ (127,432) | $ 653,117 |

**Mineral Claims at January 31, 2019**

| | January 31, 2018 | | Additions/ Payments | | Effect of foreign currency translation | | January 31, 2019 |
|---|---|---|---|---|---|---|---|
| Farellón Project | | | | | | | |
| Farellón Alto 1-8 | $ 443,027 | $ | 10,635 | $ | (42,394) | $ | 411,268 |
| Quina | 117,145 | | 51,962 | | (10,588) | | 158,519 |
| Exeter | 92,741 | | 26,837 | | (9,994) | | 109,584 |
| | 652,913 | | 89,434 | | (62,976) | | 679,371 |
| | | | | | | | |
| Perth Project | 41,703 | | 14,096 | | (4,621) | | 51,178 |
| | | | | | | | |
| Total Costs | $ 694,616 | $ | 103,530 | $ | (67,597) | $ | 730,549 |

***Farellón Project, Quina Claim***

On December 15, 2014, the Company entered into an option agreement to earn a 100% interest in the Quina 1-56 Claim (the "Quina Option"). In order to exercise the Quina Option, the Company was required to pay $150,000 over a four-year-period (the "Quina Option Payment"), of which $100,000 could have been paid in combination of shares and cash, as detailed in the following schedule:

| Date | | Option Payment | Shares Issued |
|---|---|---|---|
| Upon execution of the option agreement ("Execution date") | $ | 25,000 | 500,000 |
| 12 months subsequent to the Execution date | | 25,000 | 833,333 |
| 24 months subsequent to the Execution date | | 25,000 | 357,143 |
| 36 months subsequent to the Execution date | | 25,000 | 357,143 |
| 48 months subsequent to the Execution date (paid in cash) | | 50,000 | n/a |
| Total | $ | 150,000 | 2,047,619 |

The number of shares issued for each option payment was determined based on the average trading price of the Company’s shares during a 30-day period prior to the payment. As of January 31, 2020, the Company had exercised its Quina Option and holds 100% interest in Quina Claim. In addition to the Quina Option Payment, the Company agreed to pay a 1.5% royalty from net smelter returns ("NSR") on the Quina Claim, which can be bought out for a one-time payment of $1,500,000.

***Farellón Project, Exeter Claim***

On June 3, 2015, Polymet entered into an option agreement, made effective on June 15, 2015, to earn 100% interest in a mining exploration claim 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 | $ | 25,000 |
| On or before May 12, 2016 | | 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 |

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.

On May 13, 2019, the Company made the fifth and the final option payment of $50,000 to acquire a 100% interest in the Exeter Claim. The funds to make the option payment were advanced to the Company by its CEO and director in exchange for a note payable which accumulates interest at 8% per annum compounded monthly, is unsecured and payable on or after July 31, 2021.

**NOTE 6 - COMMON STOCK**

**Shares issued during the year ended January 31, 2020**

On January 30, 2020, the Company issued 3,713,420 shares of the Company's common stock under a debt settlement agreement with Ms. Caitlin Jeffs, the CEO, President, and director of the Company. The shares were issued on conversion of $167,104 the Company owed to Ms. Jeffs under convertible notes payable at a deemed price of $0.045 per share. The Company recognized $18,567 loss on conversion, which was recorded through additional paid-in capital (Note 3).

**Shares issued during the year ended January 31, 2019**

On April 20, 2018, the Company issued 2,500,000 units of the Company's common stock at a price of $0.075 per unit for total proceeds of $187,500. Each unit consisted of one common share of the Company and one share purchase warrant (the "Warrant") entitling a holder to purchase one additional common share for a period of two years after closing at an exercise price of $0.1875 per share. The Company may accelerate the expiration date of the Warrants if the daily volume weighted average share price of the Company's common shares equals to or is greater than CAD$0.30 as posted on the Canadian Securities Exchange, or USD$0.225 as posted on OTC Link alternative trading system (or such other stock exchange as the Company's common shares are then trading on) for ten consecutive trading days.

**Warrants**

At January 31, 2020 and 2019, the Company had 2,500,000 warrants issued and exercisable. Each warrant entitles its holder to purchase one common share for a period of two years expiring on April 20, 2020, at an exercise price of $0.1875 per share, subject to acceleration clause as described above. Subsequent to January 31, 2020, the warrants expired unexercised.

**NOTE 7 - 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, 2020** | | **January 31, 2019** |
|---|---|---|---|---|
| Net loss | $ | (321,592) | $ | (134,062) |
| Statutory income tax rate | | 21% | | 21% |
| Expected income tax recovery at statutory income tax rates | | (67,000) | | (28,100) |
| Difference in foreign tax rates, foreign exchange, other | | (12,000) | | (12,000) |
| Other | | (9,000) | | (18,900) |
| Adjustment to prior year provisions versus statutory tax returns | | 4,000 | | 18,000 |

| | | |
|---|---|---|
| Change in valuation allowance | 84,000 | 41,000 |
| Income tax recovery | $ -- | $ -- |

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

| | January 31, 2020 | January 31, 2019 |
|---|---|---|
| Deferred tax assets (liabilities) | | |
| Federal loss carryforwards | $ 741,000 | $ 715,000 |
| Foreign loss carryforwards | 967,000 | 925,000 |
| Mineral properties | 40,000 | 24,000 |
| | 1,748,000 | 1,664,000 |
| Valuation allowance | (1,748,000) | (1,664,000) |
| | $ -- | $ -- |

The Company has approximately $3,526,481 of United States federal net operating loss carry forwards that may be offset against future taxable income. These losses may be carried forward indefinitely.

The Company also has approximately $3,580,870 of Chilean tax losses. The Chilean tax losses can be carried forward indefinitely.

**NOTE 8 - SUBSEQUENT EVENT**

Subsequent to January 31, 2020, the Company entered into a loan agreement with Mr. Jeffs, the Company’s major shareholder, for $188,922 (CAD$250,000). The loan is unsecured, due on or after August 31, 2021, with interest payable at a rate of 8% per annum.

**SCHEDULE "C"**
**ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEARS ENDED JANUARY 31, 2021; 2020 and 2019**

**Management's Discussion And Analysis Of Financial Condition And Results Of Operationsfor The Years Ended January 31, 2021 And 2020**

***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 revenue from operations and are dependent upon the equity markets for our working capital.

