

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## RED METAL RESOURCES, LTD.

**Form: 10-Q**

**Date Filed: 2016-06-14**

Corporate Issuer CIK: 1358654

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

FORM 10-Q

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

For the quarterly period ended: **April 30, 2016**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number **000-52055**

**RED METAL RESOURCES LTD.**

(Exact name of small business issuer as specified in its charter)

**Nevada**  
(State or other jurisdiction  
of incorporation or organization)

**20-2138504**  
(I.R.S. Employer  
Identification No.)

**1158 Russell Street, Unit D, Thunder Bay, ON P7B 5N2**  
(Address of principal executive offices) (Zip Code)

**(807) 345-7384**  
(Issuer's telephone number)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

|                         |                          |                           |                                     |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of June 13, 2016, the number of shares of the registrant's common stock outstanding was 34,290,302.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

|   | April 30, 2016     | January 31, 2016   |
|---|--------------------|--------------------|
|   | (Unaudited)        |                    |
| <b>ASSETS</b>   |                    |                    |
| Current assets  |                    |                    |
| Cash  | \$ 10,337          | \$ 2,161           |
| Prepays and other receivables   | 4,093              | 4,519              |
| <b>Total current assets</b>   | <b>14,430</b>      | <b>6,680</b>       |
| Equipment   | 3,114              | 3,107              |
| Unproved mineral properties   | 500,365            | 460,539            |
| <b>Total assets</b>   | <b>\$ 517,909</b>  | <b>\$ 470,326</b>  |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  |                    |                    |
| Current liabilities   |                    |                    |
| Accounts payable  | \$ 359,555         | \$ 358,709         |
| Accrued liabilities   | 143,452            | 131,577            |
| Due to related parties  | 1,024,809          | 938,584            |
| Notes payable   | 37,600             | 17,433             |
| Notes payable to related parties  | 774,082            | 687,155            |
| <b>Total liabilities</b>  | <b>2,339,498</b>   | <b>2,133,458</b>   |
| Stockholders' deficit   |                    |                    |
| Common stock, \$0.001 par value, authorized 500,000,000,<br>34,290,302 issued and outstanding at April 30, 2016 and January 31,<br>2016 | 34,290             | 34,290             |
| Additional paid in capital  | 6,754,547          | 6,754,547          |
| Deficit   | (8,598,274)        | (8,525,921)        |
| Accumulated other comprehensive income (loss)   | (12,152)           | 73,952             |
| <b>Total stockholders' deficit</b>  | <b>(1,821,589)</b> | <b>(1,663,132)</b> |
| <b>Total liabilities and stockholders' deficit</b>  | <b>\$ 517,909</b>  | <b>\$ 470,326</b>  |

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

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

|  | Three Months Ended<br>April 30, |              |
|--|---------------------------------|--------------|
|  | 2016                            | 2015         |
| <b>Operating expenses:</b>   |                                 |              |
| Amortization   | \$ 239                          | \$ 356       |
| Consulting fees  | 15,000                          | 30,000       |
| General and administrative   | 18,194                          | 16,529       |
| Interest on current debt   | 22,502                          | 18,894       |
| Mineral exploration costs  | 4,361                           | 3,179        |
| Professional fees  | (606)                           | 2,074        |
| Rent   | 2,411                           | 2,654        |
| Regulatory   | 813                             | 2,880        |
| Salaries, wages and benefits   | 16,917                          | 14,176       |
| Foreign exchange loss (gain)   | 278                             | (700)        |
| Impairment of unproved mineral properties                            | -                               | 3,401        |
|  | (80,109)                        | (93,443)     |
| Other income   | 7,756                           | 2,959        |
| Net loss   | (72,353)                        | (90,484)     |
| Unrealized foreign exchange loss                                     | (86,104)                        | (30,615)     |
| Comprehensive loss   | \$ (158,457)                    | \$ (121,099) |
| Net loss per share - basic and diluted                               | \$ (0.00)                       | \$ (0.00)    |
| Weighted average number of shares<br>outstanding - basic and diluted | 34,290,302                      | 33,456,969   |

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

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

|   | Common Stock Issued |           |                                  | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income / (Loss) | Total          |
|---|---------------------|-----------|----------------------------------|------------------------|--|----------------|
|   | Number of<br>Shares | Amount    | Additional<br>Paid-in<br>Capital |                        |  |                |
| Balance at January 31, 2015                         | 33,456,969          | \$ 33,457 | \$ 6,730,380                     | \$ (8,013,633)         | \$ 13,730  | \$ (1,236,066) |
| Net loss for the three months ended April 30, 2015  | -                   | -         | -                                | (90,484)               | -  | (90,484)       |
| Foreign exchange translation                        | -                   | -         | -                                | -                      | (30,615)   | (30,615)       |
| Balance at April 30, 2015                           | 33,456,969          | 33,457    | 6,730,380                        | (8,104,117)            | (16,885)   | (1,357,165)    |
| Stock issued for mineral property                   | 833,333             | 833       | 24,167                           | -                      | -  | 25,000         |
| Net loss for the nine months ended January 31, 2016 | -                   | -         | -                                | (421,804)              | -  | (421,804)      |
| Foreign exchange translation                        | -                   | -         | -                                | -                      | 90,837   | 90,837         |
| Balance at January 31, 2016                         | 34,290,302          | 34,290    | 6,754,547                        | (8,525,921)            | 73,952   | (1,663,132)    |
| Net loss for the three months ended April 30, 2016  | -                   | -         | -                                | (72,353)               | -  | (72,353)       |
| Foreign exchange translation                        | -                   | -         | -                                | -                      | (86,104)   | (86,104)       |
| Balance at April 30, 2016                           | 34,290,302          | \$ 34,290 | \$ 6,754,547                     | \$ (8,598,274)         | \$ (12,152)  | \$ (1,821,589) |

