

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## RED METAL RESOURCES, LTD.

Form: 10-Q

Date Filed: 2020-06-12

Corporate Issuer CIK: 1358654

**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, 2020**

☐ **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.)

**278 Bay Street, Suite 102, Thunder Bay, ON P7B 1R8**

(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, smaller reporting company, or an emerging growth company.

Large accelerated filer ☐

Non-accelerated filer ☐

Accelerated filer ☐

Smaller Reporting Company ☒

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 12, 2020, the number of shares of the registrant's common stock outstanding was 41,218,008.

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## Item 1. Financial Statements.

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

	April 30, 2020	January 31, 2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 145,197	\$ 9,865
Prepays and other receivables	5,690	5,764
Total current assets	150,887	15,629
Equipment	705	798
Unproved mineral properties	622,935	653,117
Total assets	\$ 774,527	\$ 669,544
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable	\$ 142,558	\$ 239,098
Accrued liabilities	81,115	168,927
Due to related parties	6,931	7,282
Notes payable	23,784	24,451
Total current liabilities	254,388	439,758
Long-term notes payable to related parties	882,900	715,842
Withholding taxes payable	94,292	-
Total liabilities	1,231,580	1,155,600
Stockholders' deficit		
Common stock, \$0.001 par value, authorized 500,000,000, 41,218,008 issued and outstanding at April 30, 2020 and January 31, 2020	41,217	41,217
Additional paid-in capital	9,132,068	9,132,068
Deficit	(9,566,820)	(9,584,892)
Accumulated other comprehensive loss	(63,518)	(74,449)
Total stockholders' deficit	(457,053)	(486,056)
Total liabilities and stockholders' deficit	\$ 774,527	\$ 669,544

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)**

	For the three months ended	
	April 30,	
	2020	2019
Operating expenses:		
Amortization	\$ 57	\$ 96
General and administrative	13,091	11,274
Mineral exploration costs	944	1,797
Professional fees	10,052	11,598
Regulatory	7,007	2,622
Salaries, wages and benefits	7,698	15,856
	(38,849)	(43,243)
Other items		
Foreign exchange gain	224	66
Forgiveness of debt	74,336	-
Interest on notes payable	(17,639)	(12,729)
Net income (loss)	18,072	(55,906)
Foreign currency translation	10,931	2,677
Comprehensive income (loss)	\$ 29,003	\$ (53,229)
Net income (loss) per share - basic and diluted	\$ 0.00	\$ (0.00)
Weighted average number of shares outstanding - basic and diluted	41,218,008	37,504,588

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

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

	<u>Common Stock</u>					
	Number of	Amount	Additional	Accumulated	Accumulated	Total
	Shares		Paid-in	Deficit	Other	
			Capital		Comprehensive	
					Income / (Loss)	
Balance at January 31, 2019	37,504,588	\$ 37,504	\$ 8,968,677	\$ (9,263,300)	\$ 6,780	\$ (250,339)
Net loss for the three months ended April 30, 2019	-	-	-	(55,906)	-	(55,906)
Foreign exchange translation	-	-	-	-	2,677	2,677
Balance at April 30, 2019	37,504,588	37,504	8,968,677	(9,319,206)	9,457	(303,568)
Stock issued for debt	3,713,420	3,713	163,391	-	-	167,104
Net loss for the nine months ended January 31, 2020	-	-	-	(265,686)	-	(265,686)
Foreign exchange translation	-	-	-	-	(83,906)	(83,906)
Balance at January 31, 2020	41,218,008	41,217	9,132,068	(9,584,892)	(74,449)	(486,056)
Net income for the three months ended April 30, 2020	-	-	-	18,072	-	18,072
Foreign exchange translation	-	-	-	-	10,931	10,931
Balance at April 30, 2020	41,218,008	\$ 41,217	\$ 9,132,068	\$ (9,566,820)	\$ (63,518)	\$ (457,053)

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)**

	For the three months ended April 30,	
	2020	2019
Cash flows used in operating activities:		
Net income (loss)	\$ 18,072	\$ (55,906)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Accrued interest on related party notes payable	17,172	12,196
Accrued interest on notes payable	467	533
Amortization	57	96
Forgiveness of debt	(74,336)	-
Changes in operating assets and liabilities:		
Prepays and other receivables	(200)	(2,195)
Accounts payable	(16,234)	12,320
Accrued liabilities	11,032	6,134
Due to related parties	3	-
Net cash used in operating activities	(43,967)	(26,822)
Cash flows provided by financing activities:		
Cash received on issuance of notes payable to related parties	188,922	35,190
Net cash provided by financing activities	188,922	35,190
Effects of foreign currency exchange	(9,623)	(1,038)
Increase in cash	135,332	7,330
Cash, beginning	9,865	8,686
Cash, ending	\$ 145,197	\$ 16,016
Supplemental disclosures:		
Cash paid for:		
Income tax	\$ -	\$ -
Interest	\$ -	\$ -

