



**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)
FOR THE THREE AND SIX MONTHS ENDED
JULY 31, 2022 & 2021**

**NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2022 & 2021**

The accompanying unaudited condensed interim consolidated financial statements of Red Metal Resources Ltd. (the “Company”) for the three and six months ended July 31, 2022 and 2021, have been prepared by, and are the responsibility of, the Company’s management.

The Company’s independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim statements by an entity’s auditor. These unaudited condensed interim consolidated financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

RED METAL RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)



	Note	July 31, 2022	January 31, 2022
ASSETS			
Current			
Cash		\$ 137,708	\$474,317
Prepays and other receivables	8	270,203	152,947
Total current assets		407,911	627,264
Equipment	7	60,951	22,637
Exploration and evaluation assets	6	734,091	821,773
Total assets		\$ 1,202,953	\$1,471,674
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable		\$ 122,873	\$87,938
Accrued liabilities		38,817	102,208
Due to related parties	11	357,214	57,254
Notes payable	11	2,071,102	-
Total current liabilities		2,590,006	247,400
Long-term notes payable to related parties	11	-	1,555,503
Long-term amounts due to related parties	11	-	159,513
Withholding taxes payable	9	135,699	151,907
Total liabilities		2,725,705	2,114,323
Shareholders' deficit			
Share capital	10	8,177,523	7,755,830
Share-based payment reserve	10	4,078,124	4,034,929
Deficit		(13,352,964)	(12,144,764)
Accumulated other comprehensive loss		(425,435)	(288,644)
Total shareholders' deficit		(1,522,752)	(642,649)
Total liabilities and shareholders' deficit		\$ 1,202,953	\$1,471,674

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors:

/s/ Caitlin Jeffs

Director

/s/ Joao (John) da Costa

Director

RED METAL RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)



	Note	Three months ended July 31,		Six months ended July 31	
		2022	2021	2022	2021
			(restated)*		(restated)*
Operating expenses:					
Amortization	7	\$ 5,168	\$ 2,314	\$ 9,545	\$ 4,825
Consulting fees	11	45,400	50,745	97,520	85,743
General and administrative		98,575	53,853	258,974	72,865
Mineral exploration costs	11	118,443	104,648	639,704	116,226
Professional fees	11	24,252	100,338	44,074	154,522
Regulatory		20,962	28,836	40,423	32,600
Rent	11	-	3,000	-	6,000
Salaries, wages and benefits		17,275	9,070	35,499	18,503
		(330,075)	(352,804)	(1,125,739)	(491,284)
Other items					
Foreign exchange loss		(110)	(1,564)	(5,456)	(3,253)
Interest on notes payable	11	(41,168)	(29,597)	(77,005)	(57,066)
Net loss		(371,353)	(383,965)	(1,208,200)	(551,603)
Foreign currency translation		(69,354)	(48,563)	(136,791)	(31,114)
Comprehensive loss		\$ (440,707)	\$ (432,528)	\$ (1,344,991)	\$ (582,717)
Net loss per share – basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted:		54,291,205	42,825,848	52,947,233	44,381,259

*Restated for change in presentation currency (Note 3)

RED METAL RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT**

(Expressed in Canadian Dollars)

(Unaudited)



