red metal limited
ACN 103 367 684

Level 15, 323 Castlereagh Street , Sydney NSW 2000
Phone [61-2] 9281 1805 Fax [61-2] 9281 5747

EL 23092

SOUTH URAPUNGA

PARTIAL RELINQUISHMENT REPORT

for period ended

February 12, 2006

1:250,000 map sheet: SD53-10 Urapunga

Licensee: Red Metal Limited

G. McKay

Red Metal Limited

3 March 2006

TENEMENT REPORT INDEX

HOLDER / OPERATOR:	Red Metal Limited
TENEMENT:	EL 23092
REPORTING PERIOD:	February 13, 2003 to February 12, 2006
AUTHOR:	G. McKay
STATE:	NT
LATITUDE (Min _ Max):	–15º08’ to –14º45’
LONGITUDE (Min _ Max):	134º29’ to 135º00’
AMG Zone 53 AGD66 (mN):	8,326,922 to 8,369,256
AMG Zone 53 AGD66 (mE):	444,390 to 500,000
1:250,000 SHEET:	Urapunga SD53-10 / Hodgson Downs SD53-14
1:100,000 SHEET:	Urapunga 5868 / St Vidgeon 5867
MINERAL PROVINCE:	Northern McArthur Basin
COMMODITIES:	Pb Zn Cu
KEYWORDS:	Data Review, airborne TEM survey, stream sediment geochemistry

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SUMMARY

EL 23092 was acquired to investigate the prospective Vizard Group within the northern McArthur Basin for lead-zinc deposits similar to the McArthur River deposit.

The EL was granted on 13 February 2003 over 466 blocks and was reduced in area to 224 blocks on 12 February 2005 with a further reduction to 112 blocks on 12 February 2006.

No fieldwork has been conducted on the relinquished area.

1.0 INTRODUCTION

Red Metal's Urapunga Project in the McArthur Basin (Figure 1) comprises Exploration Licence 23092 (Urapunga South) and Exploration Licence Application 23139 (Urapunga North), which are located in northeast Arnhem Land, adjacent to the Roper River, some 490km southeast of Darwin. This report covers exploration over the relinquished area of EL 23092 from 13 February 2003 to 12 February 2005.

2.0 LOCATION AND LAND USE

EL 23092 is located 280km east of Katherine and immediately south of the Roper River Aboriginal community of Ngukurr. A sealed road extends as far as Roper Bar, 20km west of the EL and unsealed roads and tracks traverse the area. The EL is located on the Mount McMinn pastoral lease. The tenement area has generally low relief, with the dominant historical and current land use being cattle grazing.

