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New volcanic pipe, Kerlake

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New Volcanic Pipe; 16 Additional Anomalies and Soils Results Indicate Major Copper Mineralisation System at Depth at Redbank

Summary

Soil geochemistry results from ERL 94 (100% RBM) identify:

- new volcanic pipe, Kerlake
- 16 new substantial anomalies bringing total anomalies for further investigation and drilling to 21
- broad areas of alteration and copper anomalism consistent with a laterally extensive mineralisation source at depth
- Pipes to be tested in forthcoming drilling programme

In December 2007 a 2,000 sample soil geochemistry programme was completed on the Redbank Copper Operations tenement ERL94 (RBM 100%). The programme completed soil sampling coverage of areas underlain by the Gold Creek Volcanics, the main host of the copper mineralisation. The soil geochemistry of ERL94 is now defined by over 7,000 data points. The 2007 programme was carried out on a 100m by 50m sample spacing. Samples were collected from the 'B' soil horizon and sieved to collect the -20 mesh (1mm) fraction which was then analysed in the field with a Niton XRF. Quality control samples were also sent to the laboratory for conventional analysis.

The top half of the attached **Figure 1** shows the copper soil geochemistry of ERL94. The old workings at Redbank, Azurite and Prince are clearly expressed with copper in excess of 500ppm. This is a reflection of the mineralisation being exposed at surface enhanced by dust dispersion from the old mining and ore sorting activities. The Bluff deposit is also prominent because of mineralisation exposed at the surface. The soil geochemistry for the Sandy Flat deposit shown in Figure 1 was collected before the deposit was identified and mined. It is identifiable by a number of peak soil values of between 300 and 400ppm copper. Background levels of copper in soil overlying the host rocks is less than 75ppm. Soil values above 200ppm are considered to be a significant anomaly.

A series of 5 soil geochemistry numbered AN1 to 5 in **Figure 1** were previously defined by CRE (CRA LTD) IN 1995. The current programme has succeeded in defining a further 16 anomalies of equivalent or higher rank (**top half Figure 1, An6 to An21**).

In addition a new volcanic pipe, **Kerslake** has been identified, The Kerslake pipe is about 60m in diameter and surrounded by a soil anomaly of 150 to 300ppm copper measuring 200 by 300m. Collapse breccias plugging the pipe at the surface do not appear to contain visible copper mineralisation, however the breccia does contain decimetre scale veining of coarsely crystalline haematite which may represent a late stage replacement of copper sulphides or a haematite rich phase at the extremity of the copper mineralisation system. Significant copper mineralisation may be present beneath the haematitic breccia plug.

The 21 copper soil anomalies now defined do not necessarily all represent copper mineralised breccia pipes extending throughout the entire 200m plus thick sequence of Gold Creek Volcanics like the known copper pipes. However a number clearly have values and dimensions that are consistent with the known pipe signatures.

The geochemical data also shows a broader pattern of anomalism that would appear related to a larger mineralisation system at depth beneath the Redbank area. While the copper bearing volcanic pipes produce discrete and intense copper anomalies, there are large areas of lower level copper anomalism that appear not to be related to soil dispersions from pipe sources but to zones of broad anomalism within the Gold Creek Volcanics. In addition the volcanics within these zones often show signs of the potassic alteration that is associated with the copper mineralisation in the Redbank area.

The lower part of **Figure 1** shows the broad areas of low level Gold Creek copper anomalism and potassic alteration with the discrete anomalies and the known mineralisation overlaid. This pattern implies migration of mineralising fluids permeating up through the Gold Creek Volcanics through numerous small fractures and fissures and not just channelled through the breccia pipes. This is consistent with a laterally extensive copper mineralisation source at depth.

Drilling to date has demonstrated that the pipe hosted copper mineralisation extends at least 200+m down into the underlying Wooloogorang Formation. There is therefore potential for the discovery of a major copper mineralisation system at depth beneath the Redbank area.

During 2008 the Company plans to evaluate a number of discrete targets defined by the new soil geochemistry data. While immediate drilling priorities remain for extension and infill drilling of the resources in the known pipes, the new targets and indications of a much larger mineralisation system at depth demonstrates the broader potential of the Redbank Copper Project.

Yours faithfully,
Redbank Mines Limited

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NOTE

Geological information contained in this announcement insofar as it relates to the Company's exploration results at the Copperado Exploration Joint Venture on EL24654 and 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 in which it appears.

Figure 1