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

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

|  | <b>For the Three Months Ended</b> |                  |
|--|-----------------------------------|------------------|
|  | <b>April 30,</b>                  |                  |
|  | <b>2016</b>                       | <b>2015</b>      |
| <b>Cash flows used in operating activities:</b>                                    |                                   |                  |
| Net loss   | \$ (72,353)                       | \$ (90,484)      |
| <b>Adjustments to reconcile net loss to net cash used in operating activities:</b> |                                   |                  |
| Amortization   | 239                               | 356              |
| Impairment of unproved mineral properties  | -                                 | 3,401            |
| Accrued interest on notes payable  | 14,799                            | 10,689           |
| <b>Changes in operating assets and liabilities:</b>                                |                                   |                  |
| Prepays and other receivables  | 384                               | (5,275)          |
| Accounts payable   | 119                               | (19,860)         |
| Accrued liabilities  | 6,006                             | 11,248           |
| Due to related parties   | 20,993                            | (11,551)         |
| <b>Net cash used in operating activities</b>                                       | <b>(29,813)</b>                   | <b>(101,476)</b> |
| <b>Cash flows used in investing activities:</b>                                    |                                   |                  |
| Acquisition of unproved mineral properties   | (1,878)                           | (276)            |
| <b>Net cash used in investing activities</b>                                       | <b>(1,878)</b>                    | <b>(276)</b>     |
| <b>Cash flows provided by financing activities:</b>                                |                                   |                  |
| Cash received on issuance of notes payable to related parties                      | 28,979                            | 104,991          |
| Cash received on issuance of notes payable   | 11,533                            | -                |
| <b>Net cash provided by financing activities</b>                                   | <b>40,512</b>                     | <b>104,991</b>   |
| Effects of foreign currency exchange   | (645)                             | (2,211)          |
| <b>Increase in cash</b>  | <b>8,176</b>                      | <b>1,028</b>     |
| Cash, beginning  | 2,161                             | 4,440            |
| <b>Cash, ending</b>  | <b>\$ 10,337</b>                  | <b>\$ 5,468</b>  |
| <b>Supplemental disclosures:</b>   |                                   |                  |
| <b>Cash paid for:</b>  |                                   |                  |
| Income tax   | \$ -                              | \$ -             |
| Interest   | \$ -                              | \$ -             |

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

**RED METAL RESOURCES LTD.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**APRIL 30, 2016**  
**(Unaudited)**

**NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION**

**Nature of Operations**

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

**Unaudited Interim Consolidated Financial Statements**

The unaudited interim 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 financial statements for the year ended January 31, 2016, included in the Company's Annual Report on Form 10-K, filed with the SEC. The unaudited interim 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 fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the three month period ended April 30, 2016 are not necessarily indicative of the results that may be expected for the year ending January 31, 2017.

**NOTE 2 - RELATED-PARTY TRANSACTIONS**

The following amounts were due to related parties as at:

|   | <u>April 30, 2016</u> | <u>January 31, 2016</u> |
|---|-----------------------|-------------------------|
| Due to a company owned by an officer (a)                | \$ 588,828            | \$ 553,991              |
| Due to a company controlled by directors (b)            | 340,030               | 299,761                 |
| Due to a company controlled by a major shareholder (a)  | 59,556                | 51,201                  |
| Due to a major shareholder (a)                          | 36,395                | 33,631                  |
| Total due to related parties                            | <u>\$ 1,024,809</u>   | <u>\$ 938,584</u>       |
| Note payable to the Chief Executive Officer ("CEO") (c) | \$ 293,503            | \$ 257,081              |
| Note payable to the Chief Financial Officer ("CFO") (c) | 11,931                | 11,698                  |
| Note payable to a major shareholder (c)                 | 334,750               | 301,360                 |
| Note payable to a company controlled by directors (c)   | 133,898               | 117,016                 |
| Total notes payable to related parties                  | <u>\$ 774,082</u>     | <u>\$ 687,155</u>       |

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

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

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

During the three months ended April 30, 2016, the Company accrued \$14,095 (April 30, 2015 - \$10,689) in interest expense on the notes payable to related parties. During the same time, the Company accrued \$3,494 (April 30, 2015 - \$4,095) in interest expense on trade accounts payable with related parties.