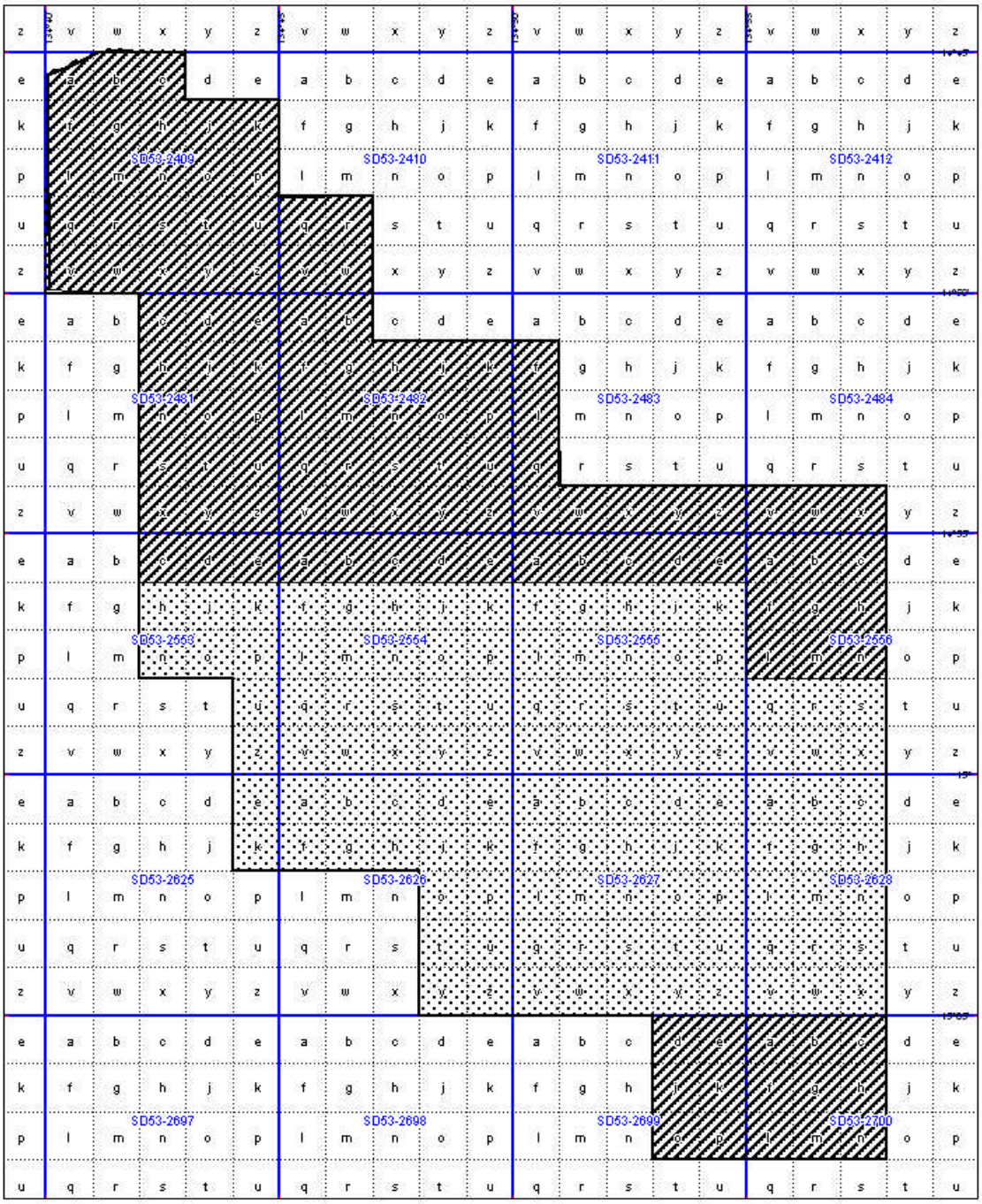
3.0 TENEMENT STATUS

EL 23092 was granted to Phelps Dodge Australasia, Inc. on February 13, 2003 for a period of six years. In November 2003, title was transferred to Red Metal Limited.

Details of EL 23092 are shown in Table 1 and accompanying figure.

Table 1 - Tenement Details

TENEMENT	HOLDER	GRANTED	Partial Surrender	Blocks Surrendered	AREA surrendered
EL 23092	Red Metal Limited	Feb 13, 2003	Feb 12, 2005	132	370 km²



EL 23092 – relinquished areas hatched, retained areas stipled

3.0 TENEMENT GEOLOGY

The tenements comprise Palaeoproterozoic to Mesoproterozoic sediment-dominated sequences, located on a regional scale ESE-trending horst which separates the Batten Trough (containing the McArthur River Pb-Zn-Ag deposit) to the south, from the Walker Trough to the north. Within the area, the oldest outcropping rocks are the Palaeoproterozoic Katherine River Group siliciclastics, carbonates, volcanics and high level intrusives, which are restricted to a small portion to the northwest. Overlying these rocks are much more extensive tracts of Palaeoproterozoic to Early Mesoproterozoic sediments. Of these, the oldest rocks are mixed

carbonates and siliciclastics of the Vizard Group, which is interpreted to be stratigraphically equivalent to the McArthur Group, which hosts the McArthur lead-zinc-silver deposit. Succeeding the Vizard Group are carbonates and minor, localised volcanics of the Nathan Group, followed by the Early Mesoproterozoic Roper Group, which consists predominantly of mudstone and sandstone, with minor intervals of calcareous siltstone, limestone, conglomerate and ironstone. See Figure 3.

Red Metal's principal area of interest in the region is a belt of outcropping and shallow-covered Vizard Group rocks, which occupy an antiformal zone bounded by regional scale N-S and ESE-trending faults, in the central and southeast part of EL 23092.

4.0 HISTORICAL EXPLORATION

This belt of Vizard Group sediments, which contains minor occurrences of copper, lead and zinc mineralization, has been explored in a limited fashion in the past by regional stream sediment and rock chip sampling, local grid-based soil sampling, and two percussion holes by MIM Exploration Ltd in 1992.