	Note	Share Capital		Share-based payment reserve	Deficit	Accumulated other comprehensive loss	Total deficit
		Number of common shares issued	Amount				
Balance, January 31, 2021 (restated)*		41,218,008	\$ 6,409,558	\$ 3,521,907	\$(10,522,764)	\$ (226,211)	\$ (817,510)
Shares issued for private placement		3,849,668	577,450	-	-	-	577,450
Share issuance costs		-	(80,512)	58,273	-	-	(22,239)
Shares issued for services		29,411	12,117	-	-	-	12,117
Cash received from short sell fees		-	-	7,127	-	-	7,127
Net loss for the period ended July 31, 2021		-	-	-	(551,603)	-	(551,603)
Foreign exchange translation		-	-	-	-	(31,114)	(31,114)
Balance, July 31, 2021 (restated)*		45,097,087	\$ 6,918,613	\$ 3,587,307	\$(11,074,367)	\$ (257,325)	\$ (825,772)
Balance at January 31, 2022		51,557,959	\$ 7,755,830	\$ 4,034,929	\$(12,144,764)	\$ (288,644)	\$ (642,649)
Shares issued for private placement	10	3,308,666	479,757	16,543	-	-	496,300
Share issuance costs	10	-	(58,064)	25,076	-	-	(32,988)
Share-based compensation	10	-	-	1,576	-	-	1,576
Net loss for the period ended July 31, 2022		-	-	-	(1,208,200)	-	(1,208,200)
Foreign exchange translation		-	-	-	-	(136,791)	(136,791)
Balance, July 31, 2022		54,866,625	\$ 8,177,523	\$ 4,078,124	\$(13,352,964)	\$ (425,435)	\$ (1,522,752)

*Restated for change in presentation currency (Note 3)

RED METAL RESOURCES LTD.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited)



	Six Months Ended July 31,	
	2022	2021
Cash flows used in operating activities		(restated)*
Net loss	\$ (1,208,200)	\$ (551,603)
Adjustments to reconcile net loss to net cash used in operating activities		
Accrued interest on related party notes payable	77,005	57,066
Amortization	9,545	4,825
Share-based compensation	1,576	12,117
Changes in operating assets and liabilities		
Prepays and other receivables	(118,244)	(81,073)
Accounts payable	36,146	(6,711)
Accrued liabilities	(61,472)	(1,236)
Due to related parties	142,059	68,290
Net cash used in operating activities	(1,121,585)	(498,325)
Cash flows used in investing activities		
Acquisition of equipment	(55,572)	-
Net cash used in investing activities	(55,572)	-
Cash flows provided by financing activities		
Issuance of notes payable to related parties	432,702	42,324
Cash received on subscription to shares	496,300	577,450
Share issuance costs	(32,988)	(22,242)
Cash received on subscription to subscription receipts	-	947,823
Cash received from short sell fees	-	7,127
Net cash provided by financing activities	896,014	1,552,482
Effects of foreign currency exchange	(55,466)	17,227
Change in cash	(336,609)	1,071,384
Cash, beginning	474,317	60,486
Cash, ending	\$ 137,708	\$ 1,131,870
Cash	\$ 137,708	\$ 162,819
Cash held in trust	-	969,051
Cash and cash held in trust, ending	\$ 137,708	\$ 1,131,870

*Restated for change in presentation currency (Note 3)

RED METAL RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE AND CONTINUANCE 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 head office is located at 1130 West Pender Street, Suite 820, Vancouver, British Columbia, V6E 4A4. Its registered office address is 595 Burrard Street, Suite 700, Vancouver, British Columbia, V7X 1S8. The Company’s mailing address is 278 Bay Street, Suite 102, Thunder Bay, Ontario, P7B 1R8. Polymet’s head office is located in Vallenar, III Region of Atacama, Chile.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at July 31, 2022, the Company has not advanced its mineral properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. As at July 31, 2022, the Company had \$137,708 cash and working capital deficit of \$2,182,095. The Company raises financing for its exploration and development activities in discrete tranches to finance its activities for limited periods only. The Company has identified that further funding may be required for working capital purposes, and to finance the Company’s exploration program and development of mineral assets. These conditions may cast substantial doubt on the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustment which 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 the consolidated financial statements and such adjustments may be material.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements were authorized for issue on September 27, 2022, by the directors of the Company.

a) Statement of Compliance and Basis of Presentation

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting including IAS 34 Interim financial reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended January 31, 2022.

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value.

During the year ended January 31, 2022, the Company changed its presentation currency from the United States dollar to Canadian dollar. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company’s business activities and enhance the comparability of the Company’s financial information to its peers. For more details, see Note 3 of these condensed interim consolidated financial statements. Reference herein to \$ or CAD is to Canadian dollars, USD\$ is to the US dollars.

Balance sheet items are classified as current if receipt or payment is due within twelve months. Otherwise, they are presented as non-current.