## Transactions with Related Parties

During the three months ended April 30, 2016 and 2015, the Company incurred the following expenses with related parties:

|  | April 30, 2016 | April 30, 2015 |
|--|----------------|----------------|
| Consulting fees paid or accrued to a company owned by the CFO            | \$ 15,000      | \$ 30,000      |
| Rent fees paid or accrued to a company controlled by a major shareholder | \$ 2,411       | \$ 2,654       |

## NOTE 3 - UNPROVED MINERAL PROPERTIES

| Mineral Claims          | January 31, 2016  | Additions/<br>Payments | Property Taxes<br>Paid/ Accrued | Effect of<br>foreign<br>currency<br>translation | April 30, 2016    |
|-------------------------|-------------------|------------------------|---------------------------------|---|-------------------|
| <b>Farellon Project</b> |                   |                        |                                 |   |                   |
| Farellon Alto 1-8(1)    | \$ 371,811        | \$ -                   | \$ 263                          | \$ 30,571                                       | \$ 402,645        |
| Quina                   | 48,160            | -                      | -                               | 3,958   | 52,118            |
| Exeter                  | 26,208            | -                      | -                               | 2,154   | 28,362            |
|                         | 446,179           | -                      | 263                             | 36,683  | 483,125           |
| <b>Perth Project</b>    |                   |                        |                                 |   |                   |
|                         | 14,360            | 1,237                  | 378                             | 1,265   | 17,240            |
| <b>Total Costs</b>      | <b>\$ 460,539</b> | <b>\$ 1,237</b>        | <b>\$ 641</b>                   | <b>\$ 37,948</b>                                | <b>\$ 500,365</b> |

- (1) During the three month period ended April 30, 2016, the Company received \$7,756 (2015 - \$2,959) in royalty payments from a minerals extracted during the small scale mining operations that were carried out by a third-party; these payments were recorded as other income. During the same period the Company paid \$4,312 (2015 - \$2,959) in royalty payments to the original vendor of the Farellon Alto 1-8, which were recorded as part of mineral exploration costs.

## NOTE 4 - COMMON STOCK

During the three months ended April 30, 2016, the Company did not have any transactions that resulted in issuance of its common stock. In addition, during the same period the Company did not have any transactions that resulted in grant of warrants or options to acquire its common stock.

During the three months ended April 30, 2016, 1,200,000 options with a weighted average exercise price of \$0.15 expired unexercised.

As at April 30, 2016, the Company had 34,290,302 common shares issued and outstanding, with no warrants or options issued and exercisable.

## NOTE 5 - SUBSEQUENT EVENTS

On May 16, 2016, the Company entered into a loan agreement with Richard Jeffs, a significant shareholder of the Company, for a loan in the principal amount of \$25,000 (the "Loan"). The Loan is unsecured, due on demand, with interest payable at a rate of 8% per annum. The full proceeds from the Loan were used to pay the second option payment under the Company's option agreement to acquire the Exeter claim.

## 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 interim unaudited 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, 2016. 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.

### **Overview**

Red Metal Resources Ltd. ("Red Metal", or the "Company") 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.

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, Minera Polymet SpA, has one employee 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 claims - 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 claims that are included in our 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.

## Recent Corporate Events

The following corporate developments have occurred during the first quarter ended April 30, 2016, and up to the date of the filing of this report:

### Option to acquire Exeter Claim

On May 19, 2016, we made a second \$25,000 option payment to acquire 100% interest in the Exeter Claim pursuant to our option agreement with Minera Stamford S.A. For further information about this transaction, see the discussion titled "Option to Acquire Exeter Claim" included in the "Unproved Mineral Properties" section of this Quarterly Report on Form 10-Q.

### Farellon Property Production

As of April 30, 2016, the production on Farellon Alto 1 - 8 claim was carried out within the sulphide zone with copper, silver and gold being sold to ENAMI (the Chilean national mining company). For the months of February through April 2016 a total of 1,665 tonnes have been sold to ENAMI with an average grade of 2.08% copper, 8.04 g/t silver, and 0.36 g/t gold.

## Results of Operations

### SUMMARY OF FINANCIAL CONDITION

Table 1 summarizes and compares our financial condition at April 30, 2016, to the year ended January 31, 2016.

Table 1: Comparison of financial condition

|   | April 30, 2016 | January 31, 2016 |
|---|----------------|------------------|
| Working capital deficit                       | \$ (2,325,068) | \$ (2,126,778)   |
| Current assets                                | \$ 14,430      | \$ 6,680         |
| Unproved mineral properties                   | \$ 500,365     | \$ 460,539       |
| Total liabilities                             | \$ 2,339,498   | \$ 2,133,458     |
| Common stock and additional paid in capital   | \$ 6,788,837   | \$ 6,788,837     |
| Accumulated other comprehensive income (loss) | \$ (12,152)    | \$ 73,952        |
| Deficit                                       | \$ (8,598,274) | \$ (8,525,921)   |

### COMPARISON OF PRIOR QUARTERLY RESULTS

Table 2: Summary of quarterly results (April 30, 2016 - July 31, 2015)

|                                  | April 30,<br>2016 | January 31,<br>2016 | October 31,<br>2015 | July 31,<br>2015 |
|----------------------------------|-------------------|---------------------|---------------------|------------------|
| Net loss                         | \$(72,353)        | \$(246,122)         | \$(85,276)          | \$(90,406)       |
| Basic and diluted loss per share | \$(0.00)          | \$(0.01)            | \$(0.00)            | \$(0.00)         |

Table 3: Summary of quarterly results (April 30, 2015 - July 31, 2014)

|                                  | April 30,<br>2015 | January 31,<br>2015 | October 31,<br>2014 | July 31,<br>2014 |
|----------------------------------|-------------------|---------------------|---------------------|------------------|
| Net loss                         | \$(90,484)        | \$(121,620)         | \$(91,825)          | \$(103,803)      |
| Basic and diluted loss per share | \$(0.00)          | \$(0.00)            | \$(0.00)            | \$(0.00)         |

