

REDBANK CLOSES IN ON OXIDE COPPER PRODUCTION

NOTICE OF INTENT LODGED FOR START-UP COPPER PROJECT IN THE NORTHERN TERRITORY

Redbank Mines Limited (ASX: **RBM** – “Redbank”) has taken a key step towards a proposed low-capital development of its **Redbank Copper Project** in the Northern Territory after lodging a Notice of Intent with the authorities for the Stage 1 Oxides Project.

The Perth-based company said today (**Tuesday**) that it was confident of securing the necessary approvals within 4-6 months, enabling it to commence production within 12 months from heap leaching of the available oxides at the key Bluff, Azurite and Redbank deposits – which contain oxide resources of some 1.0 million tonnes grading 1.4% Cu within 35 metres of the surface.

“We are moving as quickly as possible to fast-track this development, for which the preliminary feasibility study completed last year estimated a capital cost of just A\$5.2 million,” said Redbank’s Managing Director, Mr Gino Vitale.

“This represents a remarkably low capital outlay to commence production and secure the Company’s position as a niche producer of high-grade, high-quality copper concentrates at the Redbank Project,” he added.

“The Feasibility Study forecast that the Stage 1 Oxides Project would generate revenue of A\$61 million and a pre-tax cash surplus of A\$20 million over an initial 2.5 year life, with capital payback being achieved in just over 12 months,” he added. “That was based on the then forward curve copper price of US\$3.10/lb, with the spot price since increasing to almost US\$4.00/lb.”

The Oxides Project has been boosted by recent positive in-fill and resource definition diamond and RC drilling, which has delivered some outstanding high-grade results including **29m @ 7.7% Cu** from 13m down-hole and **24m @ 4.5% Cu** from 15m down-hole at the Redbank Deposit and **8.0m @ 2.1% Cu** from 4m down-hole and **12m @ 1.7% Cu** from 4m down-hole at the Azurite Deposit.

“Indications from the recent drilling are that we will be able to further increase the grade and potentially the tonnage of the currently defined oxide resources ahead of production commencing and this will result in improved profitability” Mr Vitale commented.

The successful development of the Oxides Project will pave the way for a broader staged development of the Redbank Project including the deeper sulphide resources. The 2007 Feasibility Study outlined an overall production profile for the 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 of \$200 million over the projected five-year mine life based on resources within the top 100 metres alone, with an average EBITDA of \$12.0 million per annum. The Company is currently a small-scale producer from the treatment of high-grade stockpiles to clear the processing area for the new heap leach pads in anticipation of the commencement of mining later this year.

Redbank acquired the Redbank Project in 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. Last 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

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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.