RED METAL RESOURCES LTD.
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b) Significant accounting policies

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended January 31, 2022.

c) Accounting standards issued but not yet effective

Accounting standards, amendments to standards, or interpretations have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

3. CHANGE IN PRESENTATION AND FUNCTIONAL CURRENCY

Effective February 1, 2021, the Company changed its presentation currency from US dollars to Canadian dollars. The Company believes that the change in presentation currency will provide shareholders with a better reflection of the Company's business activities and enhance the comparability of the Company's financial information to its industry peers. The change in presentation currency represents a voluntary change in accounting policy, which is accounted for retrospectively.

The unaudited interim condensed consolidated financial statements for the three- and six-month periods ended July 31, 2021, have been translated into the new presentation currency in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*, using the procedures outlined below:

- assets and liabilities were translated to CAD using exchange rates at July 31, 2021;
- income and expenses were translated using average exchange rates during the period ended July 31, 2021;
- share capital and deficit were translated at the historical rates prevailing at the dates of transactions; and
- differences arising from the translation of the results for the reporting period have been taken to the accumulated other comprehensive loss.

The change in presentation currency resulted in the following impact on the July 31, 2021, condensed interim consolidated statement of financial position:

RED METAL RESOURCES LTD.
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Condensed Consolidated Statement of Financial Position

	July 31, 2021	
	As reported, USDS	Restated, CAD\$
Cash and cash held in trust	\$ 908,257	\$ 1,131,870
Other current assets	80,883	100,796
Equipment	22,150	27,603
Exploration and evaluation assets	687,066	856,222
Total assets	\$ 1,698,356	\$ 2,116,491
Current liabilities	\$ 1,043,094	\$ 1,299,903
Non-current liabilities	1,317,894	1,642,360
Total liabilities	2,360,988	2,942,263
Share capital	6,702,859	6,918,613
Share-based payment reserve	2,945,839	3,587,307
Deficit	(10,189,694)	(11,074,367)
Accumulated other comprehensive loss	(121,636)	(257,325)
Total shareholders' deficit	(662,632)	(825,772)
Total liabilities and shareholders' deficit	\$ 1,698,356	\$ 2,116,491

Condensed Consolidated Statement of Loss and Comprehensive Loss

	Three months ended July 31, 2021		Six months ended July 31, 2021	
	As reported, USDS	Restated, CAD\$	As reported, USDS	Restated, CAD\$
Operating expenses	\$ (286,996)	\$ (352,804)	\$ (397,031)	\$ (491,284)
Foreign exchange loss	(1,272)	(1,564)	(2,614)	(3,253)
Interest on notes payable	(24,076)	(29,597)	(45,903)	(57,066)
Net loss	(312,344)	(383,965)	(445,548)	(551,603)
Other comprehensive loss	(39,816)	(48,563)	(51,396)	(31,114)
Comprehensive loss	\$ (352,160)	\$ (432,528)	\$ (496,944)	\$ (582,717)
Earnings per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

The functional currency of the Company and its wholly-owned subsidiary is the currency of the primary economic environment in which the entities operate. The Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The continuation of Red Metal from Nevada to British Columbia, listing of its common shares on the Canadian Securities Exchange, as well as Canadian dollar denominated private placements, have significantly increased the Parent Company's exposure to the Canadian dollar. Therefore, as of February 1, 2022, the Company adopted Canadian dollar as corporate entity's functional currency on a prospective basis. Minera Polymet continues to use Chilean peso as its functional currency.

RED METAL RESOURCES LTD.
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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. These assumptions and associated estimates are based on historical experience and other factors that are considered to be relevant. The current market conditions introduce additional uncertainties, risks and complexities in management's determination of the estimates and assumptions used to prepare the Company's condensed interim consolidated financial statements. As the COVID-19 pandemic and volatility in financial markets is an evolving situation, management cannot reasonably estimate the length or severity of the impact on the Company. As such, actual results may differ from estimates and the effect of such differences may be material. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements:

- classification/allocation of expenses as exploration and evaluation expenditures;
- classification and measurement of the Company's financial assets and liabilities;
- determination that the Company is able to continue as a going concern; and
- determination whether there have been any events or changes in circumstances that indicate the impairment of the Company's exploration and evaluations assets.