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

- During the quarter ended January 31, 2016, we recorded \$158,141 when we fully impaired our Mateo Property and Cecil Claim.
- During the quarter ended October 31, 2015, we completed restructuring of our Chilean subsidiary, Minera Polymet, from a Limited Liability Company to a Closed Stock Corporation. During the same period, we continued renting our Farellon Alto 1 - 8 claim to a third-party, who was carrying out a small scale mining operation on the claim, which resulted in royalty payments we received of \$4,140.
- During the quarter ended July 31, 2015, we increased royalties payable to us on the minerals extracted during the small scale mining operations that were carried out by the third-party on our Farellon Property, which resulted in \$10,007 in royalty payments we received during the period.

Selected Financial Results

THREE MONTHS ENDED APRIL 30, 2016 AND 2015

Our operating results for the three month periods ended April 30, 2016 and 2015, and the changes in the operating results between those periods are summarized in Table 4.

Table 4: Summary of operating results

|                                  | Three months<br>ended April 30, |              | Changes between<br>the periods |
|----------------------------------|---------------------------------|--------------|--------------------------------|
|                                  | 2016                            | 2015         |                                |
| Operating expenses               | \$ (80,109)                     | \$ (93,443)  | \$ (13,334)                    |
| Other income                     | 7,756                           | 2,959        | 4,797                          |
| Net loss                         | (72,353)                        | (90,484)     | (18,131)                       |
| Unrealized foreign exchange loss | (86,104)                        | (30,615)     | 55,489                         |
| Comprehensive loss               | \$ (158,457)                    | \$ (121,099) | \$ 37,358                      |

*Revenue.* We did not generate any revenue during the three month periods ended April 30, 2016 and 2015. 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 \$13,334, or 14%, from \$93,443 for the three month period ended April 30, 2015 to \$80,109 for the three month period ended April 30, 2016. Since we kept our operating activities at low level the change in the operating expenses during the period ended April 30, 2016 was associated mainly with decrease in consulting and legal fees. These costs were offset by increases in interest we accrued on notes payable we issued to related and non-related parties, as well as increases in administrative fees incurred by our Subsidiary.

Our operating expenses for the three months ended April 30, 2016 and 2015 consisted of the following:

Table 5: Detailed changes in operating expenses

|   | Three months<br>ended April 30, |           | Changes between the<br>periods |
|---|---------------------------------|-----------|--------------------------------|
|   | 2016                            | 2015      |                                |
| Operating expenses                        |                                 |           |                                |
| Amortization                              | \$ 239                          | \$ 356    | \$ (117)                       |
| Consulting fees                           | 15,000                          | 30,000    | (15,000)                       |
| General and administrative                | 18,194                          | 16,529    | 1,665                          |
| Interest on current debt                  | 22,502                          | 18,894    | 3,608                          |
| Mineral exploration costs                 | 4,361                           | 3,179     | 1,182                          |
| Professional fees                         | (606)                           | 2,074     | (2,680)                        |
| Rent                                      | 2,411                           | 2,654     | (243)                          |
| Regulatory                                | 813                             | 2,880     | (2,067)                        |
| Salaries, wages and benefits              | 16,917                          | 14,176    | 2,741                          |
| Foreign exchange loss (gain)              | 278                             | (700)     | 978                            |
| Impairment of unproved mineral properties | -                               | 3,401     | (3,401)                        |
| Total operating expenses                  | \$ 80,109                       | \$ 93,443 | \$ (13,334)                    |

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

- During the three months ended April 30, 2016 our consulting fees decreased by 50% or \$15,000, from \$30,000 we incurred during the three months ended April 30, 2015 to \$15,000 we incurred during the three months ended April 30, 2016. In addition, our professional and regulatory fees decreased by \$2,680 or 129%, and \$2,067 or 72%, respectively. These reductions were associated with our decreased business activity during the period covered by this report on Form 10-Q, and with our continued efforts to control our overhead costs.
- To continue our operations we were required to incur additional debt with our debt holders, which resulted in \$3,608 increase to the interest we accrued on our notes payable.
- During the three months ended April 30, 2015 we wrote down a claim within our Mateo Property, which resulted in the write off of the cash acquisition fees totaling \$3,401. We did not have similar expenses during the three months ended April 30, 2016.
- Our salaries and wages increased by \$2,741; this increased was mainly associated with the foreign exchange fluctuation, as the salaries are incurred by our Chilean Subsidiary, whose functional currency is Chilean Peso.

*Other income.* During the three month period ended April 30, 2016, we continued renting our Farellon Alto 1-8 claim to Mr. Mitchell, who was carrying out a small scale mining operation on the claim. Pursuant to our rental agreement, Mr. Mitchell was obligated to pay us 5% royalty on the amounts generated from the net smelter returns. In June 2015 we reached a verbal agreement with Mr. Mitchell to increase the royalty payable to us from net smelter returns from the Farellon Alto 1-8 claim from 5% to 10%. As such, the royalty payments we received increased by \$4,797, or 162% from \$2,959 we received during the three month period ended April 30, 2015 to \$7,756 we received during the three month period ended April 30, 2016. For additional information, refer to the "Unproved Mineral Properties" section of this Quarterly Report on Form 10-Q.