Consistent with our historical practices we continue to 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 concessions - Farellón, 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 13 summarizes and compares our financial condition at January 31, 2021, to the year ended January 31, 2020.

**Table 13**: Comparison of financial condition

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Working capital deficit | $ (160,457) | $ (424,129) |
| Current assets | $ 48,287 | $ 15,629 |
| Unproved mineral properties | $ 702,941 | $ 653,117 |
| Current liabilities | $ 208,744 | $ 439,758 |
| Long-term liabilities | $ 1,210,035 | $ 715,842 |
| Common stock and additional paid-in capital | $ 9,173,285 | $ 9,173,285 |
| Accumulated other comprehensive loss | $ (70,240) | $ (74,449) |
| Deficit | $ (9,744,146) | $ (9,584,892) |

***Selected Financial Results***

YEARS ENDED JANUARY 31, 2021 AND 2020

Our results of operations for the years ended January 31, 2021 and 2020 and the changes between those periods are summarized in Table 14.

**Table 14**: Summary of operating results

| | Year ended January 31, 2021 | Year ended January 31, 2020 | Percentage increase/ (decrease) |
|---|---|---|---|
| Operating expenses | $ (267,297) | $ (260,891) | 2.5% |
| Other items: | | | |
| Foreign exchange | (2,148) | 189 | (1,236.5)% |
| Forgiveness of debt | 189,228 | - | n/a |
| Interest on current debt | (79,037) | (60,890) | 29.8% |
| Net loss | (159,254) | (321,592) | (50.5)% |
| Unrealized foreign exchange gain (loss) | 4,209 | (81,229) | (105.2)% |
| Comprehensive loss | $ (155,045) | $ (402,821) | (61.5)% |

*Revenue*. We did not generate any revenue during the years ended January 31, 2021 and 2020. 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 increased by $6,406, or 2.5%, from $260,891 for the year ended January 31, 2020, to $267,297 for the year ended January 31, 2021, and consisted of the following:

**Table 15**: Details of changes in operating expenses

| | Year ended January 31, 2021 | Year ended January 31, 2020 | Percentage increase/ (decrease) |
|---|---|---|---|
| Operating expenses | | | |
| Amortization | $ 3,753 | $ 328 | 1,044.2% |
| Consulting fees | 53,559 | - | n/a |
| General and administrative | 31,493 | 74,608 | (57.8)% |
| Mineral exploration costs | 5,441 | 41,775 | (87.0)% |
| Professional fees | 121,049 | 70,420 | 71.9% |
| Rent | 4,583 | - | n/a |
| Regulatory | 19,358 | 9,095 | 112.8% |
| Salaries, wages and benefits | 28,061 | 64,665 | (56.6)% |
| Total operating expenses | $ 267,297 | $ 260,891 | 2.5% |

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

- Our professional fees increased by $50,629, or 71.9%, from $70,420 we incurred during the year ended January 31, 2020, to $121,049 we incurred during the year ended January 31, 2021. This increase was mainly associated with legal fees required to prepare our Registration Statement on Form S-4, which we filed on December 4, 2020, and to prepare and carry out our Special Meeting of Shareholders (the "Meeting"), where the shareholders approved our continuation into BC, Canada, which we have completed on February 10, 2021.

- During the year ended January 31, 2021, we incurred $53,559 in consulting fees to our CEO, CFO, and Da Costa Management Corp, the company controlled by our CFO. We did not have similar expenses during the year ended January 31, 2020.

- Our regulatory fees increased by $10,263, or 112.8%, from $9,095 we incurred during the year ended January 31, 2020, to $19,358 we incurred during the year ended January 31, 2021. This increase was in part associated with the Company's decision to switch its transfer agent, and in part with extra fees associated with regulatory filings and preparation for the Meeting.

- Our salaries paid to the staff employed through our Chilean subsidiary decreased by $36,604, or 56.6% to $28,061 from $64,665 we incurred during the year ended January 31, 2020. The decrease resulted from an extended leave without pay of one of our Chilean employees, who resigned on July 31, 2020, and only a part-time employment of the new support staff we hired during the year ended January 31, 2021.

- Our general and administrative expenses decreased by 57.8%, or $43,115 to $31,493 during the year ended January 31, 2021, as compared to $74,608 we incurred in general and administrative expenses during the year ended January 31, 2020. The decrease was associated mostly with decreased office and administrative expenses, which amounted to $8,695 and $15,968, respectively (2020 - $34,740 and $27,814), travel and entertainment fees of $470 (2020 - $2,319), and $714 in advertising and promotion activities (2020 - $2,987).

- Our mineral and exploration expenses decreased by $36,334, or 87%; from $41,775 we incurred during the year ended January 31, 2020, to $5,441 we incurred during the year ended January 31, 2021. The higher mineral exploration expenses during the comparative year ended January 31, 2020, were associated with the payment of 2019/20 property taxes. During the year ended January 31, 2021, the Company paid property taxes on Farellon 1-8 claim; the property taxes payable for all other concessions remained unpaid at January 31, 2021.

*Other items*. To continue our operations, we were required to incur additional debt with our debt holders. Our notes payable carry 8% annual interest, which resulted in $79,037 in interest we accrued during the year ended January 31, 2021, representing an $18,147 increase as compared to $60,890 in interest we accrued during the year ended January 31, 2020.

During the first quarter of our fiscal 2021 year, we reversed an old debt which exceeded the statute of limitations as promulgated under Chilean Laws; the amount reversed was $74,336 and was recorded as forgiveness of debt for the year ended January 31, 2021. During the third quarter of our fiscal 2021 year, we entered into an agreement with our former legal representative in Chile (the "Debt Holder") whereby the Debt Holder agreed to forgive the amounts we owed him for unpaid salaries, being $127,692 (101,717,118 pesos), and $25,487 (20,302,303 pesos) we owed him under 8% note payable, in exchange for $40,000, of which $25,000 we paid on August 10, 2020. The remaining $15,000 payable to the Debt Holder accumulates no interest and is payable at the discretion of the Company but no later than on October 29, 2021. The transaction resulted in $114,892 forgiveness of debt. We did not have similar transactions during the year ended January 31, 2020.

During the year ended January 31, 2021, we recorded $2,148 loss on foreign exchange fluctuations (2020 - $189 gain).

