



## QUARTELY ACTIVITIES REPORT

30 JUNE 2010

### HIGHLIGHTS

- Mining approvals move toward conclusion
- Plant construction planned around the 2010/2011 wet season with commissioning in the 3<sup>rd</sup> quarter 2011
- Successful management of contaminated water during the wet season
- Reduction of Sandy Flat water
- Shallow oxide drilling planned prior to year end, targeted to deliver minimum 1 year additional production for the SX-EW plant.
- Regional compilation exercise complete, new areas of focus identified
- Regional programme of ionic stream sediment and soil sampling initiated, regional focus at Copperado and Calvert Hills to generate new oxide targets for drill testing in 2011, and further extend oxide mine life.
- Board of directors reduced
- Short listing of interested financiers

### MINING APPROVALS

#### *Environmental Impact Study*

The Northern Territory Department of Resources advised that the environmental assessment process for the Redbank oxide copper was complete during the quarter.

The Australian Government's Department of Environment, Water, Heritage and the Arts required further information on groundwater, acid and metalliferous drainage, and stream bed sediment and impacts on flora and fauna, before its approval can be completed. A submission is in progress and due for delivery to the Department in late July 2010. Advice has been received that the resultant approval can be received in late August 2010.

#### *Native Title Mining Agreement*

It is anticipated that the matter will go into discussion with the Northern Land Council, which represents the Garawa claimants, during August 2010.

### PLANT CONSTRUCTION

Delays to the project have been experienced with acquiring mining approval (as mentioned above).

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The time remaining between now and the onset of the 2010/2011 wet season is limited. It is unlikely that long lead items can be obtained and modular equipment built and transported to site confidently, before the onset of the rains, to allow assembly and construction to proceed during the rainy season.

The wet season, which is generally between December and April, impacts on road transport, making it appropriate to defer delivery of equipment to site until after the wet season. The modular SX-EW Plant and some of the leach plant can be constructed off site during the wet season and trucked to site when the roads are opened. The plant could then be assembled on site and commissioned with production planned to commence in the third quarter of next year. This will allow 2 – 3 months for the plant to operate before the following wet season.

Earthworks, the camp accommodation and the extension of the airfield would be planned for completion towards the end of this dry season to facilitate a prompt work start after the wet season.

The commencement of the work is dependent on regulatory and Board approvals.

Work is in progress to update the project schedule. This will be delivered as an Implementation Plan at the end of August 2010.

## **EVAPORATION OF SANDY FLAT PIT WATER**

After successfully managing contaminated site water (from historical mining) during the last wet season trials of evaporation sprays to lower the water level in the previously mined Sandy Flat pit are in progress. The level of pit water is to be lowered to accommodate the intake of next season's rain and prevent overflow.

For ongoing water management for the next wet season, opportunities will be taken of natural evaporation from the water surface of the Sandy Flat pit, the surface of the tailings storage facility, sprays at the Sandy Flat pit and the tailings storage facility and if necessary, some neutralisation with lime and the release of this water into flooding creeks under a Water Disposal Licence.

Uncontaminated surface water is diverted around the pit and into adjacent creeks.

On the commencement of production next year some water will be drawn from the pit for the SX-EW Plant.

The NT Environmental Authorities have favourably recognised the work that is being done to reduce the impacts from historical contamination.

## **EXPLORATION**

### **Redbank Project Exploration (ERL94)**

Field activities commenced during the quarter, with ionic geochemical stream and soil orientation work completed across known deposits on ERL94. This sampling methodology analyses for ions which have moved vertically in the weathering profile and that are only loosely attached to surface soil particles. Such ions may have been transported from deeply-buried ore bodies to the surface, and can be indicative of the presence of such mineralisation.

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Work to date indicates that finer fraction (-0.5mm) ionic multi-element stream sampling very successfully delineates copper deposits in excess of 1km downstream from a source, and can be used in the regional targeting of Copper, and associated Ag, As, Co, Mo, U, Pb, and Zn. Stream sampling locally within ERL94 also gave anomalous responses in areas that were unexpected and require further follow up.

