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Positive Uranium Results on Algebuckina Project

HIGHLIGHTS

- A widely spaced regional program on the **Algebuckina** project has successfully identified anomalous levels of uranium and vanadium mineralisation in targeted Mesozoic sedimentary units and the underlying weathered basement rocks, which support target models.

- Results from this first pass regional program are considered encouraging given the wide drill spacing and that anomalous uranium and vanadium values are also observed in target units surrounding the Beverley uranium mine and Four Mile prospect within the Curnamona Craton.

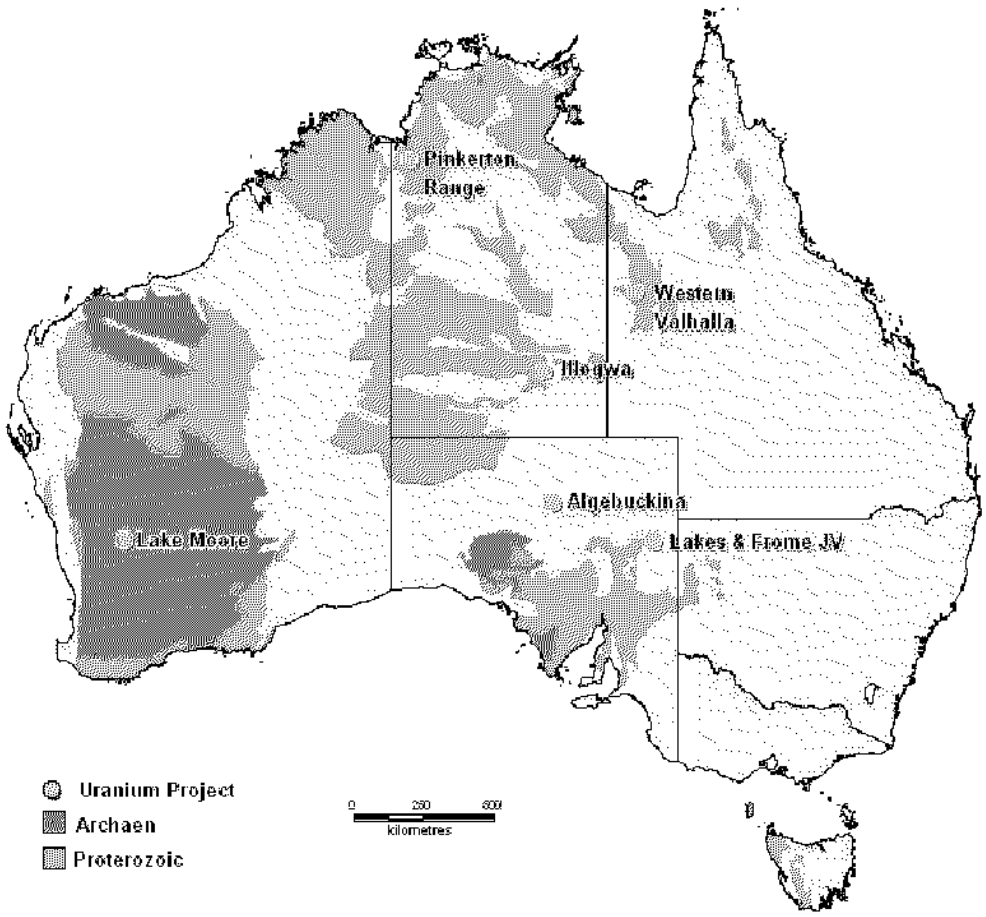
- On the **Lakes** project and **Frome** joint venture projects improved thermal satellite imaging techniques and airborne electromagnetic surveying are being applied to help map prospective channel sands in preparation for drilling. These techniques have been utilised with some success over the nearby Beverley uranium mine, Four Mile and Goulds Dam resources.