*Comprehensive loss*. Our comprehensive loss for the year ended January 31, 2021, was $155,045 as compared to $402,821 we recorded for the year ended January 31, 2020. During the year ended January 31, 2021, the comprehensive loss included $4,209 gain associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative year ended January 31, 2020, the comprehensive loss included $81,229 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

***Liquidity***

**Table 16**: Working capital

| | Year ended January 31, 2021 | 2020 | Percentage increase/ (decrease) |
|---|---|---|---|
| Current assets | $ 48,287 | $ 15, 629 | 209.0% |
| Current liabilities | 208,744 | 439,758 | (52.5)% |
| Working capital deficit | $ (160,457) | $ (424,129) | (62.2)% |

As of January 31, 2021, we had a cash balance of $47,293, our working capital was represented by a deficit of $160,457 and cash used in operations totaled $170,103 for the year then ended. We did not generate any revenue from our operating activities to satisfy our cash requirements for the year ended January 31, 2021. The amount of cash that we have generated from our operations to date is significantly less than our current and long-term debt obligations, including our debt under notes and advances payable. To service our debt, we rely mainly on attracting cash through debt or equity financing.

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, 2021, we had a working capital deficit of $160,457 and accumulated losses of $9,744,146 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, 2021 AND 2020

Table 17 summarizes our sources and uses of cash for the years ended January 31, 2021 and 2020.

**Table 17**: Summary of sources and uses of cash

| | January 31, 2021 | January 31, 2020 |
|---|---|---|
| Net cash used in operating activities | $ (170,103) | $ (158,974) |
| Net cash used in investing activities | (27,725) | (50,000) |
| Net cash provided by financing activities | 243,343 | 213,750 |
| Effect of foreign currency exchange | (8,087) | (3,597) |
| Net increase in cash | $ 37,428 | $ 1,179 |

*Net cash used in operating activities*

During the year ended January 31, 2021, we used net cash of $170,103 in operating activities. We used $269,625 to cover our cash operating costs, and $16,170 to decrease our accrued liabilities. These uses of cash were offset by decrease in our prepaid expenses and other receivables of $5,042, and by increases in our accounts payable and the amounts we owed to our related parties of $48,346 and $62,304, respectively.

During the year ended January 31, 2020, we used net cash of $158,974 in operating activities. We used $260,374 to cover our cash operating costs, and $307 to increase our prepaid expenses. These uses of cash were offset by increases in our accounts payable and accrued liabilities of $41,950 and $54,271, respectively, and by $5,486 increase in the amounts we owed to our related parties.

*Certain non-cash changes included in the net loss for the period*

During the year ended January 31, 2021, our outstanding notes payable to related parties resulted in the accrual of $78,032 in interest, and our notes payable to non-related party accumulated $1,005 in interest. The accrued interest was in part reduced by $3,933 cash payment we made to our former legal representative in Chile under the debt settlement agreement. In addition, we recorded $3,753 in amortization of our work trucks used for Chilean operations. During the year ended January 31, 2021, we recorded $74,336 forgiveness of debt on reversal of old debt which exceeded the statute of limitation promulgated under Chilean Law, and $114,892 on forgiveness of debt which resulted from our debt settlement agreement with our former legal representative in Chile.

During the year ended January 31, 2020, our outstanding notes payable to related parties resulted in accrual of $58,787 in interest. Our notes payable to non-related party accumulated $2,103 in interest. In addition, we recorded $328 in amortization of equipment we use for mineral exploration.

*Net cash used in investing activities*

During the year ended January 31, 2021, we spent $27,725 to purchase a new vehicle to be used in our field operations.

During the year ended January 31, 2020, we made our final $50,000 option payment to acquire the Exeter concession.

*Net cash provided by financing activities*

During the year ended January 31, 2021, we borrowed $224,728 (CAD$300,000) and $23,000 from Mr. Richard Jeffs, our major shareholder. In addition, our CEO advanced us $15,228 (CAD$20,000) and $1,454 as part of vendor payments she made on our behalf. The loans are unsecured, bear interest at 8% per annum, compounded monthly, and are payable on or after August 31, 2022 (as renegotiated with the note holders). In addition, during the year ended January 31, 2021, we paid a total of $25,000 to our former legal representative in Chile pursuant to our debt settlement agreement with him. We applied $21,067 to the principal under the notes payable we issued to him and $3,933 to interest accrued on these notes.

During the year ended January 31, 2020, we borrowed $90,000 from our significant shareholder, and $56,488 and $67,262 (CAD$89,266) from our CEO. The loans are unsecured, bear interest at 8% per annum, compounded monthly, and are payable on or after August 31, 2022 (as renegotiated with the note holders).

***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, 2021.

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:

*Farellón royalty*. We are committed to paying the vendor a royalty equal to 1.5% on the net sales of minerals extracted from the Farellón 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.

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

*Che royalty*. We are committed to paying a royalty equal to 1% of the net sales of minerals extracted from the concessions 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 concessions in good standing we are required to pay mineral property taxes of approximately $35,000 per annum.

***Debt financing***

Between February 1, 2019 and January 31, 2021, we borrowed a total of $478,160 from related parties. Information about these transactions is included in the section of this report titled "Certain Relationships and Related Transactions, and Director Independence".

***Challenges and risks***

We do not anticipate generating any revenue over the next twelve months; therefore, 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 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 will 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, 2021, we owed $1,163,931 to related parties, of which $1,093,417 was associated with loans and notes payable due on or after August 31, 2022, and remaining $70,514 was due for services that have been provided to us by our related parties and that are due within the next 12-month period. 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 concessions 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***

Since we rely on sales of our securities and loans to continue our operations any uncertainty in the equity markets can have a detrimental impact on our operations. Current trends in the industry and uncertainty that exists in equity markets have resulted in 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. 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, and deferred income tax assets or liabilities.

***Financial instruments***

Our financial instruments include cash, accounts receivable, accounts payable, accrued liabilities, 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.

**Management's Discussion And Analysis Of Financial Condition And Results Of Operationsfor The Years Ended January 31, 2020 And 2019**

***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 revenue from operations and are dependent upon the equity markets for our working capital.

Consistent with our historical practices we continue to 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 concessions - Farellón, 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 9 summarizes and compares our financial condition at January 31, 2020, to the year ended January 31, 2019.

