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Redbank Mines Limited

ASX: RBM

Bloomberg: RBM AU

Reuters: RBM.AX

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3Q07 production report

# of Shares:	118M	Market Cap:	\$16M	Current Price:
% All Ords:	0.0%	% Sector:	0.0%	Valuation (\$):

FIGURE 1: SHAREPRICE CHART

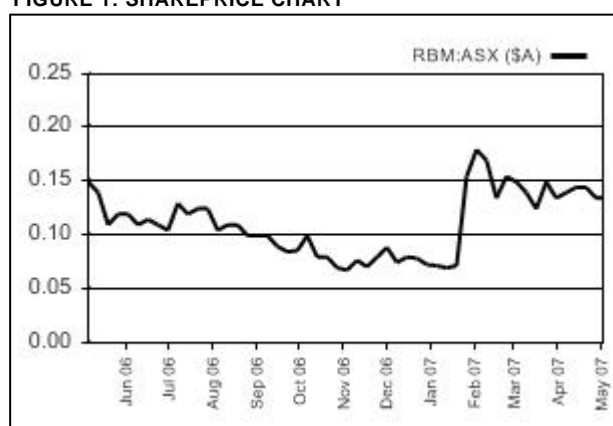


TABLE 1: EARNINGS SUMMARY

Yr to Jun	2006A	2007F	20
NPAT Rep (\$M)	(3.27)	(0.30)	2
NPAT ¹ Adj (\$M)	(2.87)	(0.30)	2
EPS (c)	0.0	(0.3)	
DPS (c)	0.0	0.0	
P/E (x)	0.0	(52.2)	
Yield (%)	0.0	0.0	
Franking (%)	0	0	
EPS growth (%)	n/a	n/a	

¹ Profit & EPS adjusted for options, goodwill, notio and non recurring items.

Event

RBM has issued its 3Q07 production report. Copper production for the quarter was 148t, an increase 2Q07. Sales revenue net of TC/RCS was \$970,000, an increase of 35% over 2Q07. The Northern season affected 3Q07 production, with leach circuit availability being approximately 70%.

Implications

This year's wet season has affected the operation of many producers in the Northern Territory and Western Australia. North West Shelf oil and gas, Pilbara iron ore and Newcrest's Telfer all report production in 3Q07 due to rainfall and cyclone events. RBM has also followed the trend; however, it improved performance in 4Q07 now that the wet season has concluded.

Investment Opinion

The research on this company has been commissioned and as such Aegis has received a fee for its ongoing research coverage. The rating expressed in this report is based on Aegis' framework for rating company stocks that lie outside the Aegis 200 universe and which Aegis has been commissioned to rate. The rating scale is underpinned by the risk-adjusted return forecast for a stock over a three-year investment horizon.

In addition to formulating a rating, Aegis provides a valuation and earnings forecasts, as well as o

information to assist investors to form a view on the investment prospects of this company. No part fee received by Aegis or the compensation paid to its analysts involved in preparing this report was, directly or indirectly, related to the rating, valuation, earnings forecasts or views expressed in this report.

 **Independent Equities Research**

Redbank Mines

Valuation (\$): 0.33

Company risk²: ★★☆☆☆Share Price risk²: ★★☆☆☆

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Year end Jun. All figures in A\$M