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

**RED METAL RESOURCES LTD.**  
**NOTES TO THE CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**APRIL 30, 2020**  
**(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") organized under the laws of the Republic of Chile. The Company is involved in acquiring and exploring mineral properties in Chile. The Company has not determined whether its properties contain mineral reserves that are economically recoverable.

**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, 2020, 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 a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the three months ended April 30, 2020, are not necessarily indicative of the results that may be expected for the year ending January 31, 2021.

**NOTE 2 - RELATED-PARTY TRANSACTIONS**

The following amounts were due to related parties as at:

	<b>April 30, 2020</b>	<b>January 31, 2020</b>
Due to a company owned by an officer (a)	\$ 108	\$ 110
Due to a company controlled by directors (a)	6,823	7,172
Total due to related parties	\$ 6,931	\$ 7,282

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

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

	<b>April 30, 2020</b>	<b>January 31, 2020</b>
Note payable to the Chief Executive Officer ("CEO") (b)	\$ 487,702	\$ 502,575
Note payable to the Chief Financial Officer ("CFO") (b)	9,773	9,583
Note payable to a company controlled by directors (b)	106,703	109,984
Note payable to a major shareholder (c)	278,722	93,700
Total notes payable to related parties	\$ 882,900	\$ 715,842

(b) Amounts are unsecured, bear interest at 8%, and are due on or after July 31, 2021.

(c) Amounts are unsecured and bear interest at 8%. The notes payable for a total of \$90,000 in principal are due on or after July 31, 2021, the note payable for CAD\$250,000 (USD\$179,727) is payable on or after August 31, 2021.

During the three-month period ended April 30, 2020, the Company accrued \$17,172 (April 30, 2019 - \$12,196) in interest expense on the notes payable to related parties. Other than interest accrued on the notes payable and minor reimbursable expenses, the Company did not incur any expenses with its related parties.



**NOTE 3 - UNPROVED MINERAL PROPERTIES**

Following is the schedule of the Company's unproved mineral properties as at April 30, 2020 and January 31, 2020:

**Mineral Claims at April 30, 2020**

Mineral Claims	January 31, 2020	Additions/ Payments	Effect of foreign currency translation	April 30, 2020
Farellon Project				
Farellon Alto 1-8	\$ 343,648	\$ -	\$ (15,880)	\$ 327,768
Quina	132,455	-	(6,121)	126,334
Exeter	134,530	-	(6,217)	128,313
	610,663	-	(28,218)	582,415
Perth Project	42,484	-	(1,964)	40,520
Total Costs	\$ 653,117	\$ -	\$ (30,182)	\$ 622,935

**Mineral Claims at January 31, 2020**

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

**NOTE 4- COMMON STOCK****Warrants**

During the three-month period ended April 30, 2020, 2,500,000 warrants issued as part of April 20, 2018, private placement expired unexercised. The Company has no warrants outstanding as at April 30, 2020.

**NOTE 5- FORGIVENESS OF DEBT**

During the three-month period ended April 30, 2020, the Company recorded \$74,336 as forgiveness of debt associated with reversal of an old debt which exceeded the statute of limitations as promulgated under Chilean Laws (April 30, 2019 - \$Nil).

**NOTE 6 - WITHHOLDING TAXES PAYABLE**

During the three-month period ended April 30, 2020, the Company moved \$94,292 in Chilean withholding taxes payable to long-term debt.

**NOTE 7 - SUBSEQUENT EVENTS**

Subsequent to April 30, 2020, the Company entered into a loan agreement with Mr. Jeffs, the Company's major shareholder, for \$36,327 (CAD\$50,000). The loan is unsecured, due on or after August 31, 2021, with interest payable at a rate of 8% per annum (Note 2).

### ***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, 2020. 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 the business of mineral exploration in Chile with the objective to explore and, if warranted, develop mineral properties. All of our mineral concessions are located in the III Region of Atacama, Chile. To date we have not determined whether the concessions that comprise our mineral properties contain mineral reserves that are economically recoverable and have not produced revenues from our principal business.