**Table 9**: Comparison of financial condition

| | January 31, 2020 | January 31, 2019 |
|---|---|---|
| Working capital deficit | $ (424,129) | $ (368,653) |
| Current assets | 15,629 | 10,524 |
| Unproved mineral properties | 653,117 | 730,549 |
| Current liabilities | 439,758 | 379,177 |
| Long-term liabilities | 715,842 | 613,540 |
| Common stock and additional paid in capital | 9,173,285 | 9,006,181 |
| Accumulated other comprehensive income (loss) | (74,449) | 6,780 |
| Deficit | $ (9,584,892) | $ (9,263,300) |

### *Selected Financial Results*

YEARS ENDED JANUARY 31, 2020 AND 2019

Our results of operations for the years ended January 31, 2020 and 2019 and the changes between those periods are summarized in Table 10.

**Table 10**: Summary of operating results

| | Year ended January 31, 2020 | Year ended January 31, 2019 | Percentage increase/ (decrease) |
|---|---|---|---|
| Operating expenses | $ (260,891) | $ (221,249) | 17.9% |
| Other items: | | | |
| Foreign exchange | 189 | 4,062 | (95.3)% |
| Forgiveness of debt | - | 162,723 | (100.0)% |
| Interest on current debt | (60,890) | (79,598) | (23.5)% |
| Net loss | (321,592) | (134,062) | 139.9% |
| Unrealized foreign exchange gain (loss) | (81,229) | 27,128 | (399.4)% |
| Comprehensive loss | $ (402,821) | $ (106,934) | 276.7% |

*Revenue*. We did not generate any revenue during the years ended January 31, 2020 and 2019. 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 increased by $39,642, or 17.9%, from $221,249 for the year ended January 31, 2019, to $260,891 for the year ended January 31, 2020, and consisted of the following:

**Table 11**: Details of changes in operating expenses

| | Year ended January 31, 2020 | 2019 | Percentage increase/ (decrease) |
|---|---|---|---|
| Operating expenses | | | |
| Amortization | $ 328 | $ 492 | (33.3)% |
| Consulting fees | - | 30,000 | (100.0)% |
| General and administrative | 74,608 | 56,165 | 32.8% |
| Mineral exploration costs | 41,775 | 15,432 | 170.7% |
| Professional fees | 70,420 | 41,784 | 68.5% |
| Rent | - | 5,099 | (100.0)% |
| Regulatory | 9,095 | 7,770 | 17.1% |
| Salaries, wages and benefits | 64,665 | 64,507 | 0.2% |
| Total operating expenses | $ 260,891 | $ 221,249 | 17.9% |

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

- Our mineral and exploration expenses increased by $26,343, or 170.7%; from $15,432 we incurred during the year ended January 31, 2019, to $41,775 we incurred during the year ended January 31, 2020. The higher mineral exploration expenses during the year ended January 31, 2020, were associated with the payment of mineral property taxes, which during the year ended January 31, 2020, we started expensing as part of period costs. During the year ended January 31, 2019, mineral property taxes were mostly capitalized, and only property taxes associated with impaired mineral concessions, which we retain ownership and interest in, were expensed as part of period costs. In addition, the mineral exploration expenses during our Fiscal 2020 increased due to mensura work that was carried out on concessions that are included in our Perth Project.

- Our professional fees increased by $28,636, or 68.5%, from $41,784 we incurred during the year ended January 31, 2019, to $70,420 we incurred during the year ended January 31, 2020. This increase was associated with (1) our decision to apply for listing of our shares on the Canadian Securities Exchange, which resulted in higher legal fees, (2) extra legal work required to maintain our mineral concessions in good standing, and (3) preparation of Canadian tax returns for our parent Company, resulting in higher tax preparation fees.

- Our general and administrative expenses ("G&A") increased by 32.8%, or $18,443 to $74,608 during the year ended January 31, 2020, as compared to $56,165 we incurred in general and administrative expenses during the comparative period ended January 31, 2019. The G&A increased mainly due to the penalties recorded on late filings of certain tax forms with the IRS and the CRA. The increase due to the penalties was in part offset by reduced G&A fees incurred by Polymet as a result of restructuring certain operations and changing several service providers. In addition, weakening Chilean currency resulted in lower G&A expenses when translated to US$.

- During the year ended January 31, 2020, we did not incur any consulting fees, as compared to $30,000 we incurred during the year ended January 31, 2019. Majority of consulting fees we've incurred in the past were associated with the services provided by Da Costa Management Corp. ("DCM"), an entity controlled by our CFO and director. DCM agreed to forgive all amounts the Company owed to DCM as at July 31, 2018, and agreed to provide its services at no extra charge until such time that we are in position to pay DCM for their services.

- Our salaries, wages and benefits were $64,665 for the year ended January 31, 2020, as compared to $64,507 for the year ended January 31, 2019. We incur salaries and benefits to our employees who are employed through our Chilean Subsidiary, and therefore these costs are initially recorded in Chilean pesos. During the year, we saw an increase in our salaries of $6,450 due to rehiring of an administrative assistant who we had furloughed in the fall of 2018; this increase was offset by weakening of the Chilean peso in relation to the US Dollar.

*Other items*. During the second quarter of our Fiscal 2019, we finalized negotiations with certain related-party and arms-length debt holders, who agreed to forgive, partially or in full, the debt we owed to them. As a result of these negotiations, we recorded $124,512 in extinguishment of debt by arms-length debt holders. In addition, the extinguishment of debt included $38,211 associated with reversal of old debt which exceeded the statute of limitation. The forgiveness of debt by related parties was recorded through additional paid-in capital and therefore did not affect our operating results; however, it resulted in $18,708 decrease in interest expense associated with outstanding notes payable, which accumulate interest at a rate of 8% per annum compounded monthly. During the year ended January 31, 2020, we accrued $60,890 in interest as compared to $79,598 in interest we accrued during the year ended January 31, 2019.

*Comprehensive loss*. Our comprehensive loss for the year ended January 31, 2020, was $402,821 as compared to the comprehensive loss of $106,934 we recorded for the year ended January 31, 2019. During the year ended January 31, 2020, the comprehensive loss included $81,229 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative year ended January 31, 2019, the comprehensive loss included $27,128 gain associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

***Liquidity***

**Table 12**: Working capital

| | Year ended January 31, 2020 | Year ended January 31, 2019 | Percentage increase/ (decrease) |
|---|---|---|---|
| Current assets | $ 15,269 | $ 10,524 | 48.5% |
| Current liabilities | 439,758 | 379,177 | 16.0% |
| Working capital deficit | $ (424,129) | $ (368,653) | 15.0% |

As of January 31, 2020, we had a cash balance of $9,865, our working capital was represented by a deficit of $424,129 and cash used in operations totaled $158, 974 for the year then ended. We did not generate any revenue from our operating activities to satisfy our cash requirements for the year ended January 31, 2020. The amount of cash that we have generated from our operations to date is significantly less than our current and long-term debt obligations, including our debt under notes and advances payable. To service our debt, we rely mainly on attracting cash through debt or equity financing.