*Comprehensive loss.* Our comprehensive loss for the three month period ended April 30, 2016 was \$158,457 as compared to the comprehensive loss of \$121,099 we recorded for the three month period ended April 30, 2015. The \$37,358 increase in comprehensive loss was mainly associated with the foreign exchange translation associated with revaluation of the transactions denominated in other than our functional currencies.

Table 6: Working capital

|                         | Three months ended |                | Changes between the periods |
|-------------------------|--------------------|----------------|-----------------------------|
|                         | April 30,          |                |                             |
|                         | 2016               | 2015           |                             |
| Current assets          | \$ 14,430          | \$ 6,680       | \$ 7,750                    |
| Current liabilities     | 2,339,498          | 2,133,458      | 206,040                     |
| Working capital deficit | \$ (2,325,068)     | \$ (2,126,778) | \$ 198,290                  |

As of April 30, 2016, we had a cash balance of \$10,337, our working capital was represented by a deficit of \$2,325,068 and cash flows used in operations totaled \$29,813 for the period then ended. During the three month period ended April 30, 2016, we funded our operations with \$28,979 in loans we received from our related parties and \$11,533 in loans with Mr. Mitchell. See "Net Cash Provided By Financing Activities."

We did not generate sufficient cash flows from our operating activities to satisfy our cash requirements for the three month period ended April 30, 2016. 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.

Cash Flow

Table 7 summarizes our sources and uses of cash for the three months ended April 30, 2016 and 2015.

Table 7: Summary of sources and uses of cash

|   | April 30,   |              |
|---|-------------|--------------|
|   | 2016        | 2015         |
| Net cash used in operating activities     | \$ (29,813) | \$ (101,476) |
| Net cash used in investing activities     | (1,878)     | (276)        |
| Net cash provided by financing activities | 40,512      | 104,991      |
| Effects of foreign currency exchange      | (645)       | (2,211)      |
| Net increase in cash                      | \$ 8,176    | \$ 1,028     |

*Net cash used in operating activities.* During the three months ended April 30, 2016, we used net cash of \$29,813 in operating activities. We used \$57,315 to cover our cash operating costs. These uses of cash were offset by decrease in our prepaid expenses and other receivables of \$384, increases in accounts payable and amounts due to related parties of \$119 and \$20,993 and accrued liabilities of \$6,006.

During the three months ended April 30, 2015, we used net cash of \$101,476 in operating activities. We used \$76,038 to cover our cash operating costs, increase our prepaid expenses by \$5,275, and reduce our accounts payable and amounts due to related parties by \$19,860 and \$11,551, respectively. These uses of cash were offset in part by increase in our accrued liabilities of \$11,248.

*Certain non-cash changes included in the net loss for the period.* During the three months ended April 30, 2016, we recorded \$14,799 in interest accrued on outstanding notes payable.

During the three months ended April 30, 2015, we impaired our mineral property acquisition costs by \$3,401. In addition, we recorded \$10,689 in interest accrued on outstanding notes payable.

*Net cash used in investing activities.* During the three months ended April 30, 2016, we spent \$1,878 paying 2016 - 2017 mineral property taxes and other regulatory fees on several exploration claims within our Perth and Farellon Properties.

During the three months ended April 30, 2015, we spent \$276 paying 2015 - 2016 mineral property taxes on a mineral claim within our Farellon Property.

*Net cash provided by financing activities.* During the three months ended April 30, 2016, we borrowed \$24,000 from our significant shareholder, and \$3,050 and \$1,929 (CAD\$2,502) from our CEO. In addition, we borrowed \$11,533 (7,808,563 Chilean Pesos) from Mr. Kevin Mitchell. The loans are unsecured, payable on demand and bear interest at 8% per annum, compounded monthly.

During the three months ended April 30, 2015, we borrowed \$90,000 and \$12,392 (CAD\$15,000) from a significant shareholder and \$2,599 (CAD\$3,150) from our CEO.

### **Going Concern**

The 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 April 30, 2016, we had a working capital deficit of \$2,325,068 and accumulated losses of \$8,598,274 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 interim 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 8: Active properties

