

 **Redbank Copper Limited**

ACN 059 326 519

NOTICE OF GENERAL MEETING

TIME: 10.30 am (WST)
DATE: 21 January 2011
PLACE: City West Receptions,
45 Plaistowe Mews,
West Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6389 6800.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30am (WST) on 21 January 2011 at:

City West Receptions

45 Plaistowe Mews

West Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Redbank Copper Limited, PO Box 8116, Subiaco East, Western Australia 6008; or
- (b) facsimile to the Company on facsimile number (+61 8) 6389 6810,

so that it is received no later than 10.30am (WST) on 19 January 2011.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10.30am (WST) on 21 January 2011 at City West Receptions, 45 Plaistowe Mews, West Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7.00pm (AEDT) on 19 January 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – CONVERSION OF LOAN INTO SHARES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Item 7 of section 611 of the Corporations Act, Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the acquisition of relevant interests in voting shares of the Company by Stirling Copper Limited by virtue of the issue of Shares upon the conversion of the Loan on the terms and conditions set out in the Explanatory Statement.”

Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Stantons International Securities for the purposes of the Shareholder approval required under Item 7 of Section 611 of the Corporations Act which comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company.

Expert's Conclusion: The Independent Expert reporting on Resolution 1 concludes that the acquisition referred to in that resolution is **fair and reasonable** to the non-associated Shareholders of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who is to receive securities in relation to the entity. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 7 DECEMBER 2010

BY ORDER OF THE BOARD



**ILDIKO WOWESNY
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.30am (WST) on 21 January 2011 at City West Receptions, 45 Plaistowe Mews, West Perth, Western Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

1. RESOLUTION 1 – CONVERSION OF LOAN INTO SHARES

1.1 General

Redbank Copper Ltd has, since the beginning of July 2010 relied on Stirling Resources Limited (**Stirling**) to be the Company's sole funder. Between 5 July 2010 and 31 October 2010, Stirling has provided the Company with loans totalling \$2,490,000 (plus interest of \$89,836) (**Loan**).

Stirling and its wholly owned subsidiary Stirling Copper Pty Limited (**Stirling Copper**) currently have a relevant interest in 23.02% of the Company's shares. The parties have now agreed to convert the Loan into equity. Accordingly, resolution 1 seeks Shareholder approval for the purpose of Item 7 of section 611 of the Corporations Act, Section 208 of the Corporations Act and ASX Listing Rule 10.11 for the conversion of the Loan (**Conversion**) into fully paid ordinary shares in the Company (**Shares**).

Stirling and Stirling Copper are related parties of the Company.

1.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed Conversion:

- (a) the related parties are Stirling Copper and Stirling (**Related Parties**) and they are related parties by virtue of Stirling being a controlling entity of the Company and Stirling Copper being a wholly owned subsidiary of Stirling;
- (b) the maximum number of Shares to be issued under the Conversion to Stirling Copper is 75,877,529 Shares;
- (c) the Shares will be issued to Stirling Copper no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) the Shares will be issued for the conversion of the Loan into shares, accordingly no funds will be raised;
- (e) the Shares shall rank equally with the Shares on issue at the date of the Conversion;
- (f) the Loan shall convert into Shares at \$0.034 per Share;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below;

Related Party	Shares	Options
Stirling	39,961,460	Nil
Stirling Copper	39,961,460	Nil

- (h) if the Shares to be issued pursuant to the Conversion are issued to the Stirling Copper, the number of Shares on issue will increase from 173,563,082 to 249,440,611 (assuming that no Options are exercised and no Shares other than those contemplated by the Resolution of this Notice of Meeting are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 30.42%.
- (i) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	15 cents	11 January 2010
Lowest	1.7 cents	22 September 2010
Last	2.8 cents	3 December 2010

- (j) the primary purpose of the Conversion is to prevent the need to repay the Loan in cash thereby preventing a drain on cash resources of the Company.

EXPLANATORY STATEMENT (continued)

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

1.3 Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point above 20% and below 90%.

VOTING POWER AND RELEVANT INTERESTS

Under section 610 of the Corporations Act, a person's voting power is defined as the percentage of the total voting shares in the Company held by the person and the person's associates.

Section 611 Item 7 of the Corporations Act – Exemption from Section 606

Section 611 provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the prohibition in Section 606(1), including acquisitions approved previously by a resolution passed at a general meeting of the company in which the acquisition is made (Item 7 of Section 611).

For the exemption of Item 7 of Section 611 to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their associates, or known to the Company that was material to the decision on how to vote on the resolution. In Regulatory Guide 111, the ASIC has indicated what additional information should be provided to shareholders in these circumstances.

For the purposes of the Corporations Act, and Regulatory Guides 74 and 111, the following information is disclosed in relation to the acquisition of a relevant interest in the Company by Stirling and its Associates. Shareholders are also referred to the Independent Expert's Report prepared by Stantons International Securities which forms part of this Explanatory Statement.

Deemed Relevant Interests, Voting Power and Associates

In the event all of the Shares the subject of Resolution 1 (i.e. as a result of Conversion) are issued, the voting power of Stirling Copper will increase from 23.02% to 46.44%.

Accordingly, the Company is seeking the approval of Shareholders under Item 7 of Section 611 of the Corporations Act in respect of Stirling Copper and its Associates.

If Resolution 1 is passed, Stirling Copper may convert the Loan in full without breaching Chapter 6 of the Corporations Act. The issue of Shares (on the Conversion) to Stirling Copper or its Associates, pursuant to Resolution 1 will increase Stirling Copper's and its Associates voting power in the Company from a starting point above 20% to a point below 90%.