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, 2020, we had a working capital deficit of $424,129 and accumulated losses of $9,584,892 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, 2020 AND 2019

Table 13 summarizes our sources and uses of cash for the years ended January 31, 2020 and 2019.

**Table 13**: Summary of sources and uses of cash

| | January 31, 2020 | January 31, 2019 |
|---|---|---|
| Net cash used in operating activities | $ (158,974) | $ (213,581) |
| Net cash used in investing activities | (50,000) | (103,530) |
| Net cash provided by financing activities | 213,750 | 327,512 |
| Effect of foreign currency exchange | (3,597) | (4,107) |
| Net increase in cash | $ 1,179 | $ 6,294 |

*Net cash used in operating activities*

During the year ended January 31, 2020, we used net cash of $158, 974 in operating activities. We used $260,374 to cover our cash operating costs, and $307 to increase our prepaid expenses. These uses of cash were offset by increases in our accounts payable and accrued liabilities of $41,950 and $54,271, respectively, and by $5,486 increase in the amounts we owed to our related parties.

During the year ended January 31, 2019, we used net cash of $213,581 in operating activities. We used $216,695 to cover our cash operating costs, $35,746 to decrease our accrued liabilities, and $4,646 to pay back accrued interest on a non-related party loan. These uses of cash were offset by an increase to the amounts we owed to our related parties of $36,962 and, to a minor extent, with $4,751 decrease in our prepaid expenses and other receivables, and
$1,793 increase in accounts payable.

*Certain non-cash changes included in the net loss for the period*

During the year ended January 31, 2020, our outstanding notes payable to related parties resulted in accrual of $58,787 in interest. Our notes payable to non-related party accumulated $2,103 in interest. In addition, we recorded
$328 in amortization of equipment we use for mineral exploration.

During the year ended January 31, 2019, our outstanding notes payable to related parties resulted in accrual of $70,138 in interest, and our notes payable to non-related party accumulated $2,399 in interest. In addition, we recorded $7,061 in interest associated with unpaid trade accounts payable with related parties, and $492 in amortization.

During the second quarter of our Fiscal 2019, we finalized negotiations with several arms-length debt holders, who agreed to forgive, partially or in full, the debt we owed to them. As a result of these negotiations, we recorded $124,512 in extinguishment of debt by arms-length debt holders. In addition, the extinguishment of debt included $38,211 associated with reversal of old debt which exceeded the statute of limitation.

*Net cash used in investing activities*

During the year ended January 31, 2020, we made our final $50,000 option payment to acquire the Exeter concession.

During the year ended January 31, 2019, we made the fourth $25,000 option payment to acquire the Exeter concession, and the final $50,000 option payment to acquire 100% interest in the Quina concession. In addition, we spent $22,977 paying 2017/18 mineral property taxes which remained unpaid during our Fiscal 2018, and 2018/19 mineral property taxes on exploration concessions included in our Perth and Farellón Projects, and $5,553 for mensura work on our Perth Project.

*Net cash provided by financing activities*

During the year ended January 31, 2020, we borrowed $90,000 from our significant shareholder, and $56,488 and $67,262 (CAD$89,266) from our CEO. The loans are unsecured, bear interest at 8% per annum, compounded monthly, and are payable on or after July 31, 2021.

During the year ended January 31, 2019, we received $187,500 on subscription to 2,500,000 units of our common stock at $0.075 per unit, in addition we borrowed $52,045 and $90,097 (CAD$117,036) from our CEO. The loans are unsecured, bear interest at 8% per annum, compounded monthly, and are payable on or after July 31, 2021. During the same period we repaid $2,130 in notes payable to an arms-length party.

During the year ended January 31, 2019, we finalized negotiations with our related parties who agreed to restructure debt we owed to them as at July 31, 2018. As a result of these negotiations, our related parties agreed to forgive us the debt totaling $1,979,844, which was comprised of $456,369 in principal under the notes payable we issued to Mr. Jeffs, our major shareholder and $317,420 in interest accrued on the notes payable with our related parties. In addition, our related parties also agreed to forgive a total of $1,206,055 we owed them on account of services they have provided to the Company.

### *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, 2020.

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:

*Farellón royalty*. We are committed to paying the vendor a royalty equal to 1.5% on the net sales of minerals extracted from the Farellón 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.

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

*Che royalty*. We are committed to paying a royalty equal to 1% of the net sales of minerals extracted from the concessions 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 concessions in good standing we are required to pay mineral property taxes of approximately $35,000 per annum.

### *Debt financing*

Between February 1, 2018 and January 31, 2020, we borrowed a total of $355,892 from related parties. Information about these transactions is included in the section of this report titled "Certain Relationships and Related Transactions, and Director Independence".

### *Challenges and risks*

We do not anticipate generating any revenue over the next twelve months, therefore, 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 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, 2020, we owed $723,124 to related parties, of which $715,842 was associated with loans and notes payable due on or after July 31, 2021, and remaining $7,282 was due for services that have been provided to us by our related parties and that are due within the next 12-month period. 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 concessions 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***

Since we rely on sales of our securities and loans to continue our operations any uncertainty in the equity markets can have a detrimental impact on our operations. Current trends in the industry and uncertainty that exists in equity markets have resulted in 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. 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.

