

REDBANK TO FAST-TRACK NT COPPER PROJECT FOLLOWING SUCCESSFUL PRE-FEASIBILITY STUDY

CONFIRMS REDBANK COPPER PROJECT AS ROBUST 6,300TPA COPPER OPERATION WITH LOW START-UP COSTS

Emerging copper producer Redbank Mines Limited (ASX: **RBM** – “Redbank”) has outlined plans for a **\$19.4 million** staged development of its **Redbank Copper Project** in the Northern Territory – commencing with a low-cost oxide operation within 12 months – after completing a positive Pre-Feasibility Study for the Project and announcing plans to undertake a Definitive Feasibility Study as quickly as possible.

Redbank said today (**Tuesday**) that the Pre-Feasibility Study had confirmed that the Redbank Project is technically viable and financially robust at current copper prices as well as at the LME forward copper price over the medium term, generating an attractive return on investment and rapid capital payback.

The Pre-Feasibility Study has determined a production profile for the Redbank Project of 31,500 tonnes of copper over 5 years, with average copper production of 6,300 tonnes per annum. This would deliver total revenue close to \$200 million over the projected five-year mine life based on resources within the top 100 metres alone, with an average EBITDA of \$11.2 million per annum. The pre-tax NPV_{8%} is \$56 million and the project has an Internal Rate of Return of 58%.

The overall capital cost is estimated at \$19.4 million, comprising \$5.2 million for the oxides stage and \$14.2 million for the sulphides stage. The oxides stage will achieve capital payback within 15 months and generate a pre-tax operating surplus of \$16.2 million over an estimated 3-year mine life, making it a highly attractive development proposition. The sulphides stage will achieve capital payback within 18 months.

Redbank’s Managing Director, Mr Jerome Vitale, said the Pre-Feasibility Study confirmed the robustness of the Redbank Project and provided a framework for a staged development strategy designed to advance it towards production as rapidly as possible to take advantage of strong commodity prices.

“This staged development approach provides excellent flexibility and will enable the surplus generated from the initial treatment of oxide material in the initial years of the project’s life to partially fund the refurbishment of the existing flotation plant for the treatment of sulphide ore,” he said.

Redbank acquired the Redbank Project in late 2005 and moved quickly to prove up its resource potential. Within 12 months, the Company secured a life-of-mine off-take agreement with international commodities group, Swiss-based Glencore. Earlier this year, it announced an upgraded resource within four oxide deposits and three sulphide deposits to 5,028,000t @ 1.4% Cu for 71,000 tonnes of contained copper metal

“We are very pleased by the positive results of this Pre-Feasibility Study, which will underpin the project’s ongoing development,” he said. “Most pleasingly, the study has confirmed that existing mine infrastructure and recently-established small scale stockpile treatment operations will deliver significant capital cost savings, enabling us to fast track development and achieve shorter payback compared to a new start-up operation.”

Only material in the top 100 metres from surface has been included in the development study, based on a 500,000tpa mining and treatment rate for copper oxides and 300,000tpa for copper sulphides below the oxidation zone of 30-40 metres. Material in the top 100 metres from surface shows average mining head grades of 1.48% Cu for oxides and 2.15% Cu for sulphides. Importantly, sulphide mineralisation is known to extend to a depth of 250 metres, and a number of identified near surface oxide targets remain to be drilled, providing significant potential upside to the project development.

The Company now plans to complete a Definitive Feasibility Study for the project as quickly as possible for the preferred cementation treatment route for oxides. The study will include geotechnical studies, determination of optimal mining and throughput rates, mine scheduling, completion of additional metallurgical test work for the leaching process, engineering design and development timing for new oxide and sulphide circuits.

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Competent Person Statements

Note

Competent Person 1:

The information in this announcement that relates to Mineral Resources is based on information compiled by Mr **Phil Jankowski**, who is a Member of The Australasian Institute of Mining and Metallurgy. Phil Jankowski is a full-time employee of SRK Consulting (Australasia) Pty Ltd, and has sufficient experience which is relevant to the style of mineralisation and type of deposit 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'. Mr Jankowski consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Person 2:

The information contained in this announcement, insofar as it relates to the Company's exploration results at the Redbank Copper Project, is sourced from information compiled by Dr D **James Searle**, B.Sc, PhD, MAusIMM,. Dr Searle is an Executive Director of Redbank Mines Limited and has sufficient expertise relevant to the style of mineralisation and type of deposit 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 Mineral Resources and Reserves'. Dr Searle has approved the inclusion of the statement in the form and context which it appears.