Key sources of estimation uncertainty include the following:

- the carrying value and recoverability of exploration and evaluation assets;
- recoverability and measurement of deferred tax assets;
- provisions for restoration and environmental obligations and contingent liabilities; and
- measurement of share-based transactions.

5. FINANCIAL INSTRUMENTS AND RISKS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels at the fair value hierarchy are:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The Company has classified its cash as measured at fair value in the statement of financial position, using level 1 inputs.

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Categories of financial instruments

As at:	July 31, 2022	January 31, 2022
Financial assets:		
FVTPL		
Cash	\$ 137,708	\$ 474,317
Financial liabilities:		
Amortized cost		
Accounts payable	\$ 122,873	\$ 87,938
Accrued liabilities	\$ 38,817	\$ 102,208
Due to related parties	\$ 357,214	\$ 57,254
Notes payable	\$ 2,071,102	\$ -

Assets and liabilities measured at fair value on a recurring basis:

As at July 31, 2022	Level 1	Level 2	Level 3	Total
Cash	\$ 137,708	\$ -	\$ -	\$ 137,708
	\$ 137,708	\$ -	\$ -	\$ 137,708

Accounts payable, accrued liabilities, due to related parties, and notes payable approximate their fair value due to the short-term nature of these instruments.

Risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk:

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash, which is held with a high-credit quality financial institutions in Canada and in Chile. As such, the Company's credit risk exposure is minimal.

Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

i. Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal interest rate risk as it has no interest accumulating financial assets that may become susceptible to interest rate fluctuations.

ii. Currency risk:

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has offices in Canada and Chile, and holds cash in Canadian and United States dollars, and in Chilean Peso. A significant change in the currency exchange rates between the Canadian dollar relative to US dollar and Chilean Peso could have an effect on the Company's results of operations, financial position, and/or cash flows. At July 31, 2022, the Company had no hedging agreements in place with respect to foreign exchange rates. As the majority of the transactions of the Company are denominated in CAD dollars and Chilean Peso, movements in the foreign exchange rates are not expected to have a material impact on the consolidated statements of comprehensive loss.

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iii. Equity price risk:

Equity price risk is the risk that the fair value of equity/securities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is not exposed to equity price risk as it does not have any investments in marketable securities.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. Historically, the Company's sources of funding have been through equity financings and loans from the Company's management and its major shareholder; however, the Company cannot be certain that it will be able to raise sufficient funds to meet its short-term business requirements.

The following table details the remaining contractual maturities of the Company's financial liabilities as of July 31, 2022:

	Within 1 year	1-5 years	5+ years
Accounts payable and accrued liabilities	\$ 161,690	\$ -	\$ -
Amounts due to related parties	357,214	-	-
Loans payable ⁽¹⁾	2,155,896	-	-
Withholding taxes payable	-	-	135,699
	\$ 2,674,800	\$ -	\$ 135,699

(1) Payments denominated in foreign currencies have been translated using the July 31, 2022, exchange rate.

6. EXPLORATION AND EVALUATION ASSETS

As of July 31, 2022, and January 31, 2022, the Company's interest in exploration and evaluation assets consisted of 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. The Company capitalizes acquisition costs incurred on the Company's exploration and evaluation properties; the costs associated with exploration and drilling programs as well as property tax payments are expensed as period costs in the period they are incurred. Following tables present, as of July 31, 2022 and January 31, 2022 acquisition costs associated with each property:

Exploration and evaluation assets at July 31, 2022

	January 31, 2022	Effect of foreign currency translation	July 31, 2022
Farellón Project			
Farellón	\$ 432,389	\$ (46,135)	\$ 386,254
Quina	166,660	(17,783)	148,877
Exeter	169,270	(18,061)	151,209
Sub-total, Farellón Project	768,319	(81,979)	686,340
Perth Project	53,454	(5,703)	47,751
Total costs	\$ 821,773	\$ (87,682)	\$ 734,091