# SCHEDULE "D"
# AUDIT COMMITTEE CHARTER

The following Audit Committee Charter was adopted by the Audit Committee of the Board of Directors and the Board of Directors of Red Metal Resources Ltd. (the "**Company**")

## Mandate

The primary function of the audit committee (the "**Committee**") is to assist the Company's Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

## Composition

The Committee shall be comprised of a minimum three directors as determined by the Board of Directors. If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 51-102), then all of the members of the Committee shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 51-102), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

## Meetings

The Committee shall meet a least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

## Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

*Documents/Reports Review*

- review and update this Audit Committee Charter annually; and

- review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

*External Auditors*

- review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;

- obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;

- review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;

- take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;

- recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;

- recommend to the Company's Board of Directors the compensation to be paid to the external auditors;

- at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;

- review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;

- review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and

- review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The preapproval requirement is waived with respect to the provision of non-audit services if:

    - the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,

    - such services were not recognized by the Company at the time of the engagement to be non-audit services, and

    - such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

*Financial Reporting Processes*

- in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;

- consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;

- consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;

- review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;

- following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

- review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;

- review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;

- review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;

- review certification process;

- establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and

- establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Other*

- review any related-party transactions;

- engage independent counsel and other advisors as it determines necessary to carry out its duties; and

- to set and pay compensation for any independent counsel and other advisors employed by the Committee.

## 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.

Consistent with our historical practices we continue to 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, 2019, to the year ended January 31, 2018.

Table 14: Comparison of financial condition

| | January 31, 2019 | January 31, 2018 |
|---|---|---|
| Working capital deficit | $ (368,653) | $ (3,007,331) |
| Current assets | $ 10,524 | $ 9,426 |
| Unproved mineral properties | $ 730,549 | $ 694,616 |
| Current liabilities | $ 379,177 | $ 3,016,757 |
| Long-term liabilities | $ 613,540 | $ - |
| Common stock and additional paid in capital | $ 9,006,181 | $ 6,838,837 |
| Accumulated other comprehensive income (loss) | $ 6,780 | $ (20,348) |
| Deficit | $ (9,263,300) | $ (9,129,238) |

***Selected Financial Results***

YEARS ENDED JANUARY 31, 2019 AND JANUARY 31, 2018

Our results of operations for the years ended January 31, 2019 and 2018 and the changes between those periods are summarized in Table 15.

Table 15: Summary of operating results

| | Year ended January 31, | | Changes between the years ended January 31, 2019 and 2018 |
|---|---|---|---|
| | 2019 | 2018 | |
| Operating expenses | $ (221,249) | $ (231,150) | $ (9,901) |
| Other items: | | | |
| Foreign exchange | 4,062 | (1,663) | 5,725 |
| Forgiveness of debt | 162,723 | 41,807 | 120,916 |
| Interest on current debt | (79,598) | (102,831) | (23,233) |
| Net loss | (134,062) | (293,837) | (159,775) |
| Unrealized foreign exchange gain (loss) | 27,128 | (46,501) | 73,629 |
| Comprehensive loss | $ (106,934) | $ (340,338) | $ (233,404) |

*Revenue*. We did not generate any revenue during the years ended January 31, 2019 and 2018. 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 $9,901, or 4.3%, from $231,150 for the year ended January 31, 2018, to $221,249 for the year ended January 31, 2019, and consisted of the following:

Table 16: Details of changes in operating expenses

| | Year ended January 31, | | | | Changes between the years ended January 31, 2019 and 2018 | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | | |
| Operating expenses | | | | | | |
| Amortization | $ | 492 | $ | 675 | $ | (183) |
| Consulting fees | | 30,000 | | 60,000 | | (30,000) |
| General and administrative | | 56,165 | | 63,958 | | (7,793) |
| Mineral exploration costs | | 15,432 | | 1,868 | | 13,564 |
| Professional fees | | 41,784 | | 18,702 | | 23,082 |
| Rent | | 5,099 | | 10,245 | | (5,146) |
| Regulatory | | 7,770 | | 10,461 | | (2,691) |
| Salaries, wages and benefits | | 64,507 | | 65,241 | | (734) |
| Total operating expenses | $ | 221,249 | $ | 231,150 | $ | (9,901) |

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

- Our mineral and exploration expenses increased by $13,564, or 726.1%; from $1,868 we incurred during the year ended January 31, 2018, to $15,432 we incurred during the year ended January 31, 2019. The higher mineral exploration expenses during the year ended January 31, 2019, were associated with the payment of 2017/18 and 2018/19 property taxes and late payment fees for the claims that comprise our Mateo Property and for the Cecil claim, which is included in our Farellon Property; these claims were impaired during our Fiscal 2016, however, we retain ownership of these claims.

- Our professional fees increased by $23,082, or 123.4%, from $18,702 we incurred during the year ended January 31, 2018, to $41,784 we incurred during the year ended January 31, 2019. The change was caused by reclassification of some of our vendor payables from administrative fees to professional fees.

- Our general and administrative expenses decreased by 12.2%, or $7,793 to $56,165 during the year ended January 31, 2019, as compared to $63,958 we incurred in general and administrative expenses during the comparative period ended January 31, 2018. The decrease was associated mostly with reduced administrative fees which decreased due to reclassification of some of our vendor payables to professional fees.

- Our consulting fees decreased by 50%, or $30,000 to $30,000 during the year ended January 31, 2019, as compared to $60,000 we incurred in consulting fees during the comparative period ended January 31, 2018. Majority of consulting fees we've incurred in the past was with Da Costa Management Corp. ("DCM"), an entity controlled by our CFO and director. DCM agreed to forgive all amounts the Company owed to DCM as at July 31, 2018, and agreed to provide its further services at no extra charge until such time that we are in position to pay DCM for the services they provide.

- Our salaries and wages expense for the year ended January 31, 2019 remained comparable to the salaries and wages expense we incurred during the year ended January 31, 2018, as a result of our efforts to control our operating costs.

***Other items.*** To continue our operations we were required to incur additional debt with our debt holders. Our notes payable carry 8% interest, which resulted in $79,598 in interest we accrued during the year ended January 31, 2019, a decrease of $23,233 as compared to $102,831 in interest we accrued during the year ended January 31, 2018. The reduction in interest expense resulted from the partial forgiveness of debt by non arms-length debt holders.

During the second quarter of our Fiscal 2019, we finalized negotiations with several arms-length debt holders, who agreed to forgive, partially or in full, the debt we owed to them. As a result of these negotiations, we recorded $124,512 in extinguishment of debt by arms-length debt holders. In addition, the extinguishment of debt included $38,211 associated with reversal of old debt which exceeded the statute of limitation.