- In addition, new uranium projects have been established on a range of high uranium radiometric anomalies for field assessment including the;

    - **Western Valhalla** project located in the Mount Isa Inlier 12 kilometres west of the Valhalla uranium deposit. (Valhalla is currently the subject of a takeover between Summit Resources Limited and Paladin Resources which valued the project at over $2 billion);

    - **Pinkerton Range** project located in the Northern Territory following up anomalies located at a regional unconformity extending over 25 kilometres of strike, and the;

    - **Illogwa** project located in the Northern Territory centred on a two kilometre long, regionally significant, high uranium radiometric target within the Harts Ranges.



[Figure 1] Location of Red Metal uranium projects.

GAWLER CRATON AND CURNAMONA PROVINCE

Algebuckina Project — *Uranium*

(Red Metal 100%)

This project is located within the northern Gawler Craton, South Australia and targets sandstone hosted, roll-front type uranium mineralisation within Mesozoic stratigraphy flanking the highly radiogenic source rocks in the Peake and Denison Inliers (Figure 2).

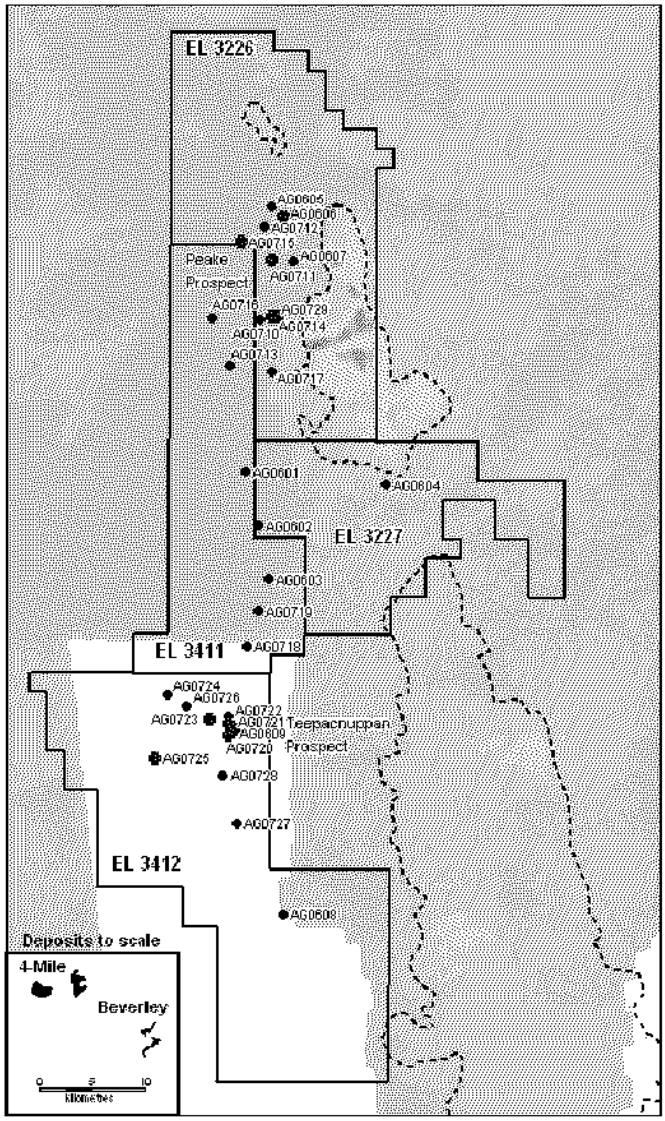
Red Metal recently completed a 29 hole regional drill program which successfully identified anomalous levels of uranium and vanadium mineralisation in targeted Mesozoic sedimentary units and the underlying weathered basement rocks. Funding support was provided in part by the Primary Industry of South Australia through the PACE Initiative.