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Exploration and evaluation assets at January 31, 2022

	January 31, 2021 (restated)*	Effect of foreign currency translation	January 31, 2022
Farellón Project			
Farellón	\$ 473,792	\$ (41,403)	\$ 432,389
Quina	182,618	(15,958)	166,660
Exeter	185,479	(16,209)	169,270
Sub-total, Farellón Project	841,889	(73,570)	768,319
Perth Project	58,574	(5,120)	53,454
Total costs	\$ 900,463	\$ (78,690)	\$ 821,773

*Restated for change in presentation currency (Note 3)

During the six-month periods ended July 31, 2022 and 2021, the Company incurred the following costs associated with the exploration activities on its mineral properties:

Exploration costs for the six-month period ended July 31, 2022

	Farellón Project	Perth Project	Mateo Project	Total Costs
Property taxes paid	\$ 8,496	\$ 19,725	\$ 1,667	\$ 29,888
Geology	80,730	-	-	80,730
Drilling	405,524	-	-	405,524
Equipment used	12,029	-	-	12,029
Camp costs (including meals and travel)	50,624	-	-	50,624
Assay costs	58,502	-	-	58,502
Total exploration costs	\$ 615,905	\$ 19,725	\$ 1,667	\$ 637,297

Exploration costs for the six-month period ended July 31, 2021 (restated)*

	Farellón Project	Perth Project	Mateo Project	Total Costs
Property taxes paid	\$ 25,143	\$ 59,907	\$ 5,063	\$ 90,113
Geology	21,293	-	-	21,293
Drilling	-	-	-	-
Equipment used	-	-	-	-
Camp costs (including meals and travel)	2,174	-	-	2,174
Assay costs	-	-	-	-
Total exploration costs	\$ 48,610	\$ 59,907	\$ 5,063	\$ 113,580

*Restated for change in presentation currency (Note 3)

In addition to the costs listed in the tables above, during the six-month periods ended July 31, 2022 and 2021, the Company incurred \$2,407 and \$2,646 in regulatory fees associated with claim maintenance, respectively.

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7. EQUIPMENT

Changes in equipment cost, depreciation and net book value of the equipment at July 31, 2022 and January 31, 2021 are as follows:

Cost		Equipment
Balance at January 31, 2021	\$	53,715
Additions		-
Effect of foreign currency translation		(4,694)
Balance at January 31, 2022		49,021
Additions		55,572
Effect of foreign currency translation		(11,160)
Balance at July 31, 2022	\$	93,433
Accumulated depreciation		
Balance at January 31, 2021	\$	19,833
Additions		8,626
Effect of foreign currency translation		(2,075)
Balance at January 31, 2022		26,384
Additions		9,545
Effect of foreign currency translation		(3,447)
Balance at July 31, 2022	\$	32,482
Net carrying amounts		
Balance, January 31, 2022	\$	22,637
Balance, July 31, 2022	\$	60,951

8. PREPAIDS AND OTHER RECEIVABLES

Prepays and other receivables consisted of the following as at July 31, 2022 and at January 31, 2022:

	July 31, 2022	January 31, 2022
Chilean corporate tax prepayment	\$ 582	\$ 652
GST/HST receivable	20,861	11,785
Prepaid deposits for drilling program	-	21,065
Prepaid expenses for general and administrative fees	248,760	119,445
Total prepaids and other receivables	\$ 270,203	\$ 152,947

9. WITHHOLDING TAXES PAYABLE

On July 31, 2020, the Company reclassified \$146,237 in Chilean withholding taxes payable from current liabilities to long-term liabilities. As at July 31, 2022, and at January 31, 2022, the Company had \$135,699 and \$151,907 in Chilean withholding taxes payable, respectively.

10. SHARE CAPITAL

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 \$6,424,684 associated with the historical share issuances from additional paid-in capital to common stock.