As set out in the Voting Exclusions in the Notice of Meeting, Stirling Copper and its respective Associates are precluded from voting on Resolution 1.

The figures in the following section assume that:

- (a) the Company has 173,563,082 Shares on issue and does not intend to issue any additional Shares other than on conversion of the Loan issued to Stirling;
- (b) all of the Loan plus accrued interest, being \$2,490,000 plus interest of \$89,836, is converted at \$0.034 per Share (i.e. through the issue of 75,877,529 Shares);
- (c) Stirling Copper does not acquire any additional Shares other than those referred to in Resolution 1.

1.4 ASIC Regulatory Guide 74

The following information is included in accordance with the requirements of Item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 to the extent it applies pursuant to ASIC Regulatory Guide 159.

- (a) *The identity of each person proposing to make an acquisition of a relevant interest (Acquirer) and their associates (Associated Parties) is:*

Acquirer	Associates
Stirling Copper Pty Limited	Stirling Resources Limited

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EXPLANATORY STATEMENT (continued)

- (b) *As at the date of this notice, the following Associated Parties had a relevant interest in shares of the Company:*

Party	Relevant Interest	% Issued Capital
Stirling Resources Limited	39,961,460	23.02%

Impact of the transactions on the Voting Power in the Company's Shares

- (c) **The Company's capital structure**

Once the conversion of the Loan as proposed in Resolution 1 has been completed, the capital structure of the Company will consist of 249,440,611 Shares.

- (d) **Current voting power of Stirling Copper**

As at the date of the Notice of Meeting, Stirling Copper's and its Associates' voting power is 23.02%.

- (e) **Voting power of Stirling Copper and its Associates (assuming all of the Loan is fully converted at \$0.034 per Share)**

Conversion Price	Total Number of Shares held by Stirling Copper & Associates	Total % voting power	No. of Shares to be issued upon Loan Conversion	Total Number of Shares held by Stirling Copper & Associates following Loan Conversion	Total % voting power
\$0.034	39,961,460	23.02%	75,877,529	115,838,989	46.44%

For the issue of 75,877,529 Shares to Stirling Copper pursuant to the conversion, the maximum increase in the voting power of Stirling and its Associates as a result of the acquisition will be approximately 23.42%.

- (f) **Intentions as to the Future of the Company**

Subject to the above paragraph, the present intentions of Stirling regarding the future of the Company, if Resolution 1 in the Notice of Meeting is approved by Shareholders are as follows:

- (i) has no intention of making any changes to the business of the Company;
- (ii) does not propose to change the employment arrangements of the Company; other than to appoint up to 2 nominees of Stirling as members of the Board in the near future;
- (iii) does not intend to redeploy any fixed assets of the Company;
- (iv) does not have any present intention to inject further capital into the Company; and
- (v) does not intend to transfer any property between the Company and DCM or any person associated with it.

- (g) **Financial and Dividend Policies of the Company**

There is no immediate intention of Stirling to change the financial or dividend policies of the Company.

- (h) **Proposal is fair and reasonable**

The Expert's Report concludes that the proposed issue of Shares under Resolution 1 set out in this Explanatory Statement is **fair and reasonable** to non associated Shareholders. You should consider the Expert's Report in detail.

- (i) **Advantages of Loan Conversion**

(i) If Shareholders do not approve Resolution 1, the Loan debt will need to be repaid in cash and that would be a drain on cash resources. The actual cash outlay would be higher as additional interest would be payable. Furthermore, there is saving in interest that would otherwise be payable from 1 November 2010. Current cash resources are not sufficient to pay all existing creditors. The ability to spend money on exploitation and or exploration and evaluation of the Company's projects and other mineral assets would be curtailed if the Loan needed to be repaid in cash. By entering into the proposal with Stirling, the net asset position of the Company is improved as \$2,579,836 of debt liability is eliminated for no cash outlay. Notwithstanding this, the Company's cash position is low taking into account the debt obligations to Stirling and other Shareholders and the necessity to fund the mining and exploration operations and further share equity funds will need to be obtained.

(ii) The conversion price of \$0.034 per Share is greater than the recent Share prices (since 9 November 2010). It is also noted that the last conversion price of part of a Shareholder convertible note (\$100,000 value) was undertaken at 2.42 cents per Share.

EXPLANATORY STATEMENT (continued)