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 ("Polymet"), has two employees in Chile and engages independent consultants on as needed basis. Most of our support - such as vehicles, office, and equipment - is supplied under short-term contracts. The only long-term commitments that we have are for royalty payments on four of our mineral concessions - Farellon Alto 1-8, Quina 1 - 56, Exeter 1 - 54, and Che. These royalties are payable once exploitation begins. We are also required to pay property taxes that are due annually on all the concessions that are included in 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.

## Results of Operations

### SUMMARY OF FINANCIAL CONDITION

Table 1 summarizes and compares our financial condition at April 30, 2020, to the year ended January 31, 2020.

Table 1: Comparison of financial condition

	April 30, 2020	January 31, 2020
Working capital deficit	\$ (103,501)	\$ (424,129)
Current assets	\$ 150,887	\$ 15,629
Unproved mineral properties	\$ 622,935	\$ 653,117
Total current liabilities	\$ 254,388	\$ 439,758
Total long-term liabilities	\$ 977,192	\$ 715,842
Common stock and additional paid in capital	\$ 9,173,285	\$ 9,173,285
Accumulated other comprehensive loss	\$ (63,518)	\$ (74,449)
Deficit	\$ (9,566,820)	\$ (9,584,892)

### Selected Financial Results

#### THREE MONTHS ENDED APRIL 30, 2020 AND 2019

Our operating results for the three months ended April 30, 2020 and 2019, and the changes in the operating results between those periods are summarized in Table 2:

Table 2: Summary of operating results

	Three Months Ended		Percentage
	April 30, 2020	April 30, 2019	Increase / (Decrease)
Operating expenses	\$ (38,849)	\$ (43,243)	(10.2)%
Other items:			
Foreign exchange gain	224	66	239.4%
Forgiveness of debt	74,336	-	n/a
Interest on notes payable	(17,639)	(12,729)	38.6%
Net income (loss)	18,072	(55,906)	132.3%
Unrealized foreign exchange gain	10,931	2,677	308.3%
Comprehensive income (loss)	\$ 29,003	\$ (53,229)	(154.5)%

*Revenue.* We did not generate any revenue during the three months ended April 30, 2020 and 2019. Due to the exploration rather than the production nature of our business, we do not expect to have significant operating revenue in the foreseeable future.

*Operating expenses.* Our operating expenses for the three months ended April 30, 2020 and 2019, and the changes between those periods are summarized in Table 3.

Table 3: Detailed changes in operating expenses

	Three Months Ended		Percentage
	April 30, 2020	April 30, 2019	Increase / (Decrease)
Operating expenses			
Amortization	\$ 57	\$ 96	(40.6)%
General and administrative	13,091	11,274	16.1%
Mineral exploration costs	944	1,797	(47.5)%
Professional fees	10,052	11,598	(13.3)%
Regulatory	7,007	2,622	167.2%
Salaries, wages and benefits	7,698	15,856	(51.5)%
Total operating expenses	\$ 38,849	\$ 43,243	(10.2)%

Our operating expenses decreased by \$4,394, or 10.2%, from \$43,243 for the three-month period ended April 30, 2019, to \$38,849 for the three-month period ended April 30, 2020. The decrease in operating expenses during the three-month period ended April 30, 2020, was associated mainly with decreased salaries, wages, and benefits, which amounted to \$7,698 for the three-month period ended April 30, 2020, as compared to \$15,856 we incurred during the three-month period ended April 30, 2019 and resulted from an extended leave without pay of one of our Chilean employees. In addition, our professional fees and mineral and exploration fees decreased by \$1,546 and \$853, respectively. These decreases were in part offset by increased regulatory fees, which amounted to \$7,007 during the three-month period ended April 30, 2020, as compared to \$2,622 for the three-month period ended April 30, 2019, and \$3,775 increase in office expenses, which are included in our general and administrative fees.

*Other items.* To continue our operations, we were required to incur additional debt with our debt holders. Our notes payable carry 8% annual interest, which resulted in \$17,639 in interest we accrued during the three-month period ended April 30, 2020, representing a \$4,910 increase as compared to \$12,729 in interest we accrued during the three-month period ended April 30, 2019. During the three-month period ended April 30, 2020, we recorded \$74,336 as forgiveness of debt associated with reversal of an old debt which exceeded the statute of limitations as promulgated under Chilean Laws (April 30, 2019 - \$Nil). In addition, we recorded \$224 gain on foreign exchange fluctuations (April 30, 2019- \$66).