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On May 16, 2022, the Company issued 3,308,666 units at a price of \$0.15 per unit (each a “Unit”) for gross proceeds of \$496,300 (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 \$0.30 per common share, if exercised on or before May 16, 2023, and at a price of \$0.60, if exercised between May 16, 2023 and on or before May 16, 2024. The Warrants were assigned \$0.005 per warrant share value based on the residual method, as the fair market value of the Shares was below the offering price.

In connection with the Unit Offering, the Company incurred \$2,674 in regulatory fees, paid cash commissions aggregating \$30,314, and issued 202,090 Warrants to registered broker-dealers valued at \$25,076. 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	2.64%
Expected dividend yield	Nil
Expected share price volatility	242%
Fair value at the date of transaction	\$0.145

Warrants

The changes in the number of warrants outstanding during the six-month period ended July 31, 2022, and for the year ended January 31, 2022, are as follows:

	Six months ended July 31, 2022		Year ended January 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	10,688,239	\$ 0.36	-	\$ n/a
Warrants issued	3,510,756	\$ 0.45	10,688,239	\$ 0.36
Warrants outstanding, ending	14,198,995	\$ 0.38	10,688,239	\$ 0.36

Details of warrants outstanding as at July 31, 2022, are as follows:

Number of warrants exercisable	Grant date	Exercise price
3,849,668	May 17, 2021	\$0.20 expiring on May 17, 2024, as extended on May 2, 2022
149,310 ⁽¹⁾	May 17, 2021	\$0.20 expiring on May 17, 2023
6,460,872	November 23, 2021	\$0.30 if exercised prior to November 23, 2022 \$0.60 if exercised after November 23, 2022 but prior to November 23, 2023
228,389 ⁽¹⁾	November 23, 2021	\$0.30 if exercised prior to November 23, 2022 \$0.60 is exercised after November 23, 2022 but prior to November 23, 2023
3,308,666	May 16, 2022	\$0.30 if exercised prior to May 16, 2023 \$0.60 if exercised after May 16, 2023 but prior to May 16, 2024
202,090 ⁽¹⁾	May 16, 2022	\$0.30 if exercised prior to May 16, 2023 \$0.60 if exercised after May 16, 2023 but prior to May 16, 2024
14,198,995		

(1) Broker warrants

At July 31, 2022, the weighted average life of the warrants was 1.56 years.

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Options

On July 13, 2021, the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may, from time to time, at their discretion and in accordance with the CSE requirements, grant stock options to directors, officers, and technical consultants for up to 10% of the issued and outstanding common Shares of the Company. Such options are exercisable for a period of up to ten years from the date of grant. Exercise price and vesting terms are determined at the time of grant by the Board of Directors.

On November 24, 2021, the Company's board of directors granted 1,750,000 incentive stock options to its directors, officers, and consultants. The stock options are exercisable at a price of \$0.25 per Share for a period of five years expiring on November 24, 2026. The options to acquire up to 1,700,000 Shares vested immediately upon grant, therefore the Company recognized \$330,425 as share-based compensation for the period ended January 31, 2022. The fair value of these stock options was estimated using the Black-Scholes Option Pricing model using the following assumptions:

	November 24, 2021
Expected life	5 years
Annualized volatility	186%
Risk-free interest rate	1.56%
Dividend yield	Nil
Fair value at the date of grant	\$0.20

The option to acquire up to 50,000 Shares issued to a consultant for investor relation services vests over a period of 12 months at a rate of 12,500 Shares per quarter beginning on February 24, 2022. During the six-month period ended July 31, 2022, the Company recognized \$1,576 (2021 - \$Nil) as share-based compensation associated with this option, which was recorded as part of the advertising and promotion expenses for the six-month period ended July 31, 2022. The fair value of this stock option was estimated using the Black-Scholes Option Pricing model using the following assumptions:

	July 31, 2022
Expected life	5 years
Annualized volatility	195% - 210%
Risk-free interest rate	1.52% - 2.66%
Dividend yield	Nil
Fair value at vesting	\$0.10 - \$0.218

At July 31, 2022, the Company had 1,750,000 Share purchase options issued and outstanding, with 1,725,000 share purchase options exercisable on that date. All options were exercisable at \$0.25 per Share, and had a weighted average life of 4.32 years.