- (iii) The issue price of the Shares being issued pursuant to the Conversion being \$0.034 cents per Share is not a significant discount to the market share price of a Share over the past month. In the current market it is time consuming for exploration companies such as the Company to raise equity and if raised significant discounts to recent traded share prices may need to be offered. It is not uncommon to offer discounts in the current market of between 20% and 50%. Arguably it could be higher for mineral exploration/producer companies that are not profitable and have negative cash flows. The issue of the Shares pursuant to the Conversion is significant to allow the Company to extinguish part of the loans from Stirling to the extent of \$2,479,836. By allowing the Company to enter into an improved net asset position and reduce debt by \$2,479,836 it may assist the Company in the future to raise additional working capital to be used in the continuing operations of the Company. However, in the short term fund raising may be difficult and the continued support of Stirling (and other Shareholders) is still required. If the Company continues to have positive results from its underlying mineral projects, there is an increased chance that future capital raisings may be undertaken at a higher price than the \$0.034 per Share envisaged under the issue of the Shares pursuant to the Conversion.
- (iv) There is a continuing incentive for Stirling (and its major shareholder) to ensure the Company becomes a viable mineral exploration and development company as Stirling (and its major shareholder) will continue to have a significant shareholding interest in the Company. Stirling is taking a risk in investing further into the Company (via eliminating the Loan by the issue of the Shares pursuant to the Loan conversion) as to a large extent the Company's future Share price may be determined by the performance of the Company's copper project (if it proceeds to production). There is a huge incentive for Stirling (and its major shareholder) to make the Company a successful company and have the Share price rise considerably. All Shareholders would benefit from a rise in the Share price.
- (j) **Disadvantages of Loan Conversion**
- (i) The conversion price of \$0.034 per Share (if the Loan is converted to share equity) may be less than the price of a Share at the actual date of conversion. It should be noted that Shareholders need to take into account the likelihood of the future prospectivity of, and any associated potential upgrades to mineral resources, and thus the impact upon the Share price for the duration of the Loan, to ascertain whether the future value and the conversion price is considered to be congruent. However it is noted that the existing fair value of a Share is in the range of 2.7 cents to 3.5 cents for the past 3 weeks to 22 November 2010.
- (ii) The number of Shares on issue in the Company initially rises by 75,877,529 to 249,440,611. This represents an approximate 43.72% increase in the ordinary shares of the Company. This dilutes the shareholding of the non-Stirling associated Shareholders.
- (iii) An increased influential shareholding of the Company is being given to Stirling in that they would immediately have voting control of approximately 46.44% of the expanded ordinary issued capital as a result of the issue of the Shares pursuant to the Conversion after the successful ratification and implementation of Resolution 1. This represents an increase of approximately 30.42%. However, the percentage may reduce if convertible notes issued to other Shareholders are converted to shares in the Company.
- (k) **Directors Recommendation**
- Based on the information available, including that contained in this Explanatory Statement, all of the Directors consider that Resolution 1 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1.

1.5 Independent Expert's Report

Regulatory Guide 74 provides that shareholder approval sought for the purpose of Item 7 of section 611 of the Corporations Act must include a report on the proposed acquisition or disposal from an independent expert. Accompanying this Notice of Meeting is an Independent Expert's Report prepared by Stantons International Securities concluding that the proposed transaction is **fair and reasonable** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report in full to understand the scope of the report, advantages and disadvantages of the transaction, the methodology of the valuation and the assumptions made.

22 November 2010

The Directors
Redbank Copper Limited
143 Hay Street
SUBIACO WA 6008

Dear Sirs,

RE: REDBANK COPPER LIMITED (ABN 66 059 326 519) MEETING OF SHAREHOLDERS TO CONSIDER A RESOLUTION UNDER SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA"), SECTION 208 TCA AND ASX LISTING RULE 10.11 RELATING TO THE PROPOSAL TO ALLOW THE CONVERSION INTO SHARES OF A LOAN OWED TO STIRLING RESOURCES LIMITED ("STIRLING") AT 3.4 CENTS PER SHARE.

1. INTRODUCTION

- 1.1 We have been requested by the Directors of Redbank Copper Limited ("Redbank" or "the Company") to prepare an Independent Expert's Report to determine the fairness and reasonableness of the transaction referred to in resolution 1 as detailed in the Notice of Meeting to Redbank shareholders ("the Notice") to be issued to shareholders in early December 2010 for a shareholders meeting to be held in January 2011. Resolution 1 relates to the Company seeking approval that the existing \$2,490,000 loan (plus accrued interest to 31 October 2010) owing to Stirling (the "Loan") may be repaid by the issue of 75,877,529 shares ("Stirling Shares") at 3.4 cents each by the holder of the Loan. The holder of the Loan is Stirling, a substantial shareholder in Redbank, and is a company listed on the ASX.

For the purposes of this report, the Loan balance convertible into ordinary Redbank shares includes the principal amount of \$2,490,000 as well as the additional accrued interest of \$89,836 up to 31 October 2010. Thus \$2,579,836 is to be converted into 75,877,529 Stirling Shares (ordinary shares in Redbank) following shareholder approval.

- 1.2 Conversion is to take place when Stirling, the holder of the Loan, hands a formal notice ("conversion notice") to Redbank wishing to convert the Loan into ordinary shares in Redbank (the "conversion date"). Stirling informed Redbank of the proposed conversion on 1 November 2010 and conversion of the Loan (including accrued interest) is based on the Loan as at 31 October 2010. Stirling now wishes to convert the Loan to equity in Redbank (that includes the accrued interest of \$89,836 up to 31 October 2010). Stirling's relevant shareholding (as at 18 November 2010) is 39,961,460 Redbank ordinary shares held in the name of Stirling's wholly owned subsidiary, Stirling Copper Pty Limited ("Stirling Copper") (refer to paragraph 3.2 of this report) representing an approximate 23.02% shareholding interest in Redbank. The conversion price of 3.4 cents per share

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would entitle Stirling to 75,877,529 Stirling Shares (ordinary shares in Redbank). Thus Stirling is entitled to increase its beneficial shareholding by approximately 23.42% to a total potential holding of 115,838,989 ordinary shares in Redbank which represents approximately 46.44% of the post debt conversion ordinary shares of Redbank and assuming no other share issues.

- 1.3 Under Paragraph 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons' or someone else's voting power in the company increases:
- (a) from 20% or below to more than 20%; or
 - (b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transactions noted in resolution 1 pursuant to a Section 611 (Item 7) meeting.