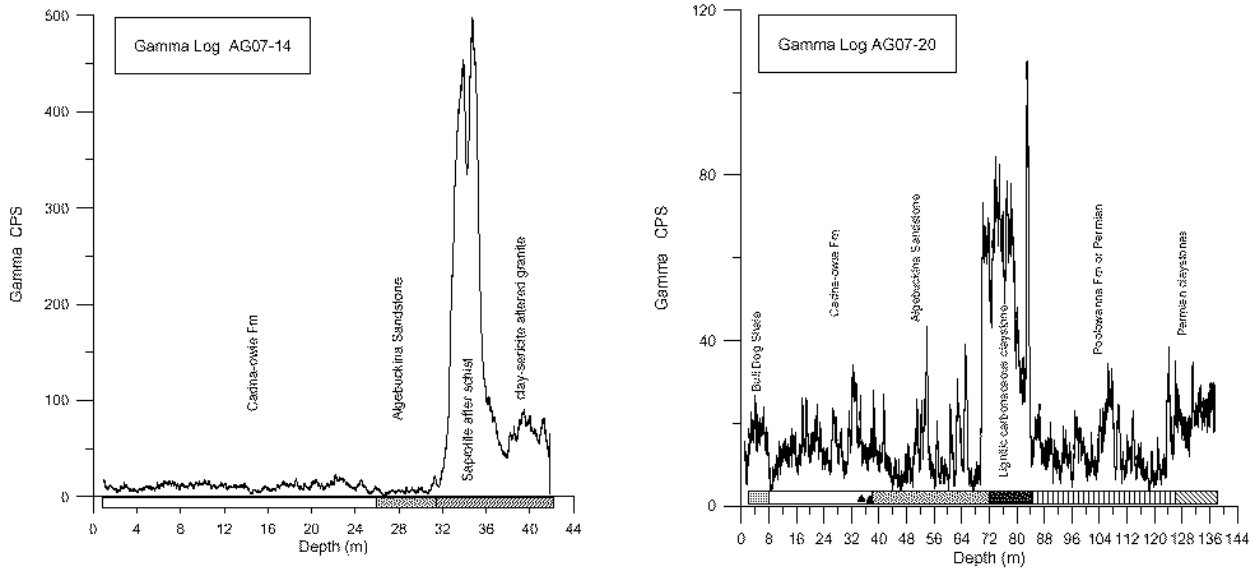
At *Peake* prospect a 4m interval of anomalous gamma measuring 4 to 10 times background was intersected in weathered clay rich saprolite underlying the Mesozoic sedimentary sequence in hole AG0714 (Figure 3). Assaying of mud chip samples collected every 2 metres from the high gamma interval returned anomalous values of uranium and vanadium with associated trace elements of copper and nickel. Best assay within the anomalous 4 metre interval included 2 metres at 213ppm uranium, 329ppm vanadium from 34 metres.

[Figure 2] Algebuckina Project: uranium channel radiometric image showing radiogenic source regions (yellow and red tones, dashed line), and Red Metal drill hole locations showing holes with anomalous down-hole gamma responses (red). See inset showing footprint of Four Mile and Beverley deposits at same scale as location map.

Down-hole gamma responses measuring 2 to 4 times background over 1 to 2 metre intervals within the target sandstone unit and 13 to 20 metre intervals within an underlying organic rich claystone horizon where identified on the *Teepacnuppan* prospect (Figure 3). Assays of mud chip samples from this zone are pending.

Results from this first pass regional program are considered encouraging given the wide drill spacing and that anomalous uranium and vanadium values are also observed in target units surrounding the Beverley uranium mine and Four Mile prospect within the Curnamona Craton. Airborne electrical surveys are to be flown over selected areas to better target follow up drill holes.