| Property                   | Percentage, type of claim                | Hectares     |                       |
|----------------------------|--|--------------|-----------------------|
|                            |  | Gross area   | Net area <sup>a</sup> |
| <b>Farellon</b>            |  |              |                       |
| Farellon Alto 1 - 8 claim  | 100%, mensura                            | 66           |                       |
| Quina 1 - 56 claim         | Option to acquire 100% interest, mensura | 251          |                       |
| Exeter 1 - 54 claim        | Option to acquire 100% interest, mensura | 235          |                       |
| Cecil 1 - 49 claim         | 100%, mensura                            | 228          |                       |
| Teresita claim             | 100%, mensura                            | 1            |                       |
| Azucar 6 - 25 claim        | 100%, mensura                            | 88           |                       |
| Stamford 61 - 101 claim    | 100%, mensura                            | 165          |                       |
| Kahuna 1 - 40 claim        | 100%, mensura                            | 200          |                       |
|                            |  | <u>1,239</u> | <u>1,239</u>          |
| <b>Perth</b>               |  |              |                       |
| Perth 1 al 36 claim        | 100%, mensura                            | 109          |                       |
| Lancelot I 1 al 30 claim   | 100%, mensura                            | 300          |                       |
| Lancelot II 1 al 20 claim  | 100%, mensura                            | 200          |                       |
| Rey Arturo 1 al 30 claim   | 100%, mensura                            | 300          |                       |
| Merlin I 1 al 10 claim     | 100%, mensura                            | 60           |                       |
| Merlin I 1 al 24 claim     | 100%, mensura                            | 240          |                       |
| Galahad I 1 al 10 claim    | 100%, mensura                            | 50           |                       |
| Galahad IA 1 al 45 claim   | 100%, mensura                            | 230          |                       |
| Percival III 1 al 30 claim | 100%, mensura                            | 300          |                       |
| Tristan II 1 al 30 claim   | 100%, mensura                            | 300          |                       |
| Tristan IIA 1 al 5 claim   | 100%, mensura                            | 15           |                       |
| Camelot 1 al 58 claim      | 100%, mensura                            | 262          |                       |

|                                  |                          |       |       |
|----------------------------------|--------------------------|-------|-------|
|                                  |                          | 2,366 |       |
| Overlapped claims <sup>a</sup>   |                          | (121) | 2,245 |
| <b>Mateo</b>                     |                          |       |       |
| Margarita claim                  | 100%, mensura            |       | 56    |
| Che 1 & 2 claims                 | 100%, mensura            |       | 76    |
| Irene & Irene II claims          | 100%, mensura            |       | 60    |
| Mateo 4 and 5 claims             | 100%, mensura            |       | 600   |
| Mateo 1, 2, 3, 10, 12, 13 claims | 100%, mensura in process |       | 861   |
|                                  |                          |       | 1,653 |
| Overlapped claims <sup>a</sup>   |                          | (469) | 1,184 |
|                                  |                          |       | 4,663 |

<sup>a</sup> Certain mensura in process claims overlap other claims. The net area is the total of the hectares we have in each property (i.e. net of our overlapped claims).

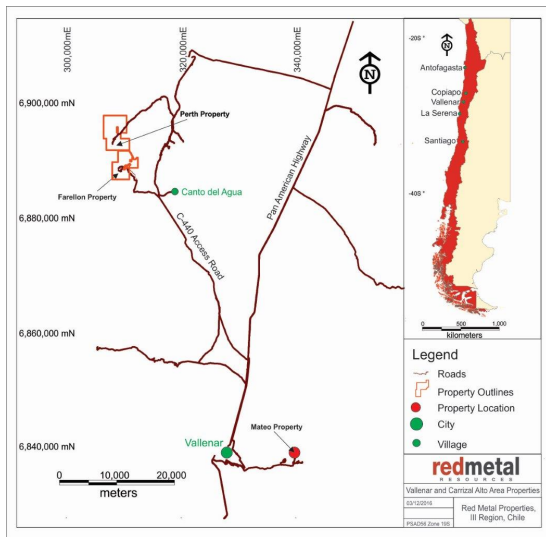


Figure 1: Location and access to active properties.

### Farellon Property.

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



On December 9, 2013, in anticipation of exploration and mining activities carried out by Mr. Mitchell and Minera Farellon, we amended our option agreement with the vendor of Farellon Alto 1 - 8 Claim (the "Amended Agreement") to allow us to carry out the exploration and mining activities without triggering the requirement to start paying a 1.5% royalty from the net proceeds to a maximum of \$600,000 with a monthly minimum of \$1,000 contemplated under the option agreement to acquire the Farellon Alto 1 - 8 Claim. The Amended Agreement allows us to work on the Farellon Alto 1 - 8 Claim, while paying the Vendor 5% royalty on net smelter returns maintaining a monthly minimum of \$1,000 (the "Amended Royalty"); however, we can stop the exploration of the Farellon Alto 1 - 8 Claim at any time, which will cease our requirement to continue paying the Amended Royalty.

The work done on the Farellon Alto 1-8 claim by Mr. Mitchell resulted in \$7,756 in royalty payments from gross smelter returns during the three month period ended April 30, 2016. At the same time we paid the original vendor of the Farellon Alto 1-8 claim \$4,312 in royalty payments required under the amended option agreement to acquire the claim.

*Option to Acquire Quina Claim*

On December 15, 2014, we entered into an option agreement with David Marcus Mitchell to earn 100% interest in the Quina 1-56 clam (the "Quina Claim"). In order to acquire the 100% interest in the Quina Claim, we are required to pay a total of \$150,000, which we can pay in a combination of shares of our common stock and cash over four years, as detailed in the following schedule:

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

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

*Option to Acquire Exeter Claim*

On June 3, 2015, we entered into an option agreement, made effective on June 15, 2015, with Minera Stamford S.A., to earn 100% interest in a mining claim Exeter 1-54 (the "Exeter Claim"). In order to acquire 100% interest in the Exeter Claim, we are required to pay a total of \$150,000 as detailed in the following schedule:

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

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

## **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 through 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 April 30, 2016.

As of the date of the filing this Quarterly Report 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 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 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.

## **Equity Financing**

During the period covered by this Quarterly Report on Form 10-Q we did not engage in financing of our operations through issuance of our equity securities and relied solely on the debt financing.