11. RELATED PARTY TRANSACTIONS

Related parties include the directors, officers, key management personnel, close family members and entities controlled by these individuals. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company as a whole

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The following amounts were due to related parties as at:

	July 31, 2022	January 31, 2022
Due to a company owned by an officer and director ^(a)	\$ 74,754	\$ 21
Due to a company controlled by officers and directors ^(a)	138,110	39,565
Due to a company controlled by officers and directors ^(a)	124,300	5,650
Due to the Chief Executive Officer ("CEO") ^{(a), (b)}	13,188	5,476
Due to the Chief Financial Officer ("CFO") ^{(a), (b)}	1,282	1,272
Due to a major shareholder ^{(a), (b)}	3,206	3,180
Due to a company controlled by a director ^(a)	2,374	2,090
Total due to related parties	\$ 357,214	\$ 57,254

(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 (the "Purchasers") 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 \$1,924 (USD\$1,500), CFO agreed to acquire the NSR for \$1,282 (USD\$1,000), and the major shareholder agreed to acquire the NSR for \$3,206 (USD\$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 USD\$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.

On October 31, 2021, the Company and its related parties agreed to defer certain debt the Company owed to them until January 31, 2023. As at July 31, 2022 and January 31, 2022, the following amounts were included in long-term debt due to related parties

	July 31, 2022	January 31, 2022
Due to a company owned by an officer and director ^(c)	\$ -	\$ 74,763
Due to a company controlled by officers and directors ^(c)	-	84,750
Total long-term amounts due to related parties	\$ -	\$ 159,513

(c) At July 31, 2022, the above payables to related parties were included in current liabilities.

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

	July 31, 2022	January 31, 2022
Notes payable to CEO ^(d)	\$ 1,287,636	\$ 804,309
Note payable to CFO ^(d)	14,997	14,298
Notes payable to a company controlled by officers and directors ^(d)	177,613	170,730
Notes payable to a major shareholder ^(d)	590,856	566,166
Total notes payable to related parties ^(e)	\$ 2,071,102	\$ 1,555,503

(d) The notes payable to related parties accumulate interest at a rate of 8% per annum, are unsecured, and are payable on or after January 31, 2023, as renegotiated by the Company on August 31, 2021.

(e) At January 31, 2022, the complete amount due under the notes payable was presented as part of long-term liabilities. At July 31, 2022, these notes were included in current liabilities.

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During the three-month period ended July 31, 2022, the Company accrued \$41,168 (July 31, 2021 - \$29,597) in interest expense on the notes payable to related parties.

During the six-month period ended July 31, 2022, the Company accrued \$77,005 (July 31, 2021 - \$57,066) in interest expense on the notes payable to related parties.

Transactions with Related Parties

During the three- and six-month periods ended July 31, 2022 and 2021, the Company incurred the following expenses with related parties:

	Three months ended July 31,		Six months ended July 31,	
	2022	2021	2022	2021
Consulting fees to a company owned by an officer and director	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000
Consulting fees to a company controlled by officers and directors	15,000	15,000	30,000	30,000
Consulting fees to a company controlled by VP of Finance	-	8,309	7,120	8,309
Prepaid consulting fees to a company controlled by VP of Finance	-	22,324	-	22,324
Mineral exploration expenses to a company controlled by officers and directors	48,892	-	96,535	-
Legal fees to a company controlled by a director	4,425	4,804	8,220	10,800
Rent fees to a company controlled by officers and directors	-	3,000	-	6,000
Total transactions with related parties	\$ 83,317	\$ 68,437	\$ 171,875	\$ 107,433

12. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments with all current exploration activities being conducted in Chile. All of the Company's equipment and exploration and evaluation assets are located in Chile as follows:

	July 31, 2022	January 31, 2022
Equipment	\$ 60,951	\$ 22,637
Exploration and evaluation assets	734,091	821,773
	\$ 795,042	\$ 844,410