Close spaced (50m x 50m) ionic soil geochemistry over the Punchbowl to Bluff zones on ERL94 has been completed, with only partial results for either end of the survey area received to date. Classic 'rabbit ear' responses were observed over known mineralized zones such as Bluff for most elements tested, suggesting the technique can be used to reduce drill metres on proposed drilling of new targets. Further ionic soil results are outstanding for the Prince workings, the Charlie deposit, the Kerlake area, and the An9 and An11 soil copper anomalies west of Charlie. Further ionic work is planned across the remaining An1-21 soil anomalies, Target Zone 16, Titley's Flat, Airport Valley, and gravity targets generated from the 2009 survey.

The Company is currently refining and ranking both outcropping and shallow-covered oxide targets from all available sources for oxide resource drilling to be commenced this season, subject to final Board approval and rig availability, with the clear focus of the exploration being the generation of more oxide resources.

## 2010 Regional programme

The Company has assembled a commanding package of regional tenements, being in excess of 4,000km<sup>2</sup>, granted and under sole application, of which most are still in their early grant period. Through the advent of ionic sampling on a regional scale, the Company can now detect anomalous elements at extremely low levels with our geochemical sampling, and demonstrably detect the signature of various mineralized deposits through stream and soil sampling. Routine measurements of multi- elements that are anomalous in large (>5km) alteration haloes associated with the mineralizing event (e.g. TI at MacArthur River) should allow large scale vectoring tools for big deposits.

Currently undiscovered big deposits will occur in haloes that will be anomalous in a number of elements that are related to the mineralization event(s), pre and post-alteration effects and in some cases sequential processes relating to ground preparation. These chemical processes allow elements to move up, along and across units, in some cases up to 20km from their provenance. In addition, it is considered likely that any big deposit discovered will contain a significant oxide cap from weathering processes, unless it is buried quite deep. Significantly, there is increasing evidence that in our end of the basin the metals have come from very deep circulating basinal brines, which will allow a large vertical window for possible mineralizing models as well. Currently, the Company has 2 regional areas of focus, being Copperado to the northeast of Redbank, and Calvert to the Southwest.

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## 2010 Copperado programme

After access to the property was re-established in June, stream soil and rockchip samples were generated on and in proximity to the outcropping landform of GC2 discovered in November 2009. The geochemical results, while limited, confirm the presence of copper oxides, with strongly associated chalcophile elements in both the rock chip and soil samples. Visual inspection of the site suggests that the outcropping mineralization may be a part of a small remnant rim of a much larger, covered collapse structure. The strong Iron Ore-Cu-REE association (+ Au and U anomalism) is significant and warrants further investigation at depth, and could well be indicative of a larger system. The company intends to drill test GC2 in October of this year for oxide resources, and to determine the style of potential of the mineralization at depth.



Figure 1: Rock Sample from GC2.

Further stream sediment sampling is underway in the southern area of the Copperado project, and coupled with completed interpretations of Aeromagnetic, Radiometric and gravity data, several target zones have been defined and are being ranked for mapping and focused soil geochemistry, and target generation for drilling in 2011.

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## 2010 Calvert Programme

The Company is focusing on a package of ground which contains significant multi-element anomalism from compiled generations of geochemical sampling in the vicinity of the large, through-going Calvert Fault. In addition to open file aeromagnetics, the Company has reprocessed a significant amount of airborne EM data which covers a large portion of the area of interest.

Currently the Company is undertaking laterite and stream sediment sampling on EL's 26965/26999, adjacent to the Calvert Fault. Copper oxide drill target generation at Calvert Hills is planned for the 2011 field season, along with mapping of target areas and more detailed sampling of prospect-scale discoveries.

