EL 24014

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
HOLDER / OPERATOR: Red Metal Limited

TENEMENT: EL 24014

REPORTING PERIOD: May 24, 2005 to May 23, 2006

AUTHOR: Greg McKay

STATE: NT

LATITUDE: 134° 37’ to 134° 39’

LONGITUDE: -19° 32’ to –19° 34’

1:250,000 SHEET: Tennant Creek SE53-14

1:100,000 SHEET: Gosse River 5858

MINERAL PROVINCE: Tennant Creek Inlier

COMMODITIES: Cu Au

KEYWORDS: Review
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EL 24014 Annual Report 2006.pdf  (This report)
SUMMARY

EL 24014 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 24014 during the second year of tenure included a review of previous geophysical data. Drilling is proposed depending on results from test drilling on other tenements in the area in 2006.
1.0 INTRODUCTION

This report summarises exploration activities undertaken over Exploration Licence 24014 for the second year of tenure to May 23, 2006.

2.0 LOCATION AND LAND USE

EL 24014 is located 46km northeast 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 24014 was granted to Red Metal Limited on May 24, 2004 for a period of six years.

Details of EL 24014 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>
</tr>
</thead>
<tbody>
<tr>
<td>EL 24014</td>
<td>Red Metal Limited</td>
<td>May 24, 2004</td>
<td>May 23, 2010</td>
<td>4</td>
<td>130 km²</td>
</tr>
</tbody>
</table>

3.0 TENEMENT GEOLOGY

The tenement covers an area of thin Cainozoic cover overlying Middle Cambrian Gum Ridge Formation (chert, limestone, calcimudstone). Palaeoproterozoic basement units are considered to be the source of the magnetic and gravity anomalies and the potential host to ironstone associated gold-copper-bismuth mineralisation.

4.0 HISTORICAL EXPLORATION

<table>
<thead>
<tr>
<th>Licence</th>
<th>Years</th>
<th>Company</th>
<th>Reports</th>
</tr>
</thead>
</table>
5.0 CURRENT EXPLORATION PROGRAM

The work carried out on EL 24014 during the second year included a review of geophysical data.

Red Metal proposes to drill one RC hole to 150m to test the anomalies, depending on results from test drilling on other tenements in the area.

6.0 CONCLUSIONS

EL 24014 was acquired to investigate intense airborne magnetic features. A gravity survey was conducted to provide focus for drillhole targeting.

7.0 References/Bibliography

Figure 1
Location of EL 24014 on Tennant Creek sheet SE53-14
Figure 2
EL 24014 on regional TMI image
Figure 3
Gravity image