- 1.4 Due to the imminent appointment of two nominees of Stirling to the Board of Redbank, Stirling may be deemed a related party of Redbank under Section 228 TCA and thus shareholders approval for the debt conversion proposal also requires shareholders approval under Section 208 TCA and ASX Listing Rule 10.11.
- 1.5 Under ASIC Regulatory Guideline 111 "Contents of Expert Reports" an Independent Expert's Report is required to report on the fairness and reasonableness of the transaction pursuant to resolution 1. The Redbank directors have requested Stantons International Securities to prepare an Independent Expert's Report to assist the shareholders in determining how to vote on resolution 1 as outlined in the Notice and the Explanatory Statement to Shareholders ("ES").
- 1.6 Apart from this introduction, the report considers the following:
- Summary of opinion
 - Implications of the proposals
 - Future directions of Redbank
 - Basis of valuation of Redbank shares
 - Premium for control
 - Fairness and Reasonableness of the Proposal
 - Conclusion as to Fairness and Reasonableness
 - Sources of information
 - Appendix A and our Financial Services Guide

2. SUMMARY OF OPINION

- 2.1 In determining the fairness and reasonableness of the transaction and proposal pursuant to resolution 1, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Statement 111. Regulatory Statement 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair. An offer may also be reasonable, if despite not being “fair”, where there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Regulatory Statement 111 also states that in all cases, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, a report by an independent expert stating whether or not the proposals pursuant to resolution are fair and reasonable, having regard to the interests of shareholders other than the proposed allottees (in this case, Stirling) and whether a premium for potential control is being paid by the allottees, will be required. Regulatory Statement 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non-associated shareholders if the transaction proceeds compared with if it does not.

Accordingly, our report relating to resolution 1 is concerned firstly with the fairness and reasonableness of the proposal from the point of view of the existing non associated shareholders of Redbank, and secondly whether the price payable for the potential to obtain an increased significant shareholding interest (by Stirling) (75,877,529 shares at 3.4 cents each on conversion of all of the Loan that includes accrued interest to 31 October 2010) includes a premium for increased control.

2.2 In our opinion:

The proposal as outlined in resolution 1 whereby Redbank will allow Stirling to convert the Loan to 75,877,529 ordinary shares at 3.4 cents per share is, on balance, fair and reasonable to the non-associated shareholders of Redbank.

Notwithstanding that the Redbank share price as at 19 November 2010 is less than the conversion price each shareholder needs to examine the share price of Redbank and market conditions at the time of exercise of vote to ascertain the impact, if any, on resolution 1.

The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

3. IMPLICATIONS OF THE PROPOSALS

3.1 As at 22 November 2010, there are 173,563,082 fully paid ordinary shares on issue in Redbank. The significant fully paid shareholders as at 22 November 2010 are disclosed as:

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>% Interest</u>
Stirling Copper Pty Ltd	39,961,460	23.02
La Jolla Cove Investors Inc	4,185,798	2.41
Wayne Kennedy Davey	3,959,864	2.28
Peter Paige	2,769,148	1.60
Isaiah Sixty Pty Ltd	2,062,700	1.19
	<u>52,398,970</u>	<u>30.50</u>

3.2 The top twenty fully paid shareholders as at 22 November 2010 owns approximately 43.10% of the current issued capital. Stirling’s relevant interest in Redbank’s share capital is 39,961,460 shares representing approximately 23.02% of the capital of the Company as at 22 November 2010.

- 3.3 On conversion of the Loan by way of the issue of 75,877,529 shares, Stirling's relevant shareholding interest post the issue of the Stirling Shares will be 115,838,989 shares representing approximately 46.44% of the expanded issued capital of Redbank.
- 3.4 The unlisted share options currently on issue are 250,000 share options exercisable at \$1 on or before 30 June 2011, 250,000 share options exercisable at \$1.50 per share on or before 30 June 2012, 250,000 share options issued exercisable at 50 cents per share on or before 30 June 2012, 3,650,000 share options issued exercisable at 50 cents per share on or before 31 December 2011, 400,000 share options issued exercisable at 10 cents per share on or before 30 June 2012 and 400,000 share options issued exercisable at 9.6 cents per share on or before 31 January 2011.
- 3.5 If the Loan is converted the number of shares on issue may be:

	No of shares
On issue as at 22 November 2010	173,563,082
Issue of shares to Stirling on conversion of the Loan	<u>75,877,529</u>
Potential total shares on issue post loan conversion	<u>249,440,611</u>

Further shares may be issued to La Jolla on conversion of convertible notes. As at 22 November 2010 there is 1 convertible note owing to La Jolla Cove Investors ("La Jolla") with a face value of US\$1,500,000 that is being drawn down at the rate of US\$375,000 per month commencing November 2010. This note was issued on 10 November 2010. The Company has the right to draw down three more convertible notes of US\$1,500,000 under a debt facility with La Jolla. The notes are convertible into ordinary shares at La Jolla's option at any time at the lesser of 25 cents or 80% of the 3 lowest volume weighted average price ("VWAP") during the 21 trading days prior to the election to convert, subject to a floor price of 1.2 cents at which the Company can refuse conversion and may redeem the convertible note at 150% of the outstanding face value. If not converted, the convertible notes are repayable by November 2011. Interest is charged at the rate of 4.75% per annum. The actual number of shares that may be issued on conversion will depend on the amount drawn down, US/AUS exchange rates and the VWAP preceding conversion dates. The total facility was US\$7,500,000. The first convertible note of US\$1,500,000 was drawn down and repaid by 12 November 2010 via debt to equity conversions. As noted above, a further US\$1,500,000 has been issued and thus up to a further 3 convertible notes of US\$1,500,000 may yet be issued (and drawn down in parcels of US\$375,000 per month).

- 3.6 The share percentage held by Stirling may vary depending on whether the Loan is converted to shares, the issuance of convertible notes and conversion into ordinary shares and whether existing share options are exercised into ordinary shares in Redbank.
- 3.7 In relation to the Board of Directors control, the current directors are Messrs Bruce Morrin, Allan Brown, Ian Price and Keith Vuleta. Ms Ildiko Wowesny is the Company Secretary of Redbank. It is not planned in the near future to change the Board of Directors but this may change in 2011.

