EL 24012

ANNUAL REPORT

for period ended

May 23, 2006

1:250,000 map sheet: SE53-14 Tennant Creek

Licensee: Red Metal Limited

Greg McKay

Red Metal Limited

13 June 2006
TENEMENT REPORT INDEX

HOLDER / OPERATOR: Red Metal Limited
TENEMENT: EL 24012
REPORTING PERIOD: May 24, 2005 to May 23, 2006
AUTHOR: Greg McKay
STATE: NT
LATITUDE: 133º 41’ to 133º 44’
LONGITUDE: -19º 12’ to –19º 16’
1:250,000 SHEET: Tennant Creek SE53-14
1:100,000 SHEET: Short Range 5659
MINERAL PROVINCE: Tennant Creek Inlier
COMMODITIES: Cu Au
KEYWORDS: Data review
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SUMMARY

EL 24012 was acquired to investigate intense magnetic anomalies within the Palaeoproterozoic basement rocks with potential for ironstone associated gold-copper-bismuth mineralisation.

The work carried out on EL 24012 during the second year of tenure included interpretation of previous gravity data and planning of drillhole locations. The Aboriginal Areas Protection Authority conducted an inspection of the proposed drilling sites and issued an Authority Certificate.
1.0 INTRODUCTION

This report summarises exploration activities undertaken over Exploration Licence 24012 for the second year of tenure to May 23, 2006.

2.0 LOCATION AND LAND USE

EL 24012 is located 70km northwest of Tennant Creek. Access is via unsealed roads and tracks within a 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 24012 was granted to Red Metal Limited on May 24, 2004 for a period of six years.

Details of EL 24012 are shown in Table 1. Location of the tenement is shown in Figure 1.

<table>
<thead>
<tr>
<th>TENEMENT</th>
<th>HOLDER</th>
<th>GRANTED</th>
<th>EXPIRY</th>
<th>Sub Blocks</th>
<th>AREA</th>
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<td>May 24, 2004</td>
<td>May 23, 2010</td>
<td>11</td>
<td>355 km²</td>
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3.0 TENEMENT GEOLOGY

The tenement covers an area of Palaeoprotrozoic rocks mapped as the Tomkinson Creek Subgroup of the Churchills Head Group, comprising Hayward Creek Formation (sublithic arenite, shale, siltstone, minor conglomerate) and Brumbre Formation (lithic and volcanic arenite, pebble beds). The units dip north west across the licence area at 30-50°.

4.0 HISTORICAL EXPLORATION

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<th>Licence</th>
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<td>CR1972-0062, CR1972-0042</td>
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<td>1986-02</td>
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<td>1996</td>
<td>Giants Reef Expl</td>
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5.0 CURRENT EXPLORATION PROGRAM

The work carried out on EL 24012 during the second year of tenure included interpretation of previous geophysical data and planning of drillhole locations. The Aboriginal Areas Protection Authority conducted an inspection of the proposed drilling sites and issued an Authority Certificate.

Red Metal proposes to drill at least one RC hole to test the anomalies commencing July 2006.

6.0 CONCLUSIONS

EL 24012 was acquired to investigate intense airborne magnetic features. A gravity survey was conducted to provide focus for drillhole locations. Drilling is scheduled for July 2006.

7.0 References/Bibliography

Figure 1
Figure 2
EL 24012 on regional TMI image
Figure 3
Gravity survey location with proposed drillholes