Elsewhere in the project area and region there are a number of small, subeconomic occurrences of disseminated and vein-style Cu-Pb-Zn mineralization, which have been periodically investigated by several groups from the late 1950s to the 1990s. These occurrences are of two styles, as follows:

- Sandstone-hosted disseminated lead-zinc within the Roper Group in the northern part of the region. These include the Galena Cliffs prospect, discovered by Stockdale Prospecting in 1992, and the Wongalara prospect, which was discovered by Anglo American in 1983. Subsequent drilling of both prospects by Poseidon Exploration intersected weak disseminations of galena and sphalerite with traces of chalcopyrite. The best interval was 9.1m @ 0.56% Pb, 0.51% Zn from surface in the Wongalara prospect.
- Carbonate-hosted veinlet and disseminated Pb-Zn-Cu mineralization, within and adjacent to fault zones in the Nathan Group, overlying the Vizard Group in the southeast portion of the area, eg the Mt Vizard, Mount Birch, Mountain Creek and Walmudga prospects. Previous work on this style by BHP (1958), MIM (1962 and 1995) and Rio Tinto (1997-1998) involved rock chip/soil/drainage sampling programmes, followed by RAB, RC and diamond drill holes. The best intersections were 15m @ 0.4% Zn at the Mountain Creek prospect and 15m @ 0.18% Cu at Mount Birch.

Lead isotope studies by MIM Exploration Ltd on samples from Mount Vizard and Mount Birch indicated the lead is more radiogenic than the McArthur River deposit and the compositions are inhomogeneous indicative of an epigenetic origin.

5.0 CURRENT EXPLORATION PROGRAM

No fieldwork has been carried out on EL 23092 apart from an orientation airborne EM survey in 2003. A study of historic stream sediment geochemistry was also carried out. Refer to previous relinquishment report 2005 for details.

6.0 CONCLUSIONS

EL 23092 was acquired to investigate the prospective Vizard Group units within the northern McArthur Basin for lead-zinc deposits similar to the McArthur River deposit.

No further work is considered warranted on the areas relinquished from EL 23092.

7.0 References/Bibliography

Abbott, S T., *et al*, 2001 Urapunga and Roper River Special Geological Map and Explanatory Notes. *Northern Territory Geological Surve.y*

McKay G, 2005, EL 23092 South Urapunga, Partial Relinquishment Report for period ended 12 February 2005.

