

13 February 2009

Manager of Company Announcements
ASX Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By E-Lodgement

Rights Issue Entitlement – Option Holders

Redbank Mines Limited advises that the attached letter relating to a non-renounceable rights issue has been posted to option holders today.

Yours faithfully

A handwritten signature in black ink, appearing to read "Shannon Caporn".

Shannon Caporn
Company Secretary

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Redbank Mines Limited

13 February 2009

Dear Option Holder

Rights Issue Entitlement – Option Holders

Redbank Mines Limited (**Redbank**) is pleased to advise that it has announced a pro rata non-renounceable rights issue to eligible shareholders of 2 New Share for every 1 Share held at the record date at an issue price of \$0.01 per new Share, to raise approximately \$4.37 million before costs (**Rights Issue**).

The offer under the Rights Issue is only being made to Shareholders that are resident in Australia and New Zealand in accordance with Listing Rule 7.7, sections 9A and 615 of the Corporations Act. No action has been taken to comply with legal and regulatory requirements of jurisdictions outside Australia and New Zealand to permit an offer of the New Shares under the Rights Issue in any jurisdiction outside Australia and New Zealand.

The Rights Issue is fully underwritten by Arthur Phillip Pty Ltd and sub-underwritten by Stirling Resources Limited. Stirling currently holds approximately 19.88% of Redbank and depending on the extent to which Redbank's other shareholders participate in the Rights Issue, this may potentially increase to a maximum of 73.29%.

In accordance with the terms of the options granted to you by Redbank, we advise that the record date for the non-renounceable entitlement is 24 February 2009 (**Record Date**). Accordingly, should you wish to participate in the Rights Issue you would be required to exercise your options so that the Company receives the notice of exercise and exercise monies prior to 5:00pm WST on the Record Date.

To exercise your options and thereby participate in the Rights Issue you will need to deliver to the Company the following:

1. A notice specifying the number of options to be exercised;
2. Your option certificate covering that number of options; and
3. Payment for the exercise price for those options.

Option Exercise Notices and cleared funds must be received by no later than 5:00pm WST on 24 February 2009 in order for your notice of exercise to be processed and your holding to be recorded as at the Record Date.

For further information please contact our Company Secretary, Ms Shannon Caporn on (08) 9322 7600 with any queries before the Record Date.

Yours faithfully

Bruce Morrin
Managing Director
Redbank Mines Limited

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