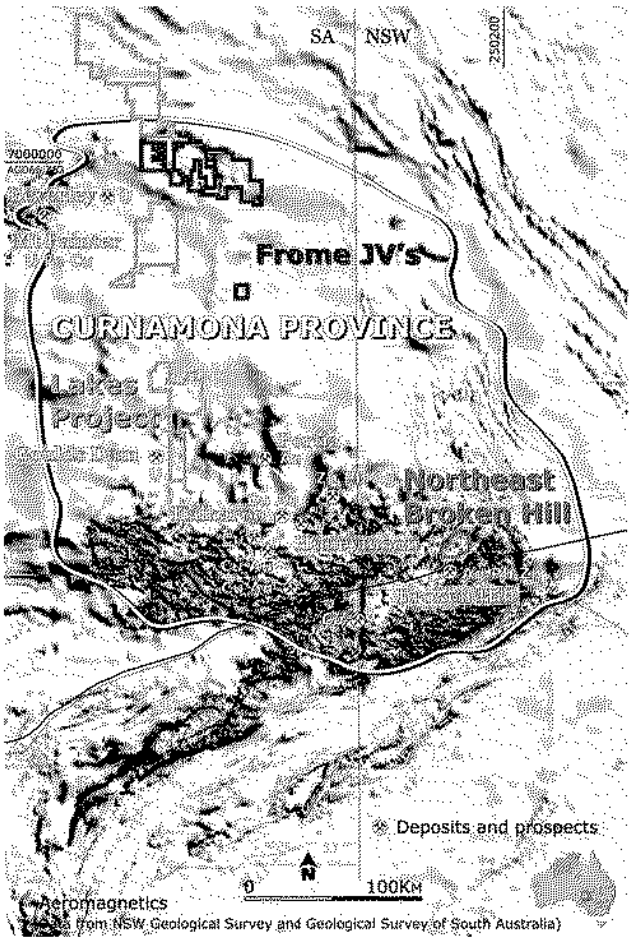
[Figure 3] Algebuckina Project: down hole gamma logs showing anomalous values relative to the background for hole AG0714 at *Peake* prospect and AG0720 at *Teepacnuppan* prospect.

Lakes and Frome J.V. Projects — *Uranium*

(Lakes Red Metal 100%, Frome J.V.'s earning 70%)

These projects target roll-front type uranium deposits hosted in the Tertiary sedimentary sequences within the district containing Heathgate Resources Pty Ltd's Beverley uranium mining operations and Four Mile discovery in northern South Australia (Figure 4).

Improved thermal satellite imaging techniques and airborne electromagnetic surveying are being applied to help map prospective channel sands in preparation for drilling. These techniques have been utilised with some success over the nearby Beverley uranium mine, Four Mile and Goulds Dam resources. Drilling, dependent on rig availability, is currently scheduled for the third quarter of 2007 following on from the airborne surveys.



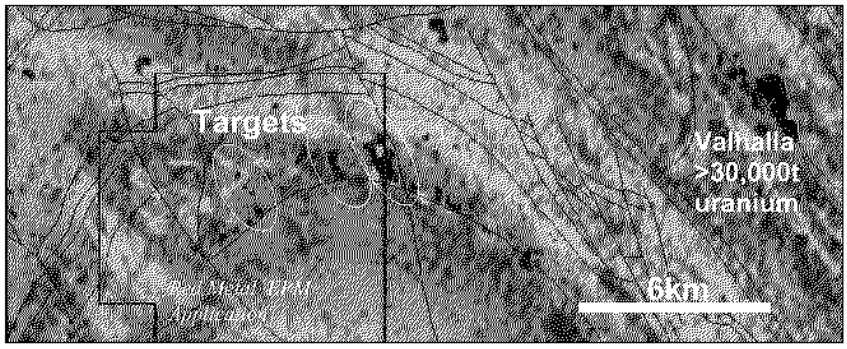
[Figure 4] Curnamona Province: greyscale magnetic image showing Red Metal projects locations and the major deposits and prospects of the region

MOUNT ISA INLIER

Western Vallhala Project — *Uranium*

(Red Metal application 100%)

Red Metal recently staked new tenements targeting uranium radiometric anomalies located 12 kilometres west of the Valhalla uranium deposit (Valhalla is currently the subject of a takeover between Summit Resources Limited and Paladin Resources which valued the project at over $2billion). Like the Valhalla anomaly, the radiometric targets within the Western Valhalla project trend in a north north-westerly orientation and are hosted within the Eastern Creek mafic volcanic unit (Figure 5). First-pass field verification and drill target definition are planned for the second quarter of 2007, dependent upon the grant of the tenement.