Profit & loss summary					Ratio analysis		2006A
Operating revenue	0.12	3.89	18.75	28.49	Revenue growth (%)		0.0
Invest & other income	(0.30)	(0.37)	(1.00)	(1.00)	EBITDA growth (%)		n/a
EBITDA	(2.55)	0.08	1.74	2.31	EPS growth (%)		n/a
Depreciation/Amort	(0.05)	(0.25)	(0.40)	(0.20)	EBITDA/Sales margin (%)		(<1000)
EBIT	(2.61)	(0.17)	1.34	2.11	EBIT/Sales margin (%)		(<1000)
Net Interest	(0.26)	(0.13)	1.05	2.25	Tax rate (%)		0.0
Pre-tax profit	(2.87)	(0.30)	2.38	4.36	Net debt/equity (%)		24.9
Tax expense	0.00	0.00	0.00	0.00	Net debt/net debt + equity (%)		19.9
Minorities/Assoc./Prefs	0.00	0.00	0.00	0.00	Net interest cover (x)		(10.0)
NPAT	(2.87)	(0.30)	2.38	4.36	Payout ratio (%)		0.0
Non recurring items	(0.40)	0.00	0.00	0.00	Capex to deprec'n (%)		0.0
Reported profit	(3.27)	(0.30)	2.38	4.36	NTA per share (\$)		(0.05)
NPAT add Goodwill & Pref	0.00	0.00	0.00	0.00	ROA (%)		(17.9)
Adjusted profit	(2.87)	(0.30)	2.38	4.36	ROE (%)		(38.3)
Cashflow summary					Multiple analysis		2006A
EBITDA	(2.55)	0.08	1.74	2.31	Market cap (M)		16
Working capital changes	0.00	2.27	11.11	5.99	Net debt (\$M)		2.28
Interest and tax	(0.26)	(0.10)	1.05	2.25	Peripheral assets (\$M)		(0.00)
Other operating items	(0.12)	3.03	13.89	7.95	Enterprise value (\$M)		18.77
Operating cashflow	(2.93)	5.28	27.78	18.50	EV/EBIT (x)		(7.2)
Required capex	0.00	(1.21)	(2.00)	(1.00)	EV/EBITDA (x)		(7.4)
Maintainable cashflow	(2.93)	4.06	25.78	17.50	EV/EBITDA All Ind (x)		10.0
Dividends	0.00	0.00	0.00	0.00	EV/EBITDA rel All Ind (x)		(0.7)
Acq/Disp	(1.39)	(0.50)	(1.00)	(1.00)	P/E (x)		0.0
Other investing items	(0.18)	(0.10)	0.00	0.00	P/E rel All Ind (x)		0.0
Free cashflow	(4.50)	3.46	24.78	16.50	P/E rel All Ind ex banks (x)		0.0
Equity	5.17	0.53	0.00	0.00	P/E sector (x)		14.4
Debt inc/(red'n)	(0.70)	(4.02)	(24.78)	(16.50)	P/E rel sector (x)		0.0
Balance sheet					Assumptions		2006A
Cash & deposits	0.43	2.96	27.75	44.25	Copper (US\$/lb)		2.42
Inventories	0.69	2.52	9.81	13.74	Gold (US\$/oz)		543.19
Trade debtors	0.21	0.97	3.78	5.30	US\$/A\$ (\$)		0.74
Other curr assets	0.02	0.21	0.21	0.21			0.0
Total current assets	1.35	6.66	41.54	63.50	Notes To Accounts		
Prop., plant & equip.	0.52	1.90	3.50	4.30	The financial reports were prepared in accordance with the requirements of the Corporations Act, 2001, in accordance with International Financial Reporting Standards.		
Non-curr intangibles	13.35	13.95	13.95	13.95			
Non-curr investments	0.00	0.00	0.00	0.00			
Other non-curr assets	0.56	0.79	0.79	0.79			
Total assets	15.78	23.29	59.78	82.53			
Trade creditors	0.72	7.32	28.53	39.97			
Curr borrowings	0.05	0.05	0.05	0.05			
Other curr liabilities	0.09	1.31	2.21	2.69			
Total current liab.	0.86	8.67	30.79	42.71			
Borrowings	2.64	0.00	0.00	0.00			
Other non-curr liabilities	3.19	5.27	17.26	23.72			
Total liabilities	6.70	13.94	48.05	66.44			
Minorities/Convertibles	0.00	0.00	0.00	0.00			
Shareholders equity	9.08	9.35	11.73	16.10			