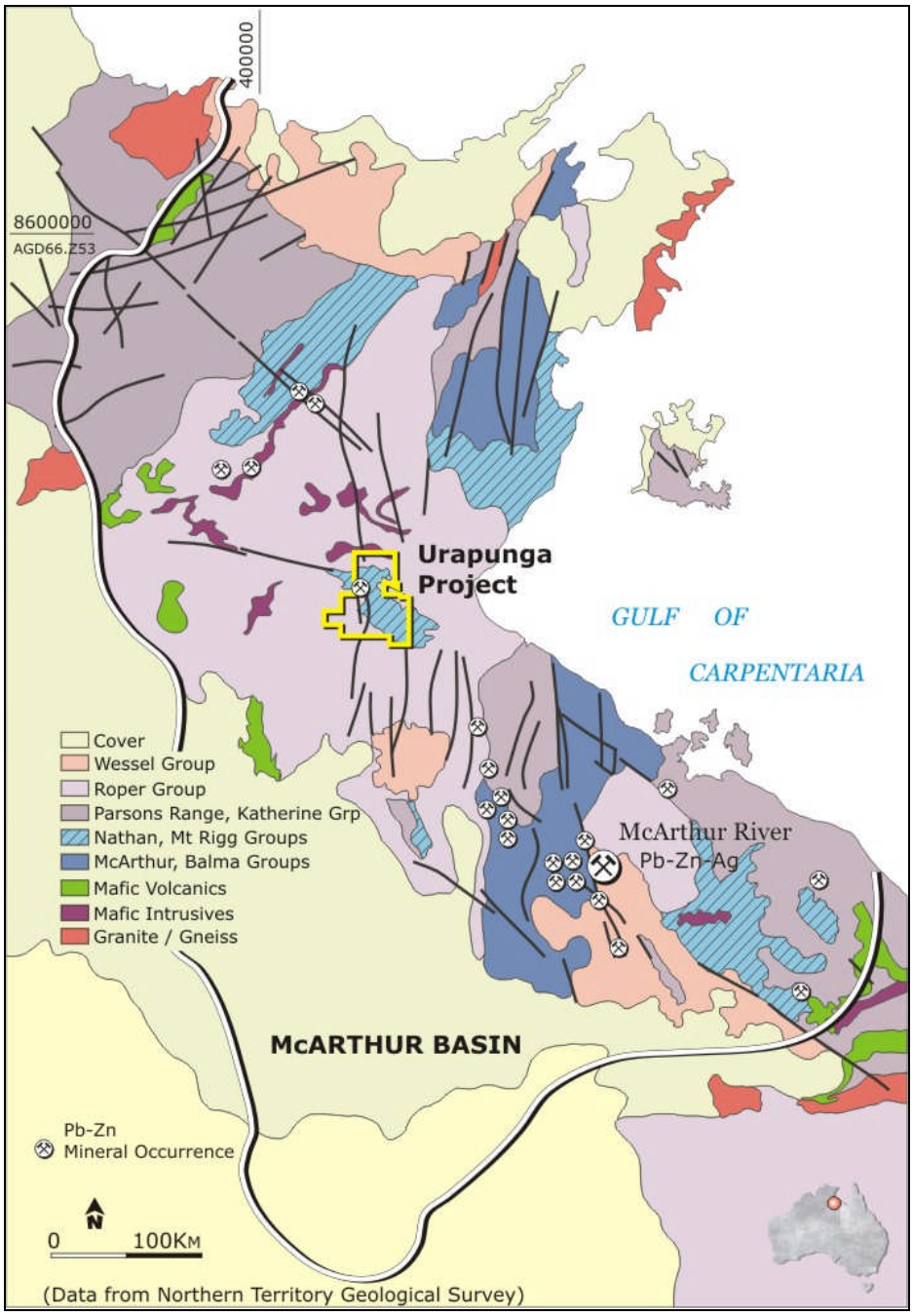
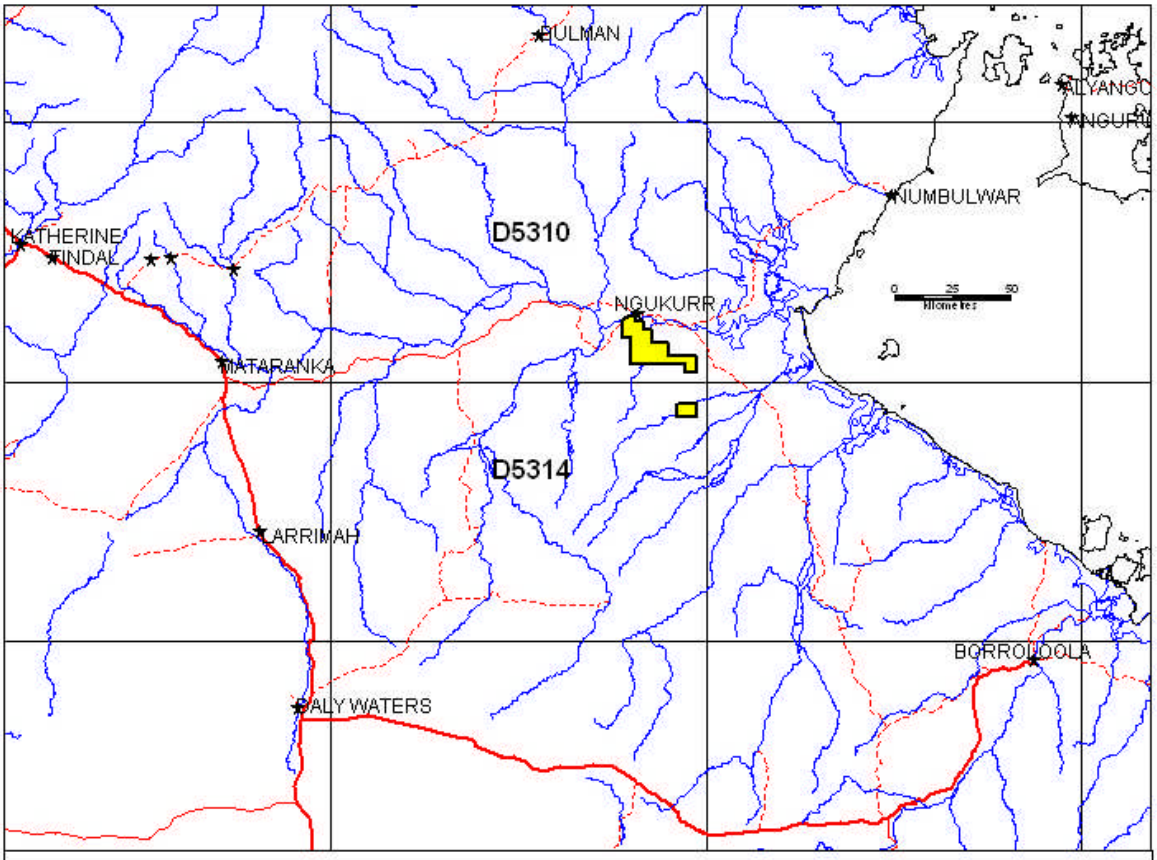


Figure 1
McArthur Basin: simplified geology
Showing location of Urapunga Project



Red Metal Limited
EL 23092 - South Urapunga Project
Location plan - Surrendered areas

Urapunga 1:250k SD53-10
Hodgson Downs 1:250k SD53-14

Figure 2