4. FUTURE DIRECTION OF REDBANK

4.1 We have been advised by a director of Redbank that:

- The immediate short-term plan is to use the existing funds and raise further funds to continue obtaining the mining approval on the Redbank Copper Project and complete the Implementation Plan. It is estimated that over \$55,000,000 may need to be raised to fund the capital costs relating to the Redbank Copper Project;
- Composition of the Board of Directors of Redbank is proposed to change in the near future as up to two nominees of Stirling are expected to be members of the Board in the near future;
- No dividend policy has been set and is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company is likely to raise further capital as and when required to continue to develop the Company's mineral assets. As noted above, the Company has a convertible note facility with La Jolla and is also being financially supported by Stirling via Stirling's major shareholder DCM DECOMETAL GMBH ("DCM").

5. BASIS OF TECHNICAL VALUATION OF REDBANK

5.1 In considering the proposal as outlined in resolution 1 we have sought to determine if the conversion price of the Loan into ordinary Redbank shares (at 3.4 cents per ordinary share) is in excess of the current fair value of the shares in Redbank on issue and then conclude whether the proposal is fair and reasonable to the existing non-associated shareholders of Redbank (not associated with Stirling).

5.1.2 The proposal pursuant to resolution 1 would be fair to the existing non associated shareholders if the conversion price of the Loan owing by Redbank to Stirling into ordinary Redbank shares is greater than or equal to the implicit value of the shares in Redbank currently on issue. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Redbank shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining the current technical value of a Redbank share are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market value price of Redbank shares.

5.2 Capitalised Maintainable Earnings / Discounted Cash Flows

5.2.1 Redbank currently does not have a reliable cash flow or profit history from a business undertaking and therefore this methodology is not appropriate. The Company needs funds to further progress the program at the Redbank Copper Project. It is likely too early to use a discounted cash flow model as proven and probable economic reserves are yet to be accurately determined. Currently, Redbank does not have sufficient funds and thus any perceived technical values of the Redbank Copper Project and other mineral assets of the Redbank are theoretical as without funds the Redbank Copper Project could not be progressed.

5.3 Takeover Bid

We have been advised by a director of Redbank that the directors do not believe that there would be any person with an interest in taking over 100% of the Company by way of a formal takeover bid. To our knowledge, there are no current bids in the market place and the directors of Redbank and ourselves have formed the view that there is unlikely to be any takeover bids made for Redbank in the immediate future. It is noted however that the holding of Stirling is approximately 23.02% and could rise to approximately 46.44% if shares are issued to Stirling on conversion of the Loan (before the issue of further shares to other parties, including La Jolla).

5.4 Net Asset Backing and Wind-Up Value

5.4.1 A summary of the unaudited consolidated statement of financial position of Redbank as at 30 September 2010 is summarised below after allowing for the issue of 4,132,231 shares in November 2010 at an issue price of 2.42 cents per share on conversion of \$100,000 of a convertible note previously issued to La Jolla, the draw down of a further US\$375,000 (say \$375,000) from La Jolla and a further drawdown of \$615,000 from Stirling and assuming all cash raised has been spent on overheads and exploration; along with a pro-forma consolidated unaudited statement of financial position after allowing for the following:

- the incurring of further interest on the Stirling Loan of \$89,389; and
- the conversion of the Loan at 3.4 cents each to eliminate the \$2,579,836 liability (incorporating the accretion of interest on the Loan to 31 October 2010, and the issue of 75,877,529 ordinary shares in Redbank to Stirling.

	Unaudited 30 September 2010 as adjusted \$000's	Unaudited 30 September 2010 Pro-Forma \$000's
Current assets		
Cash at bank	988	988
Trade and other receivables	164	164
Inventories	209	209
Other- prepayments	47	47
	1,408	1,408
Non current assets		
Receivables - bonds	380	380
Plant and equipment	1,146	1,146
Mineral assets (development costs)	2,897	2,897
Deferred capitalised expenditure	8,580	8,580
	13,003	13,003
Total assets	14,411	14,411

	Unaudited 30 September 2010 as adjusted \$000's	Unaudited 30 September 2010 Pro-Forma \$000's
Current liabilities		
Trade and other payables	1,031	1,031
Provisions	731	731
Borrowings	2,676	186
	5,438	1,948
Non Current Liabilities		
Borrowings- convertible notes	402	402
	402	402
Total liabilities	4,840	2,350
Net Assets	9,571	12,061
Equity		
Issued capital	85,781	88,361
Reserves	1,728	1,728
Accumulated losses	(77,938)	(78,028)
	9,571	12,061
Non controlling interests	-	-
Net Equity	9,571	12,061

No allowance has been made for further administration and amortisation/depreciation costs from 1 October 2010.

5.4.2 Based on the adjusted book values at 30 September 2010 this equates to a value per issued share (173,563,082 shares on issue) of approximately 5.5 cents (ignoring the value, if any, of non-booked tax benefits).

5.4.3 Based on the pro-forma consolidated statement of financial position, after the conversion of the Loan by Stirling into ordinary shares, the net book value totals \$12,061,000 or approximately 4.8 cents per issued share (249,44,611 shares on issue).

5.5 Market Price of Redbank Shares

5.5.1 We set out below a summary of share prices of Redbank from 1 June 2010 to 22 November 2010:

2010	High Last Sale Cents	Low Last Sale Cents	Last Sale Cents	Volumes Trade (000's)
June	3.4	1.8	3.7	15,789
July	3.9	2.7	2.8	6,306
August	3.0	1.9	2.0	11,142
September	3.1	1.7	3.1	16,064
October	4.6	2.7	3.0	15,745
November (to 22nd)	3.5	2.9	2.9	9,512

5.5.2 The share price has oscillated over the past six months between 1.7 cents and 3.7 cents. No significant announcements were made in this period. The share price in October 2010 was mainly in the range of 2.7 cents to 3.5 cents. The 4.6 cents trade was on one day only.