Notes: 2. The risk ratings are on a 12 month perspective, where five stars denotes low risk and one star denotes high risk. Company risk financial, strategic and execution risks associated with the company. Share price risk is a measure of the expected volatility of the price and other

3. The Ethical rating rates a company on an ethical investment basis where five stars denote very good and one star a poor rating. The score areas of operating, environmental, corporate governance and social factors. For more information see www.aer.com.au



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Redbank Mines

3Q07 Production Report

Copper Production

3Q07 copper production was 148t, an increase of 24% on 2Q07 production. Sales revenue (net of TC/f prevailing LME spot price was \$970,000, an increase of 35% on 2Q07. Total production for 3Q07 was approx budgeted production. Wet season conditions impacted the delivery of consumables during December and e circuit availability was approximately 70%. Copper production was from two vats commissioned in 2Q07. Th establish two new leach vats by 30 June 2007.

Project Development Strategy

- ⌘ Stage 1: Currently underway. Treatment of high-grade oxide stockpiles to produce approximately copper from vat and heap leach. Stage 1 will be completed by 30 June 2008.
- ⌘ Stage 2: Heap leaching of freshly mined oxide material from the Bluff and other deposits. Planni commenced and, subject to permitting, it could be operational by December 2007.
- ⌘ Stage 3: Treatment of sulphide material from Sandy Flat and subsequently Bluff and other deposits.

Exploration

RBM recently completed two rounds of drilling for a total of 6,900m, 5,750m RC and 1,150m diamond, since

The first round of drilling completed in January was designed to in-fill drill and test for extensions to the already defined at Bluff and to test Punchbowl. Previous drilling at Bluff dated back about 30 years, and Pt tested mainly for near-surface oxide mineralisation only.

The objectives of the second round of RC drilling carried out in March and April were to

- ⌘ Complete near-surface drilling of the newly discovered Punchbowl breccia pipe and
- ⌘ Drill the Azurite and Redbank prospector workings to test if surface mineralisation is underlain by pipes.

The diamond core drilling program objectives were to

- ⌘ Intersect the mineralisation extension of Punchbowl, Azurite and Redbank at a vertical depth of arou
- ⌘ Collect core suitable for metallurgical test work from the top 80m of Azurite and Redbank.

Assay results are due by late May. Qualitative indications from the drill logs and assay results from the J positive and indicate the following:

- ⌘ At Punchbowl, a disseminated sulphide zone has been intersected below the oxide zone. The sulq open below a depth of 100m;
- ⌘ A cuprite enrichment zone appears to be 12m–16m thick and is present at both Bluff and Punchbo 12m below the surface;
- ⌘ Complete oxidation extends down to the water table at around 30m–35m. Partial oxidation extends d 15m; and
- ⌘ Results have led to a clear model of the breccia pipe style of mineralisation at the Redbank project.

The company will now seek to build its resource inventory by progressively drilling the 15 of 18 identified bre



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Redbank Mines

Copper Recovery From Dewatering

RBM plans to recover 300t of copper from solution using US resin extraction technology. The exercise will allow access to the Sandy Flat open pit and provide access to sulphide ore at depth. The dewatering is expected to take 9–12 months. RBM has been engaged to coordinate and implement the process. The extraction column housing the resin media has been installed at the site and the necessary site infrastructure, including power supply and piping, is currently being installed.

Corporate

In February 2007, RBM completed a capital raising of A\$2.46M from a one for three entitlements issue and offer. The entitlement offer was partially underwritten by Glencore, which agreed to underwrite A\$1M of any new shares issued with 4 million options at a strike price of 9 cents exercisable until 15 December 2008 as consideration for underwriting. Glencore now has the right to nominate a representative to the RBM board of directors.

As at 30 April 2007, RBM's issued share capital was 117,840,198 ordinary shares with 38,115,864 tradeable shares.



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