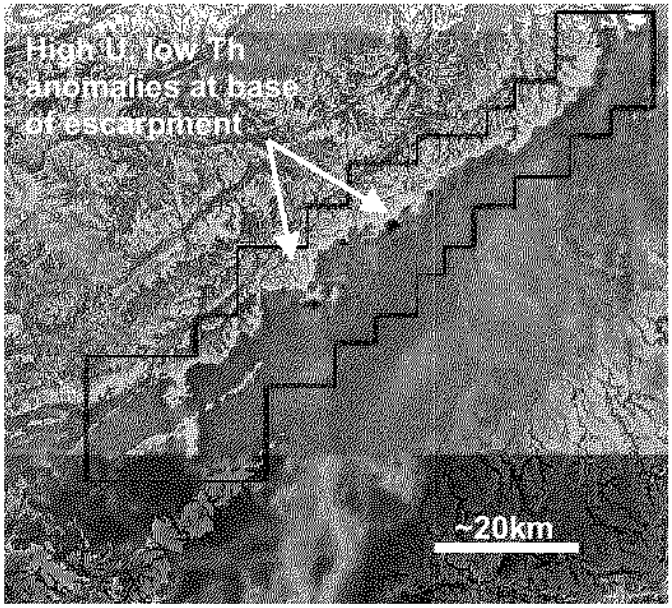
[Figure 5] Western Valhalla Project: Colour image of uranium over thorium ratio draped over greyscale magnetic image with geological interpretation (black lines). Cross-cutting radiometric targets host in magnetic textured volcanic rock comparable with the Valhalla anomaly.

NORTHERN TERRITORY

Pinkerton Range Project — *Uranium*

(Red Metal application 100%)

This tenement application covers a previously unrecognised zone of high uranium, low thorium radiometric anomalies within the Victoria-Birrindudu Basin in the Northern Territory. The anomalies occur over 25 kilometres of strike and are located at a regional unconformity between a sandstone conglomerate sequence (exposed as escarpments) and an underlying reduced green shale sequence (Figure 6). The project targets conglomerate hosted or unconformity type uranium mineralisation. First pass field verification is scheduled for the second quarter of 2007, dependent upon the grant of the tenement.

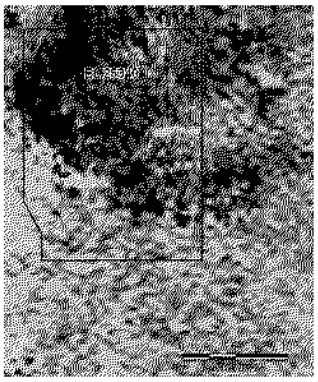


[Figure 6] Pinkerton Range Project: digital terrain image (grey-scale) draped with colour image of uranium over thorium ratio.

Illogwa Project — *Uranium*

(Red Metal 100%)

This project covers an isolated, regionally significant high uranium, low thorium radiometric target about two kilometres long located within the radiogenic Harts Ranges, 150 kilometres east of Alice Springs (Figure 7). First pass field verification is planned for the second quarter of 2007.



[Figure 7] Illogwa Project: Colour image of uranium over thorium ratio.

For a colour version of this announcement and further information concerning Red Metal's operations and plans for the future please refer to the web site or contact Rob Rutherford, Managing Director at:

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The Information in this report that relates to Exploration Results is based on information compiled by Robert Rutherford, who is a member of the Australian Institute of Geoscientists (AIG). Robert Rutherford is a director of the Company. Robert Rutherford has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code).