5.5.3 No independent valuations have been prepared on the mineral prospects of Redbank and we do not consider it necessary to obtain an independent valuation of the mineral prospects for the purposes of this report. We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Redbank and other parties. We also note it is not the present intention of the directors of Redbank to liquidate the Company and therefore any theoretical value based upon wind up value or even net book values (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Redbank based on the market perceptions of what the market considers a Redbank share to be worth. The market has either generally valued the vast majority of junior/mid size mineral exploration and development companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Redbank shares and the market is kept fully informed of the activities of the Company. The market capitalisation of Redbank as at 22 November 2010 was approximately \$4.86 million. Redbank's market capitalisation is less than the net equity position of around \$9.571 million as at 30 September 2010 before adjusting for the shares issued to convert the Loan into ordinary shares and before accounting for losses post 30 September 2010. Stirling notified Redbank of its intention to convert the unsecured Loan of \$2,490,000 plus accrued interest of \$89,836 on 1 November 2010 based on a VWAP share price on the 14 preceding days to 31 October 2010. Such VWAP has been calculated at 3.4 cents. It is noted that the last share price on 22 November 2010 was 2.9 cents per share and the share price since 1 November 2010 and to 22 November 2010 has been between 2.9 cents and 3.5 cents.

5.6 Preferred value of Redbank fully paid shares (range) to arrive at fairness conclusion

5.6.1 Notwithstanding the good prospectivity of the Redbank's copper project in the Northern Territory, without cash the Company cannot continue exploration, evaluation and development of the mineral assets. The closing share price as at 22 November 2010 does not necessarily reflect fair value of the Company's shares. If future exploration and evaluation proves successful and development of the Company's copper project proceeds, then arguably the fair value of a Redbank share would be in excess of the 3.4 cent conversion price of the Loan. The share price in the future is unknown but it may be fair to say that if the development and exploitation of the Company's mineral assets proceed then it is likely that the share price would be higher than the share price at 18 November 2010. The future ultimate value of a Redbank share will depend upon, inter alia:

- the future prospects of its mineral assets;
- the state of the copper, gold and base metal markets (and prices) in Australia and overseas;
- the state of Australian and overseas stock markets;
- the strength of the Board and management and/or who makes up the Board and management;
- general economic conditions;
- the liquidity of shares in Redbank; and
- possible ventures and acquisitions entered into by Redbank.

5.6.2 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or

higher. In the case of Redbank, current liquidity is not strong and it is noted that the adjusted current cash and receivables as at 30 September 2010 totalled \$1,152,000 whilst trade creditors and accruals totalled \$1,031,000. The Company also has amounts owing to La Jolla of around \$402,000 and owes monies under hire purchase and insurance funding of around \$186,000. Other liabilities are annual leave of approximately \$92,000 (current) and a provision for rehabilitation of around \$636,000. The cash position is very poor taking into account the debts of the Company and the Company requires an urgent inflow of funds to be able to satisfy the debts owing and/or providing continued funding to develop underlying mining assets. It is noted that there is a funding facility with La Jolla that expires in November 2011 and in theory further funds may be made available to Redbank by La Jolla. However much of any future proceeds will be needed to pay creditors at 30 September 2010 plus ongoing costs (that may include exploration and development). In effect, Stirling and La Jolla have been funding the Company over the past 6 to 12 months and we have been advised that it is unlikely in the near term to be able to raise new equity whilst the large debt owing to Stirling is in existence. Debts owing to La Jolla will not necessarily be acquitted by debt to equity conversion in the future and repayment in cash may need to occur. Arguably, based on recent price history from June 2010 to 18 November 2010, the market value of a Stirling share lies mainly in the range of 1.7 cents to 3.5 cents but unless the Company raises further funds the share price may fall below the current share price of 2.9/3.2 cents. In the absence of sufficient cash resources, the Company cannot complete the development for the Redbank Copper Project, repay the amounts owing to Stirling and others and meet on going working capital requirements. The share price would drift downwards until cash is received.

The closing share price as at 22 November 2010, being 2.9 cents per share does not necessarily reflect fair value of the Company's shares. If future exploration and evaluation and or exploitation of the Redbank Copper Project proves successful and development proceeds, then arguably the fair value of a Redbank share may be in excess of the 2.9 cent price per share as at 22 November 2010. It is considered, that the market which is fully informed, is a good indicator of the current value of a Redbank share. The market has had the opportunity to digest the recent announcements and results (those announced from June 2010 through to 22 November 2010) of the Company.

We have, however, put more of a weighting on the market value rather than the net asset backing approach. In our view, for the purposes of ascribing a value to a Redbank share for the purposes of arriving at a conclusion on the fairness and reasonableness of the proposals under resolution 1, the current fair market value of a Redbank share lies in the range of 2.7 cents and 3.5 cents.

6. PREMIUM FOR CONTROL

- 6.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.
- 6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders' control more than 20% of the issued capital. In this case, Stirling on conversion of the Loan to ordinary fully paid shares in Redbank would increase its shareholding from approximately 23.02% to approximately 46.44%. Accordingly, we have addressed whether a premium for increased control will be paid.