*Comprehensive loss*. Our comprehensive loss for the year ended January 31, 2019, was $106,934 as compared to the comprehensive loss of $340,338 we recorded for the year ended January 31, 2018. During the year ended January 31, 2019, the comprehensive loss included $27,128 gain associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative year ended January 31, 2018, the comprehensive loss included $46,501 loss associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

***Liquidity***

Table 17: Working capital

| | January 31, 2019 | | January 31, 2018 | | Changes between the years ended January 31, 2019 and 2018 |
|---|---|---|---|---|---|
| Current assets | $ | 10,524 | $ | 9,426 | 11.6% |
| Current liabilities | | 379,177 | | 3,016,757 | (87.4)% |
| Working capital deficit | $ | (368,653) | $ | (3,007,331) | (87.7)% |

As of January 31, 2019, we had a cash balance of $8,686, our working capital was represented by a deficit of $368,653 and cash used in operations totaled $213,581 for the period then ended.

We did not generate sufficient cash flows from our operating activities to satisfy our cash requirements for the year ended January 31, 2019. The amount of cash that we have generated from our operations to date is significantly less than our current debt obligations, including our debt obligations under our notes and advances payable.

There is no assurance that we will be able to generate sufficient cash from our operations to repay the amounts owing under these notes and advances payable, or to service our other debt obligations. If we are unable to generate sufficient cash flow from our operations to repay the amounts owing when due, we may be required to raise additional financing from other sources.

**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, 2019, we had a working capital deficit of $368,653 and accumulated losses of $9,263,300 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, 2019 AND 2018**

Table 18 summarizes our sources and uses of cash for the years ended January 31, 2019 and 2018.

Table 18: Summary of sources and uses of cash

| | January 31, | | | |
|---|---|---|---|---|
| | | 2019 | | 2018 |
| Net cash used in operating activities | $ | (213,581) | $ | (122,986) |
| Net cash used in investing activities | | (103,530) | | (35,921) |
| Net cash provided by financing activities | | 327,512 | | 153,474 |
| Effect of foreign currency exchange | | (4,107) | | 146 |
| Net increase (decrease) in cash | $ | 6,294 | $ | (5,287) |

***Net cash used in operating activities***

During the year ended January 31, 2019, we used net cash of $213,581 in operating activities. We used $216,695 to cover our cash operating costs, $35,746 to decrease our accrued liabilities, and $4,646 to pay back accrued interest on a non-related party loan. These uses of cash were offset by an increase to the amounts we owed to our related parties of $36,962 and, to a minor extent, with $4,751 decrease in our prepaid expenses and other receivables, and $1,793 increase in accounts payable.

During the year ended January 31, 2018, we used net cash of $122,986 in operating activities. We used $232,318 to cover our cash operating costs and $3,785 to repay interest accumulated on notes payable. These uses of cash were offset by increases in accounts payable of $32,961 and accrued liabilities of $9,544 and by decreases in prepaids and other receivables of $77. In addition, our accounts payable to related parties increased by $70,535, 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 included in the net loss for the period***

During the year ended January 31, 2019, our outstanding notes payable to related parties resulted in accrual of $70,138 in interest, and our notes payable to non-related party accumulated $2,399 in interest. In addition, we recorded $7,061 in interest associated with unpaid trade accounts payable with related parties, and $492 in amortization.

During the second quarter of our Fiscal 2019, we finalized negotiations with several arms-length debt holders, who agreed to forgive, partially or in full, the debt we owed to them. As a result of these negotiations, we recorded $124,512 in extinguishment of debt by arms-length debt holders. In addition, the extinguishment of debt included $38,211 associated with reversal of old debt which exceeded the statute of limitation.

During the year ended January 31, 2018, our outstanding notes payable to related parties resulted in accrual of $84,809 in interest expense; our trade accounts payable with related parties resulted in further $14,614 in interest expense. Our notes payable to non-related party accumulated $3,228 in interest expense. In addition, we recorded $675 in amortization of equipment we use for mineral exploration. The above non-cash expenses were offset by $41,807 recovery we recognized on the reversal of old debt which exceeded the statute of limitation under Chilean law.

***Net cash used in investing activities***

During the year ended January 31, 2019, we spent $22,977 paying 2017/18 mineral property taxes which remained unpaid during our Fiscal 2018, and 2018/19 mineral property taxes on exploration claims comprising our Perth and Farellon Properties. We used $25,000 to make the fourth option payment pursuant to our option agreement to acquire the Exeter claim, $50,000 to pay the final option payment to acquire 100% interest in the Quina claim, and $5,553 for mensura work on our Perth Property.

During the year ended January 31, 2018, we spent $35,921 acquiring mineral claims. Of this amount $25,000 was used to acquire Exeter claim and $10,921 to pay annual mineral property taxes on our claims.

***Net cash provided by financing activities***

During the year ended January 31, 2019, we received $187,500 on subscription to 2,500,000 units of our common stock at $0.075 per unit.

During the year ended January 31, 2019, we borrowed $52,045 and $90,097 (CAD$117,036) from our CEO. The loans are unsecured, payable on demand and bear interest at 8% per annum, compounded monthly. During the same period we repaid $2,130 in notes payable to an arms-length party.

During the year ended January 31, 2019, we finalized negotiations with our related parties who agreed to restructure debt we owed to them as at July 31, 2018. As a result of these negotiations, our related parties agreed to forgive us the debt totaling $1,979,844, which was comprised of $456,369 in principal under the notes payable we issued to Mr. Jeffs, our major shareholder, $317,420 in interest accrued on the notes payable we issued to Mr. Jeffs, Ms. Jeffs, our CEO, Fladgate Exploration Consulting Corporation ("Fladgate"), the Company of which Ms. Jeffs and Mr. Thompson are principals, and Mr. da Costa, our CFO. In addition, our related parties also agreed to forgive a total of $1,206,055 we owed them on account of services they have provided to the Company. Remaining $479,995 in notes payable we issued to Ms. Jeffs, Fladgate, and Mr. da Costa, have been amended to extend the repayment period to no less than three years, or July 31, 2021; all other terms of the notes payable remained substantially unchanged.

During the year ended January 31, 2018, we borrowed $30,000 and $19,580 (CAD$26,000) from our significant shareholder, and $5,740 and $106,656 (CAD$138,505) from our CEO. The loans are unsecured, payable on demand and bear interest at 8% per annum, compounded monthly. During the same period we paid $8,502 to Mr. Kevin Mitchell to reduce our liability to Mr. Mitchell under the notes payable we issued to him.

***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, 2019.

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 small scale mining operations that ceased in the first quarter of our Fiscal 2018, we were 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 were discontinued once we stopped the small scale mining operation, and could 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, 2017 and January 31, 2019, we borrowed a total of $304,118 from related parties. Information about these transactions is included in the section of this report titled "Certain Relationships and Related Transactions, and Director Independence".

