

13 April, 2006

Ref: 8010604.L1

Principal Registrar
Titles Division
Department of Primary Industry, Fisheries and Mines
GPO Box 3000
Darwin NT 0801

Dear Sir/Madam,

Re: EL 24012 Covenant

Red Metal Limited requests a variation of covenant for EL 24012 for the year ended 24/5/2006. Enclosed is a cheque for the prescribed fee of \$50.00 for variation of a covenant.

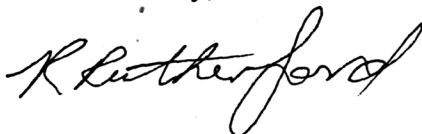
The expenditure incurred during the current period for EL 24012 was \$11,839 while the covenant was \$35,000. We regret being unable to meet the commitment due to the circumstances outlined below.

A detailed gravity survey was completed over the licence area in 2005. Red Metal has processed the gravity data and modelling of targets has been completed. We applied for an Authority Certificate from the Aboriginal Areas Protection Authority in August 2005 and it was issued on 19 December 2005. Following the end of the wet season, site preparation has begun and drilling of the selected targets will now commence in late May 2006 by United Drilling Services (Peter Fallon mob. 0418 147 214).

The program and budget for the next 12 months remain at 500 metres drilling for \$35,000. The licence area has been reduced from 11 blocks to 5 blocks from 24/5/2006.

I trust this information is sufficient to meet the Department's requirements.

Yours sincerely,



Rob Rutherford
Managing Director

CASH/CHEQUE FOR AMOUNT \$	100-00.
ENCLOSED. SIG.	<i>[Signature]</i>
OFFICIAL RECEIPT No.	

19 4 06 11 55 AM
Doc No. MT2003/9999
Doc No. MDOC 2006/6653

DEPT. PRIMARY INDUSTRY, FISHERIES & MINES
19 APR 2006
MANAGED BY DRF CORPORATE INFORMATION MANAGEMENT