- 6.3 The 22 November 2010 market value of a Redbank share approximates 2.9 cents (17 November 2010 it was 2.9 cents) and it is noted that the shares in the three months to 31 October 2010 (immediately before Stirling informed Redbank of the planned conversion to equity of the Loan) have traded in the 1.7 cent to 4.6 cent range (with the majority of sales between 2 cents and 3.5 cents), although it is noted that the net book asset backing per share is now disclosed at approximately 5.5 cents per share (prior to the Loan conversion). The conversion price has been stated at 3.4 cents per ordinary share, whereas the last sale price as at 22 November 2010 is 2.9 cents per ordinary share. For reasons outlined in paragraph 5.6.2, we believe that the fair market price of a Redbank share lies in the 2.7 cents to 3.5 cent range. Therefore, Stirling can arguably be considered to be paying a premium for a potential increase in control based on the ordinary share price range of 2.7 cents to 3.5 cents although at 3.5 cents per Redbank share no premium would be payable for an increase in control. It is noted that based on an asset backing of approximately 5.5 cents per share, Stirling would not be paying a premium for increased control.

7. FAIRNESS AND REASONABLENESS OF THE PROPOSAL

We set out below, some of the advantages, disadvantages and other factors pertaining to the proposal under resolution 1.

Advantages

- 7.1 If shareholders do not approve resolution 1, the Loan debt will need to be repaid in cash and that would be a drain on cash resources. The actual cash outlay would be higher as additional interest would be payable. Furthermore, there is saving in interest that would otherwise be payable from 1 November 2010. Current cash resources are not sufficient to pay all existing creditors. The ability to spend money on exploitation and or exploration and evaluation of the Redbank Copper Project and other mineral assets would be curtailed if the Loan needed to be repaid in cash. By entering into the proposal with Stirling, the net asset position of Redbank is improved as \$2,579,836 of debt liability is eliminated for no cash outlay. As noted above, the current net book assets rises (refer paragraphs 5.4.1 and 5.4.2). Notwithstanding this, Redbank's cash position is low taking into account the debt obligations to Stirling and La Jolla and the necessity to fund the mining and exploration operations and further share equity funds will need to be obtained.
- 7.2 The conversion price of 3.4 cents is greater than the recent share prices (since 9 November 2010). It is also noted that the last conversion price of part of a La Jolla convertible note (\$100,000 value) was undertaken at 2.42 cents per share.
- 7.3 The issue price of the Stirling Shares (ordinary shares in Redbank) being 3.4 cents per share is not a significant discount to the market share price of a Redbank share over the past month. In the current market it is time consuming for exploration companies such as Redbank to raise equity and if raised significant discounts to recent traded share prices may need to be offered. It is not uncommon to offer discounts in the current market of between 20% and 50%. Arguably it could be higher for mineral exploration/producer companies that are not profitable and have negative cash flows. The issue of the Stirling Shares (ordinary shares in Redbank) is significant to allow the Company to extinguish part of the loans from Stirling to the extent of \$2,479,836. By allowing the Company to enter into an improved net asset position and reduce debt by \$2,479,836 it may assist the Company in the future to raise additional working capital to be used in the continuing operations of Redbank. However, in the short term fund raising may be difficult and the continued support of Stirling (and La Jolla) is still required. If the Company continues to have positive results from its underlying mineral projects, there is an increased chance that

future capital raisings may be undertaken at a higher price than the 3.4 cent per share envisaged under the proposed issue of 75,877,529 Stirling Shares to Stirling.

- 7.4 There is a continuing incentive for Stirling (and its major shareholder DCM) to ensure Redbank becomes a viable mineral exploration and development company as Stirling (and DCM as a major shareholder in Stirling) will continue to have a significant shareholding interest in Redbank. Stirling is taking a risk in investing further into Redbank (via eliminating the Loan of \$2,579,836 by the issue of the Stirling Shares) as to a large extent Redbank's future share price may be determined by the performance of the Redbank Copper Project (if it proceeds to production). There is a huge incentive for Stirling (and DCM) to make Redbank a successful company and have the share price rise considerably. All shareholders would benefit from a rise in the share price.

Disadvantages

- 7.5 The conversion price of 3.4 cents (if the Loan is converted to share equity) may be less than the share price of a Redbank share at the actual date of conversion. It should be noted that shareholders need to take into account the likelihood of the future prospectivity of, and any associated potential upgrades to mineral resources, and thus the impact upon the share price for the duration of the Loan, to ascertain whether the future value and the conversion price is considered to be congruent. However it is noted that the existing fair value of a Redbank share is in the range 2.7 cents to 3.5 cents for the past 3 weeks to 22 November 2010.
- 7.6 The number of fully paid ordinary shares on issue initially rises by 75,877,529 to 249,440,611. This represents an approximate 43.72% increase in the ordinary shares of the Company. This dilutes the shareholding of the non-Stirling associated shareholders.
- 7.7 An increased influential shareholding of the Company is being given to Stirling in that they would immediately have voting control of approximately 46.44% of the expanded ordinary issued capital as a result of the issue of the Stirling Shares after the successful ratification and implementation of resolution 1. This represents an increase of approximately 30.42%. However, the percentage may reduce if convertible notes issued to La Jolla are converted to shares in Redbank.

Other Factors

- 7.8 There is no guarantee that Stirling will convert the Loan to ordinary shares in Redbank and if this eventuates, the cash position of the Company will need to be reduced by the Loan amount (plus interest payable up to the date of repayment). By approving resolution 1, it gives Stirling the flexibility to convert the Loan to shares in Redbank without having to make a full takeover bid for the Company. Section 611 (Item 7) approval and the passing of resolution 1 would eliminate the need for a full takeover bid.
- 7.9 The terms that are being offered to Stirling under resolution 1, being the issue of 75,877,529 Stirling Shares at a price of 3.4 cents per ordinary share are arguably do not indicate that Stirling is paying any significant premium for increased control. It is noted however, that Stirling controls approximately 23.02% of the current shares on issue and thus already has a defined legal control of Redbank.