*Comprehensive income/(loss).* Our comprehensive income for the three-month period ended April 30, 2020, was \$29,003 as compared to \$53,229 comprehensive loss we recorded for the three-month period ended April 30, 2019. During the three-month period ended April 30, 2020, the comprehensive income included \$10,931 gain associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies. During the comparative three-month period ended April 30, 2019, the comprehensive loss included \$2,677 gain associated with the foreign exchange translation of the carried balances denominated in other than our functional currencies.

#### Liquidity and Capital Resources

Table 4: Working capital

	April 30, 2020	January 31, 2020	Percentage Increase / (Decrease)
Current assets	\$ 150,887	\$ 15,629	865.4%
Current liabilities	254,388	439,758	(42.2)%
Working capital deficit	\$ (103,501)	\$ (424,129)	(75.6)%

As of April 30, 2020, we had a cash balance of \$145,197, our working capital was represented by a deficit of \$103,501 and cash used in operations totaled \$43,967 for the period then ended.

We did not generate sufficient cash flows from our operating activities to satisfy our cash requirements for the three-month period ended April 30, 2020. 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 5 summarizes our sources and uses of cash for the nine months ended April 30, 2020 and 2019.

Table 5: Summary of sources and uses of cash

	April 30,	
	2020	2019
Net cash used in operating activities	\$ (43,967)	\$ (26,822)
Net cash provided by financing activities	188,922	35,190
Effects of foreign currency exchange	(9,623)	(1,038)
Net increase in cash	\$ 135,332	\$ 7,330

#### *Net cash used in operating activities*

During the three months ended April 30, 2020, we used net cash of \$43,967 in operating activities. We used \$38,568 to cover our cash operating costs, \$16,234 to reduce our outstanding vendor payables, and \$200 to prepay our future expenses. These uses of cash were offset by \$11,032 and \$3 increases to our accrued liabilities and related party payables, respectively.

During the three months ended April 30, 2019, we used net cash of \$26,822 in operating activities. We used \$43,081 to cover our cash operating costs and \$2,195 to prepay our future expenses. These uses of cash were offset by \$12,320 and \$6,134 increases to our accounts payable and accrued liabilities, respectively.

#### *Certain non-cash changes included in the net income/(loss) for the period*

During the three-month period ended April 30, 2020, our outstanding notes payable to related parties resulted in the accrual of \$17,172 in interest, and our notes payable to non-related party accumulated \$467 in interest. In addition, we recorded \$57 in amortization of our work truck used for Chilean operations. During the three-month period ended April 30, 2020, we recorded \$74,336 forgiveness of debt on reversal of old debt which exceeded the statute of limitation promulgated under Chilean Law.

During the three-month period ended April 30, 2019, our outstanding notes payable to related parties resulted in the accrual of \$12,196 in interest, and our notes payable to non-related party accumulated \$533 in interest. In addition, we recorded \$96 in amortization of our work truck used for Chilean operations.

#### *Net cash provided by financing activities*

During the three months ended April 30, 2020, we borrowed \$188,922 (CAD\$250,000) from our major shareholder. The loan is unsecured, bears interest at 8% per annum, compounded monthly, and is payable on or after August 31, 2021.

During the three months ended April 30, 2019, we borrowed \$35,190 (CAD\$46,895) from our CEO. The loans are unsecured, bear interest at 8% per annum, compounded monthly, and are payable on or after July 31, 2021.

#### **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, 2020, we had a working capital deficit of \$103,501 and accumulated losses of \$9,566,820. 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.

## Uncertainty due to Global Outbreak of COVID-19

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

### Unproved Mineral Properties

Table 6: Active properties

Property	Percentage, type of claim	Hectares	
		Gross area	Net area <sup>(a)</sup>
Carrizal Property			
Farellón Project			
Farellón Alto 1 - 8	100%, mensura	66	
Quina 1 - 56	100%, mensura	251	
Exeter 1 - 54	100%, mensura	235	
Cecil 1 - 49	100%, mensura	228	
Teresita	100%, mensura	1	
Azucar 6 - 25	100%, mensura	88	
Stamford 61 - 101	100%, mensura	165	
Kahuna 1 - 40	100%, mensura	200	
		1,234	
Perth Project			
Perth 1 al 36	100%, mensura	109	
Lancelot I 1 al 27	100%, mensura in process	300	
Lancelot II	100%, pedimento	200	
Merlin I	100%, pedimento	300	
Rey Arturo 1 al 29	100%, mensura in process	300	
Galahad I	100%, pedimento	300	
Percival 4	100%, pedimento	300	
Tristan II	100%, pedimento	300	
Camelot	100%, pedimento	300	
		2,409	
Overlapped claims <sup>(a)</sup>		(109)	3,534
Mateo Property			
Margarita	100%, mensura	56	
Che 1 & Che 2	100%, mensura	76	
Irene & Irene II	100%, mensura	60	
		192	
Overlapped claims <sup>(a)</sup>		(10)	182
			3,716

