EL 25731

ANNUAL & FINAL REPORT

for period ending

October 14, 2008

1:250,000 map sheet: SE52-3 Waterloo

Licensee: Red Metal Limited

G. McKay

Red Metal Limited

18 November 2008
SUMMARY

EL 25731 was acquired to investigate airborne radiometric uranium anomalies within the Neoproterozoic Victoria Basin province.

The work carried out on EL 25731 during the first 12 months included a review of geophysical data and a helicopter-assisted reconnaissance inspection of airborne radiometric anomalies.

Red Metal Limited consider no further work is warranted on the EL for assessing uranium potential.
1.0 INTRODUCTION

This report summarises exploration activities undertaken over Exploration Licence 25731 for the first 12 months of tenure to October 14, 2008.

2.0 LOCATION AND LAND USE

EL 25731 is located 500 km south-west of Darwin and 100km south-east of Kununurra covering the eastern margin of the Pinkerton Range (Figure 1). Access is via sealed and unsealed roads and tracks within a pastoral lease. The tenement area has gentle to rugged relief, with the dominant historical and current land use being cattle grazing.

3.0 TENEMENT STATUS

EL 25731 was granted to Red Metal Limited over 60 blocks on October 15, 2007 for a period of six years.

Details of EL 25731 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>SURRENDERED</th>
<th>BLOCKS</th>
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<td>Red Metal Limited</td>
<td>Oct 15, 2007</td>
<td>Nov 3, 2009</td>
<td>60</td>
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</table>

3.0 TENEMENT GEOLOGY

The tenement is located in the Neoproterozoic Victoria Basin province. It covers an outcropping area of Lower Cambrian Antrim Plateau Volcanics Cla - basalt flows, with an area of Middle Cambrian Headleys Limestone Clm. Minor copper occurrences are known at the contact of these two units.

The area was considered by Red Metal to have potential to host unconformity-style uranium mineralisation.

4.0 HISTORICAL EXPLORATION

Several companies have explored this district for diamonds.

<table>
<thead>
<tr>
<th>Licence</th>
<th>Years</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1980-81</td>
<td>AOG Minerals/Ashton Mining</td>
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<td>1980-81</td>
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5.0 CURRENT EXPLORATION PROGRAM

The work carried out on EL 25731 during the first 12 months included a review of airborne radiometric data and a helicopter-assisted reconnaissance inspection of airborne radiometric anomalies. The main zones of high radiometrics were traversed on foot with an Exploranium GR135 spectrometer.

Traversing the anomalous zones revealed the source of the radiometric anomalies is the contrast between green dolomitic shale of the Angalarrii Siltstone unit (200 cps) exposed at the escarpment of the overlying Pinkerton Sandstone (40 cps).

6.0 CONCLUSIONS

EL 25731 was acquired to investigate airborne radiometric anomalies. Reconnaissance ground inspection concluded the source of the radiometric anomalies is the contrast between green dolomitic shale of the Angalarrii Siltstone unit exposed at the escarpment of the overlying Pinkerton Sandstone.

7.0 References/Bibliography

Figure 1: Tenement location

Figure 2: Regional geology