8. CONCLUSION AS TO FAIRNESS AND REASONABLENESS

- 8.1 After taking into account the factors referred to in paragraph 7 above and elsewhere in this report, we are of the opinion that the proposal as outlined in resolution 1 is, **on balance, considered to be fair and reasonable to the non associated shareholders of Redbank.**

Notwithstanding that the Redbank share price (2.9 cents as at 22 November 2010) is currently less than the conversion price each shareholder needs to examine the share price of Redbank and market conditions at the time of exercise of vote to ascertain the impact, if any, on resolution 1.

9. SOURCES OF INFORMATION

- 9.1 In making our assessment as to whether the proposal pursuant to resolution 1 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussions with the management of Redbank about the present and future operations of Redbank. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of Redbank.

- 9.2 Information we have received, includes, but is not limited to:

- Drafts of Notice of General Meeting of Shareholders and Explanatory Information of Redbank for the General Meeting of Shareholders the Company planned to be issued to shareholders in November 2010;
- Discussions with a director and Company Secretary of Redbank;
- Shareholding details of Redbank as at 22 November 2010;
- Share prices of Redbank since 1 June 2010 to 22 November 2010;
- Annual Report of Redbank for the year ended 30 June 2010;
- Unaudited consolidated balance sheet of the Redbank Group as at 30 September 2010;
- Announcements made by Redbank to the ASX from 1 January 2010 to 22 November 2010;
- The cash flow forecasts of Redbank for 2010/11 but noting that the cash flow forecasts need to be updated due to delays in obtaining environmental and mining approvals;
- Estimated debt position of Redbank as at 31 October 2010; and
- Various VWAP calculations including the 14 day VWAP to 31 October 2010; and
- Information on Stirling and Redbank as provided on the ASX web site and Stirling's and Redbank's web sites.

- 9.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES



John Van Dieren - FCA
Director

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APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Pty Ltd trading as Stantons International Securities dated 22 November 2010, allowing conversion of the \$2,579,836 Loan (inclusive of accrued interest to 31 October 2010) owned by Stirling as outlined in paragraph 1 of the report and resolution 1 in the Notice of Meeting to Shareholders to be forwarded to shareholders in December 2010 for a meeting of shareholders in January 2011.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with Redbank and Stirling other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at \$10,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities does not hold any securities in Redbank (or Stirling Resources Limited). There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. A number of the directors of Stantons International Pty Ltd are the directors of Stantons International Securities and its affiliated company Stantons International Audit and Consulting Pty Ltd. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the directors of Redbank in order to assist them to assess the merits of allowing Stirling to convert the \$2,579,836 Loan (inclusive of accrued interest) to shares in Redbank at 3.4 cents per share to which this report relates. This report has been prepared for the benefit of Redbank's shareholders (not associated with Stirling) and does not provide a general expression of Stantons International Securities' opinion as to the longer term value of Redbank or the individual assets of Redbank. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Redbank and its subsidiaries or the ownership of Redbank. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities (Stantons International Pty Ltd) and Stantons International Audit and Consulting Pty Ltd, their directors, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by Redbank and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Redbank has agreed:

- a) To make no claim by it or its officers against Stantons International Securities (and Stantons International Pty Ltd and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Redbank may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Redbank; and
- (b) To indemnify Stantons International Securities (and Stantons International Pty Ltd and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Redbank or any of its officers providing Stantons International Securities any false or misleading information or in the failure of Redbank or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to Redbank directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

FINANCIAL SERVICES GUIDE
Dated 22 November 2010

1. STANTONS INTERNATIONAL PTY LTD (TRADING AS STANTONS INTERNATIONAL SECURITIES)

Stantons International Securities ACN 103 088 697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. FINANCIAL SERVICES GUIDE

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 319600**;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. FINANCIAL SERVICES WE ARE LICENCED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares and options)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. GENERAL FINANCIAL PRODUCT ADVICE

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should

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also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. REMUNERATION OR OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. ASSOCIATIONS AND RELATIONSHIPS

SIS is a trading name owned by Stantons International Pty Ltd a professional advisory and accounting practice. Stantons International is also affiliated with Stantons International Audit and Consulting Pty Ltd that provides audit and corporate services.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. COMPLAINTS RESOLUTION

9.1 *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 1
1 Havelock Street
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

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9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 3021

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. CONTACT DETAILS

You may contact us using the details set out above or by telephone (08) 9481 3188 or facsimile (08) 9321 1204.

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2.ENQUIRIES

Shareholders are required to contact the Company Secretary on +61 (08) 6389 6800 if they have any queries in respect of the matters set out in these documents.

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3. GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Redbank Copper Limited (ACN 059 326 519).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Resolutions means the resolutions set out in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

PROXY FORM

APPOINTMENT OF PROXY
REDBANK COPPER LIMITED
ACN 059 326 519

GENERAL MEETING

I/We

of

being a member of Redbank Copper Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10.30am (WST), on 21 January 2011 at City West Receptions, 45 Plaistowe Mews, West Perth, Western Australia and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

OR

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Conversion of Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Signature of Member(s):

Date:

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: Contact Ph (daytime):

For personal use only

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

1. **(Appointing a Proxy):** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Redbank Copper Limited, PO Box 81 16, Subiaco East, Western Australia 6008; or
 - (b) facsimile to the Company on facsimile number +61 8 6389 6810,so that it is received not later than 10.30am (WST) on 19 January 2011.

Proxy forms received later than this time will be invalid.