(a) 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 overlapped claims).

## **Capital Resources**

Our ability to acquire and explore our Chilean claims is subject to our ability to obtain the necessary funding. We expect to raise funds through any combination of debt financing and/or sale of our securities. We have no committed sources of capital. If we are unable to raise funds as and when we need them, we may be required to curtail, or even to cease, our operations.

## **Contingencies and Commitments**

We had no contingencies at April 30, 2020.

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 once exploitation begins and are subject to minimum payments of \$1,000 per month.
- *Quina royalty.* We are committed to paying a royalty equal to 1.5% on the net sales of minerals extracted from the Quina 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.
- *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 the financing of our operations through the 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 may 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 three-month period ended April 30, 2020, and up to the date of the filing of this Quarterly Report on Form 10-Q, we borrowed a total of \$225,249 (CAD\$300,000) from our major shareholder. The loans are unsecured, due on or after August 31, 2021, with interest payable at a rate of 8% per annum, compounded monthly.

## **Challenges and Risks**

We do not anticipate generating any revenue over the next twelve months, therefore, we plan to fund our operations through any combination of equity or debt financing from the sale of our securities, private loans, joint ventures or through the sale of part interest in our mineral properties. Although we have succeeded in raising funds as we needed them, we cannot assure you that this will continue in the future.

Many things, including, but not limited to, a downturn in the state 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 additional joint venture partnerships with other resource companies to complete 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, 2020, we owed \$882,900 to related parties under long-term notes payable, which will become payable on or after July 31, 2021 and \$94,292 in withholding taxes that will become payable to Chilean tax authorities on Polymet's payment of the administrative fees it owes to Red Metal Resources, its parent company. In addition to the long-term debt, we had \$254,388 in current liabilities, which are payable on demand. We do not have the funds to pay all our current liabilities, and as such, we may decide to offer some vendors to convert the amounts we owe them into shares of our common stock. Because of the low price of our common stock, the issuance of the shares to pay the debt will likely result in dilution to the percentage of outstanding shares of our common stock held by our existing shareholders.

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

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

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

#### ***Foreign Exchange***

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

#### ***Trends, Events or Uncertainties that May Impact Results of Operations or Liquidity***

Since we rely on sales of our securities and loans to continue our operations, any uncertainty in the equity markets can have a detrimental impact on our operations. Current trends in the industry and uncertainty that exists in equity markets have resulted in less capital available to us and less appetite for risk by investors. Furthermore, we have found that locating other mineral exploration companies with available funds who are willing to engage in risky ventures such as the exploration of our properties has become very difficult. If we are unable to raise additional capital, we may not be able to develop our properties or continue our operations.

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

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

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

During the three-month period ended April 30, 2020, 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 Caitlin L. Jeffs**

During the three-month period ended April 30, 2020, we accrued \$9,562 in interest on notes payable we issued to Ms. Jeffs for a total owed under the USD\$ notes payable of \$2,482 and \$485,221 (CAD\$674,942) owed on account of CAD\$ notes payable, which were outstanding as at April 30, 2020. The notes payable accumulate interest at 8% per annum compounded monthly, are unsecured and repayable on or after July 31, 2021.

##### **Loan from John da Costa**

During the three-month period ended April 30, 2020, we accrued \$190 on \$8,500 note payable we issued to Mr. da Costa, which was outstanding as at April 30, 2020. The note payable accumulates interest at 8% per annum compounded monthly, is unsecured and repayable on or after July 31, 2021.



During the three-month period ended April 30, 2020, we accrued \$2,092 on a total of \$92,806 (CAD\$129,093) in notes payable we issued to Fladgate. The notes payable accumulate interest at 8% per annum compounded monthly, are unsecured and repayable on or after July 31, 2021.