***Challenges and risks***

We do not anticipate generating any revenue over the next twelve months, therefore, 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 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, 2019, we owed $615,389 to related parties, of which $613,540 was associated with loans and notes payable due on or after July 31, 2021, and remaining $1,849 was due for services that have been provided to us by our related parties and that are due within the next 12-month period. 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***

Since we rely on sales of our securities and loans to continue our operations any uncertainty in the equity markets can have a detrimental impact on our operations. Current trends in the industry and uncertainty that exists in equity markets have resulted in 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. 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.

**CERTIFICATE OF THE COMPANY AND THE PROMOTERS**

Dated: November 22, 2021

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia.

*(signed) "Caitlin Jeffs"*
Caitlin Jeffs, Chief Executive Officer

*(signed) "Joao (John) da Costa"*
Joao (John) da Costa, Chief Financial Officer

**On behalf of the Board of Directors**

*(signed) "Jeffrey Cocks"*
Jeffrey Cocks, Director

*(signed) "Cody McFarlane"*
Cody McFarlane, Director

**By the Promoters**

*(signed) "Caitlin Jeffs"*
Caitlin Jeffs, Chief Executive Officer

*(signed) "Joao (John) da Costa"*
Joao (John) da Costa, Chief Financial Officer

*(signed) "Michael Thompson"*
Michael Thompson, Vice President of Exploration

## SCHEDULE B

### Exchange Listing Statement Disclosure – Additional Information

### 14.1 Issued Capital

| | Number of Securities (non-diluted)(1) | Number of Securities (fully-diluted)(3) | % of Issued (non - diluted) | % of Issued (fully diluted) |
|---|---|---|---|---|
| Public Float | | | | |
| Total outstanding (A) | 51,557,959 | 62,280,008 | 100% | 100% |
| Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B) | 13,928,948 | 14,362,282 | 27.02% | 23.06% |
| Total Public Float (A-B) | 37,629,011 | 47,917,726 | 72.98% | 76.94% |
| Freely-Tradeable Float | | | | |
| Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C) | 13,928,948 | 14,362,282 | 27.02% | 23.06% |
| Total Tradeable Float (A-C) | 37,629,011 | 47,917,726 | 72.98% | 76.94% |

Notes:

(1) Includes Common Shares, and Common Shares underlying Subscription Receipts

Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

**Class of Security**

| Size of Holding | Number of holders | Total number of securities |
|---|---|---|
| 1 – 99 securities | 0 | 0 |
| 100 – 499 securities | 0 | 0 |
| 500 – 999 securities | 0 | 0 |
| 1,000 – 1,999 securities | 0 | 0 |
| 2,000 – 2,999 securities | 1 | 2,858 |
| 3,000 – 3,999 securities | 1 | 3,572 |
| 4,000 – 4,999 securities | 0 | 0 |
| 5,000 or more securities | 49 | 45,090,657 |
| **Total** | **51** | **45,097,087** |

Public Securityholders (Beneficial)

**Instruction:** Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

**Class of Security**

| Size of Holding | Number of holders | Total number of securities |
|---|---|---|
| 1 – 99 securities | 147 | 4,375 |

| | | |
|---|---|---|
| 100 – 499 securities | 85 | 18,050 |
| 500 – 999 securities | 30 | 18,328 |
| 1,000 – 1,999 securities | 53 | 60,775 |
| 2,000 – 2,999 securities | 25 | 57,062 |
| 3,000 – 3,999 securities | 17 | 55,776 |
| 4,000 – 4,999 securities | 4 | 16,500 |
| 5,000 or more securities | 73 | 1,385,278 |
| Unable to confirm | Nil | Nil |
| **Total** | **434** | **1,616,144** |

Non-Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

**Class of Security – Common Shares**

| **Size of Holding** | **Number of holders** | **Total number of securities** |
|---|---|---|
| 1 – 99 securities | 0 | |
| 100 – 499 securities | 0 | |
| 500 – 999 securities | 0 | |
| 1,000 – 1,999 securities | 0 | |
| 2,000 – 2,999 securities | 0 | |
| 3,000 – 3,999 securities | 0 | |
| 4,000 – 4,999 securities | 0 | |
| 5,000 or more securities | 7 | 13,928,948 |
| **Total** | 7 | 13,928,948 |

**Class of Security - Warrants**

| **Size of Holding** | **Number of holders** | **Total number of securities** |
|---|---|---|
| 1 – 99 securities | 0 | 0 |

| | | |
|---|---|---|
| 100 – 499 securities | 0 | 0 |
| 500 – 999 securities | 0 | 0 |
| 1,000 – 1,999 securities | 0 | 0 |
| 2,000 – 2,999 securities | 0 | 0 |
| 3,000 – 3,999 securities | 0 | 0 |
| 4,000 – 4,999 securities | 0 | 0 |
| 5,000 or more securities | 1 | 433,334 |
| **Total** | 1 | 433,334 |

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities:

| **Description of Security (include conversion / exercise terms, including conversion / exercise price)** | **Number of convertible / exchangeable securities outstanding** | **Number of listed securities issuable upon conversion / exercise** |
|---|---|---|
| Warrants.<br><br>Each warrant will entitles the holder to purchase one common share at an exercise price of CAD$0.20 per common share for a period of 24 months from the date of issue. | 3,998,978 | 3,998,978 |
| Subscription Receipts.<br><br>Each subscription receipt entitled the holder to receive one unit, consisting of one common share and one warrant. Each warrant entitles the holder to purchase an additional common share at a price of CAD$0.30 per common share, if exercised during the first year following the closing date of the subscription receipt offering, and at a price of CAD$0.60, if exercised during the second year following the closing date of the subscription receipt offering ("**SR Warrant**"). Upon escrow release, finder's warrants (each a "**Finder's** | 6,460,872 | 13,183,943 |

| | | |
|---|---|---|
| **Warrant**") are issuable to certain registered broker dealers in an amount equal to 7% of the number of Subscription Receipts purchased by the subscribers introduced by such finders to the Company whereby each Finder's Warrant will be subject to the same terms as the SR Warrants. | | |
| **Total** | **10,459,850** | **17,182,921** |

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2:

The Issuer has no other listed securities reserved for issuance that are not included in section 14.2.