

13 April, 2006

Ref: 8012604.L1

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

Dear Sir/Madam,

**Re: EL 24014 Covenant**

Red Metal Limited requests a variation of covenant for EL 24014 for the year ended 24/5/2006. Enclosed is a cheque for the prescribed fee of \$50.00 for variation of a covenant.

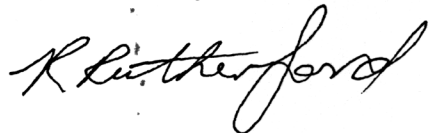
The expenditure incurred during the current period for EL 24014 was \$3,900 while the covenant was \$12,500. We regret being unable to meet the commitment due to the circumstances outlined below.

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. A drill target has been defined at >500 metres depth. Drilling may commence in mid-2006 following programs on our other tenements in the district with higher priority drill targets.

The program and budget for the next 12 months remain at 150 metres drilling for \$12,500. The licence area consists of 4 blocks.

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

Yours sincerely,



Rob Rutherford  
Managing Director