#### Loans from Richard N. Jeffs

During the three-month period ended April 30, 2020, Mr. Jeffs advanced us USD\$188,922 (CAD\$250,000) at 8% annual interest compounded monthly and repayable on or after August 31, 2021. During the three-month period ended April 30, 2020 we accrued \$1,855 in interest due on a total of \$90,000 in notes payable we issued to Mr. Jeffs, and \$3,473 interest on the CAD\$250,000 note payable. All notes payable issued to Mr. Jeffs accumulate interest at 8% per annum compounded monthly and are unsecured. US\$ notes payable totaling \$95,556 are repayable on or after July 31, 2021, and CAD\$ note payable totaling \$183,166 (CAD\$252,311) is repayable on or after August 31, 2021. Subsequent to April 30, 2020, we borrowed an additional \$36,327 (CAD\$50,000) in exchange for an 8% note payable due on or after August 31, 2020.

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

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

#### ***Financial Instruments***

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

#### **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 assessment, as of the Evaluation Date, our disclosure controls and procedures are not effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms due to lack of segregation of duties.

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

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

**Item 1. Legal Proceedings.**

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

**Item 1a. Risk Factors.**

We incorporate by reference the Risk Factors included as Item 1A of our Annual Report on Form 10-K we filed with the Securities and Exchange Commission on April 30, 2020.

**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**

<a href="#"><u>3.1.1</u></a>	Articles of Incorporation <sup>(1)</sup>
<a href="#"><u>3.1.2</u></a>	Certificate of Amendment to Articles of Incorporation <sup>(2)</sup>
<a href="#"><u>3.2</u></a>	By-laws <sup>(1)</sup>
<a href="#"><u>10.1</u></a>	Red Metal Resources Ltd. 2011 Equity Incentive Plan <sup>(7)</sup>
<a href="#"><u>10.2</u></a>	Memorandum of Understanding between Minera Polymet Limitada and David Marcus Mitchel <sup>(3)</sup>
<a href="#"><u>10.3</u></a>	Irrevocable Purchase Option Contract for Mining Property Quina 1-56 in Spanish <sup>(4)</sup>
<a href="#"><u>10.4</u></a>	Irrevocable Purchase Option Contract for Mining Property Quina 1-56, English translation <sup>(4)</sup>
<a href="#"><u>10.5</u></a>	Irrevocable Purchase Option Contract for Mining Property Exeter 1-54 in Spanish <sup>(5)</sup>
<a href="#"><u>10.6</u></a>	Irrevocable Purchase Option Contract for Mining Property Exeter 1-54, English translation <sup>(5)</sup>
<a href="#"><u>10.7</u></a>	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>(6)</sup>
<a href="#"><u>10.8</u></a>	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>(6)</sup>
<a href="#"><u>10.9</u></a>	Debt Settlement Agreement between Caitlin Jeffs and Red Metal Resources Ltd. dated January 30, 2020. <sup>(8)</sup>
<a href="#"><u>31.1</u></a>	Certification pursuant to Rule 13a-14(a) and 15d-14(a)
<a href="#"><u>31.2</u></a>	Certification pursuant to Rule 13a-14(a) and 15d-14(a)
<a href="#"><u>32</u></a>	Certification pursuant to Section 1350 of Title 18 of the United States Code
101	The following financial statements from the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2020, formatted in XBRL: <ul style="list-style-type: none"> <li>(i) Consolidated Balance Sheets;</li> <li>(ii) Consolidated Statements of Operations;</li> <li>(iii) Consolidated Statements of Stockholders' Deficit;</li> <li>(iv) Consolidated Statements of Cash Flows; and</li> <li>(v) Notes to the Interim Consolidated Financial Statements.</li> </ul>

- (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 June 4, 2014.
- (4) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 19, 2014.
- (5) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 18, 2015.
- (6) Incorporated by reference from the registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 2, 2016.
- (7) Incorporated by reference from the registrant's registration statement on Form S-8 filed with the Securities and Exchange Commission on September 23, 2011.
- (8) Incorporated by reference from the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 31, 2020.

## 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.

Dated: June 12, 2020

### RED METAL RESOURCES LTD.

By: /s/ Caitlin Jeffs

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

By: /s/ Joao (John) da Costa

Joao (John) da Costa  
Chief Financial Officer  
(Principal Accounting 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 12, 2020

/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 12, 2020

/s/ Joao (John) da Costa

Joao (John) da Costa, Chief Financial Officer  
(Principal 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, 2020, (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 12, 2020

/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)