Based on our operating plan, we anticipate incurring operating losses in the foreseeable future and will require additional equity capital to support our operations and develop our business plan. If we succeed in completing future equity financings, the issuance of additional shares will result in dilution to our existing shareholders.

## **Debt Financing**

During the period covered by this Quarterly Report on Form 10-Q we borrowed a total of \$53,979 from related parties and \$11,533 from an unrelated party. The loans are unsecured, due on demand, with interest payable at a rate of 8% per annum.

## **Challenges and Risks**

Over the next twelve months we anticipate generating cash through royalty payments pursuant to our rental agreement with Mr. Mitchell. This cash will not be adequate to support our current operations. We plan to continue funding 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, such as the continued general worldwide 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 April 30, 2016, we owed approximately \$1.8 million to related parties for loans and services that have been provided to us. We do not have the funds to pay this debt therefore we may decide to partially pay this debt with shares of our common stock. Because of the low price of our common stock, the issuance of the shares to pay the debt will likely result in substantial dilution to the percentage of outstanding shares of our common stock held by our existing shareholders.

### ***Investments in and Expenditures on Mineral Interests***

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

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

### ***Foreign Exchange***

We are subject to foreign exchange risk 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***

The economic crisis in the United States and the resulting economic uncertainty and market instability may make it harder for us to raise capital as and when we need it and have made it difficult for us to assess the impact of the crisis on our operations or liquidity and to determine if the prices we will receive on the sale of minerals will exceed the cost of mineral exploitation. If we are unable to raise cash, we may be required to cease our operations. Other than as discussed in this report, we know of no other trends, events or uncertainties that have or are reasonably likely to have a material impact on our short-term or long-term liquidity.

### ***Off-Balance Sheet Arrangements***

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

### ***Related-Party Transactions***

During the three month period ended April 30, 2016, 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:

#### Loans from Richard N. Jeffs

During the three month period ended April 30, 2016, we borrowed from Richard N. Jeffs, our major shareholder, \$24,000. The loan is subject to 8% interest compounded monthly, is unsecured and due on demand. As of April 30, 2016, we were indebted to Mr. Jeffs in the amount of \$334,750 (January 31, 2016 - \$301,360), consisting of the full principal of all advances made by Mr. Jeffs to that date plus accrued interest of \$39,344 (January 31, 2016 - \$33,053) and \$36,395 (January 31, 2016 - \$33,631) for services. Subsequent to April 30, 2016, Mr. Jeffs advanced to us an additional \$25,000, bringing the total principal amount payable to Mr. Jeffs under the loan agreements with him to \$320,406.

#### Loans from Caitlin L. Jeffs

During the three month period ended April 30, 2016, we borrowed from Caitlin L. Jeffs, our Chief Executive Officer, Secretary and a member of our Board of Directors \$3,050 and \$1,929 (CAD\$2,502). The loans are subject to 8% interest compounded monthly, are unsecured and due on demand. As of April 30, 2016, we were indebted to Ms. Jeffs in the amount of \$293,503 (January 31, 2016 - \$257,081), consisting of the full principal of all advances made by Ms. Jeffs to that date plus accrued interest of \$62,415 (January 31, 2016 - \$51,572).

#### Loans from John da Costa

At April 30, 2016, we were indebted to Joao (John) da Costa, our Chief Financial Officer, Treasurer and a member of our Board of Directors, in the amount of \$11,931 (January 31, 2016 - \$11,698), consisting of the full principal of the loan we received from Mr. da Costa in Fiscal 2012, plus accrued interest of \$3,431 (January 31, 2016 - \$3,198). We did not borrow any funds from Mr. da Costa during the three month period ended April 30, 2016.

#### Transactions with Da Costa Management Corp.

We pay Da Costa Management Corp. for administrative and accounting services. Joao (John) da Costa, our Chief Financial Officer, Treasurer and a member of our Board of Directors is the principal of Da Costa Management Corp. During the three month period ended April 30, 2016, we paid or accrued \$15,000 to Da Costa Management for services provided by them (April 30, 2015 - \$30,000). As of April 30, 2016, we were indebted to Da Costa Management Corp. in the amount of \$588,828 for unpaid fees and advances (January 31, 2016 - \$553,991).

#### Transactions with Fladgate Exploration Consulting Corporation

We pay Fladgate Exploration Consulting Corporation ("Fladgate") for mineral exploration and corporate communication services. Caitlin Jeffs, our Chief Executive Officer, Secretary and a member of our Board of Directors, and Michael Thompson, our Vice President of Exploration and a member of our Board of Directors are the principals of Fladgate, each owning 33% of the interest in the company. During the three month period ended April 30, 2016, we did not have any transaction with Fladgate, except for \$3,494 (April 30, 2015 - \$4,095) in interest we accrued on unpaid invoices. As of April 30, 2016, we were indebted to Fladgate in the amount of \$340,030 for unpaid fees (January 31, 2016 - \$299,761) and \$133,898 (January 31, 2016 - \$117,016) consisting of the full principal of all loans we received from Fladgate to that date, plus accrued interest of \$31,027 (January 31, 2016 - \$25,303).