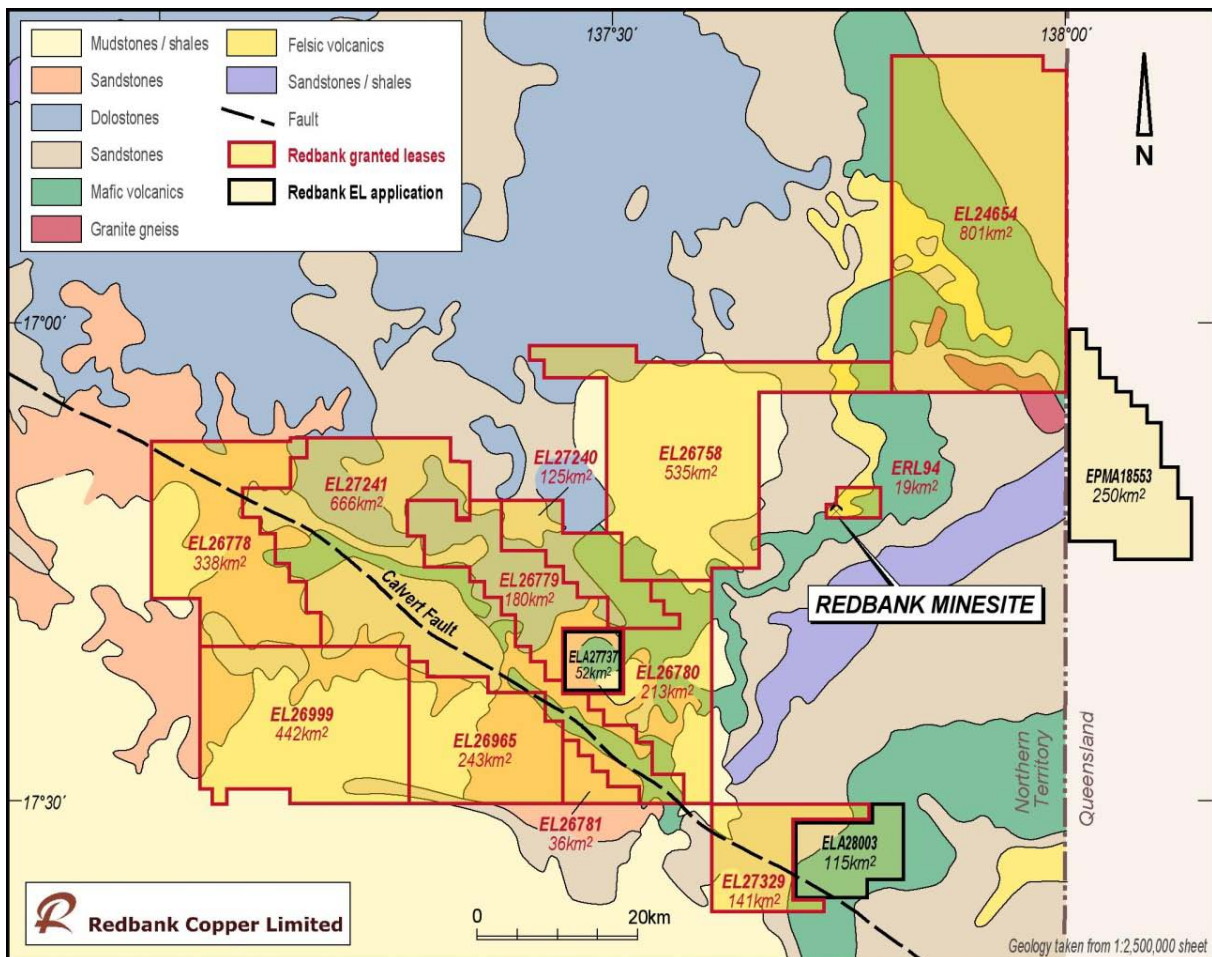


Figure 2: Redbank tenement holding as at 30<sup>th</sup> June 2010



# Redbank Copper Limited

143 Hay Street Subiaco  
Western Australia 6008

Telephone: + 61 8 6389 6400

Facsimile: + 61 8 6389 6410

## **FINANCE**

Our Corporate Advisor is presently short listing parties interested in financing the Redbank Copper Project and also facilitating due diligence by those parties. Finance has in part been made difficult through the general tightness of funds following the global financial crisis.

## **REDBANK BOARD CHANGES**

An announcement advised that James Searle and Michael Kiernan stepped down from the Redbank Board effective 17<sup>th</sup> June 2010.

Ian Price previously Non Executive Director has been appointed Chairman of the Redbank Board of Directors.

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