#### Transactions with Minera Farellon Limitada

We pay Minera Farellon Limitada for rental of our Chilean office used by our Subsidiary, Minera Polymet SpA. During the three months ended April 30, 2016, we paid or accrued \$2,411 in rental fees (April 30, 2015 - \$2,654). As of April 30, 2016, we were indebted to Minera Farellon in the amount of \$59,556 for unpaid fees and advances received to that date (January 31, 2016 - \$51,201).

#### ***Critical Accounting Estimates***

Preparing 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 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, determination of fair values of stock-based transactions, and deferred income tax rates.

**Reclassifications**

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

**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.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

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

**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 evaluation, they have concluded that, as of the evaluation date, our disclosure controls and procedures are 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.

**(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 at Item 1A in the Annual Report on Form 10-K that we filed with the Securities and Exchange Commission on May 2, 2016.

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

None.

### Item 3. Defaults upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

None

### Item 6. Exhibits.

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

| Exhibit | Description |
|---------|-------------|
|---------|-------------|

|       |   |
|-------|---|
| 3.1.1 | Articles of Incorporation <sup>(1)</sup>  |
| 3.1.2 | Certificate of Amendment to Articles of Incorporation <sup>(2)</sup>  |
| 3.2   | By-laws <sup>(1)</sup>  |
| 10.1  | Memorandum (Minutes) of Understanding between Geoactiva Spa and Minera Polymet Limitada <sup>3</sup>  |
| 10.2  | Extension of Memorandum of Understanding between Geoactiva Spa and Minera Polymet Limitada <sup>4</sup>   |
| 10.3  | Unilateral Purchase Option Contract for Mining Properties: Minera Polymet Limitada to Geoactiva SpA, dated April 30, 2013 (English translation of text) <sup>5</sup>  |
| 10.4  | Memorandum of Understanding between Minera Polymet Limitada and David Marcus Mitchel <sup>6</sup>   |
| 10.5  | Irrevocable Purchase Option Contract for Mining Property Quina 1-56, English translation <sup>7</sup>   |
| 10.6  | Irrevocable Purchase Option Contract for Mining Property Exeter 1-54 in Spanish <sup>9</sup>  |
| 10.7  | Irrevocable Purchase Option Contract for Mining Property Exeter 1-54, English translation <sup>9</sup>  |
| 10.8  | Amendment to the Contract of Purchase and Sale of Mine Holdings dated for reference May 9, 2008, between Minera Polymet Limitada and Compañía Minera Romelio Alday Limitada, dated December 9, 2013; English translation. <sup>10</sup> |
| 10.9  | Amendment to the Contract of Purchase and Sale of Mine Holdings dated for reference May 9, 2008, between Minera Polymet Limitada and Compañía Minera Romelio Alday Limitada dated December 9, 2013 in Spanish. <sup>10</sup>            |
| 31.1  | Certification pursuant to Rule 13a-14(a) and 15d-14(a)  |
| 31.2  | Certification pursuant to Rule 13a-14(a) and 15d-14(a)  |
| 32    | Certification pursuant to Section 1350 of Title 18 of the United States Code  |

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**ExhibitDescription**

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|     |   |
|-----|---|
| 101 | The following financial statements from the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2016, formatted in XBRL:<br>(i) Consolidated Balance Sheets;<br>(ii) Consolidated Statements of Operations;<br>(iii) Consolidated Statement of Stockholders' Deficit;<br>(iv) Consolidated Statements of Cash Flows; and<br>(v) Notes to the Interim Consolidated Financial Statements. |
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- (1) Incorporated by reference from the registrant's registration statement on Form SB-2 filed with the Securities and Exchange Commission on May 22, 2006 as file number 333-134363.
- (2) Incorporated by reference from the registrant's Quarterly report on Form 10-Q for the period ended October 31, 2010 and filed with the Securities and Exchange Commission on December 13, 2010.
- (3) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 14, 2013.
- (4) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2013.
- (5) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2013.
- (6) Incorporated by reference from the registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 4, 2014.
- (7) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 19, 2014.
- (8) Incorporated by reference from the registrant's report on Form 10 filed with the Securities and Exchange Commission on February 12, 2010.
- (9) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 18, 2015.
- (10) Incorporated by reference from the registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 2, 2016.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

June 14, 2016

### RED METAL RESOURCES LTD.

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

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



**Certification by Chief Executive Officer/President pursuant to  
Rule 13a-14(a) of the Securities Exchange Act of 1934**

I, Caitlin Jeffs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red Metal Resources Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 14, 2016

/s/ Caitlin Jeffs

Caitlin Jeffs, Chief Executive Officer and President  
(Principal Executive Officer)

**Certification by Chief Financial Officer pursuant to  
Rule 13a-14(a) of the Securities Exchange Act of 1934**

I, Joao (John) da Costa, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red Metal Resources Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

June 14, 2016

/s/ Joao (John) da Costa

Joao (John) da Costa, Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. 1350**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsection (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) each of the undersigned officers of Red Metal Resources Ltd. (the "Company") does hereby certify, to such officer's knowledge, that:

(a) The Quarterly Report on Form 10-Q for the period ended April 30, 2016, (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 14, 2016

/s/ Caitlin Jeffs

Caitlin Jeffs, Chief Executive Officer and President  
(Principal Executive Officer)

/s/ Joao (John) da Costa

Joao (John) da Costa, Chief Financial Officer  
(Principal Financial and Accounting Officer)