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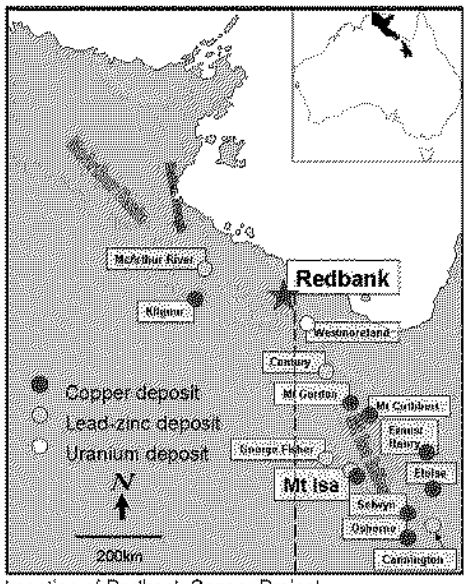


Location of Redbank Copper Project

LISTED ON ASX

ASX Code: "RBM" - shares
"RBMO" - options

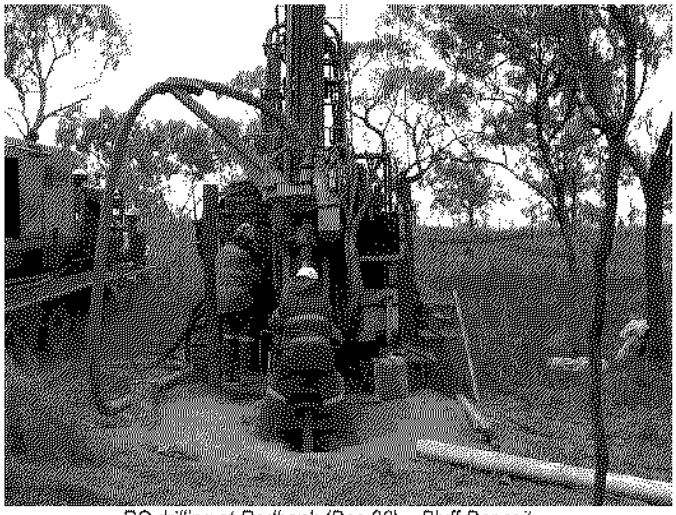
e-lodgement
19 Pages

31 January 2007

Activities Report for the Quarter Ending 31 December 2006

Redbank Copper Project – NT

- Completion of 3,000m of RC drilling and 380m of diamond drilling
- Strong initial drilling results, including **57m @ 2.06% copper and 44m @1.44% copper**, validate continuity of mineralisation at Bluff deposit
- Product off-take agreement signed with Glencore International AG
- Copper production increased from two new leach vats


RC drilling at Redbank (Dec 06) – Bluff Deposit

Mt Kasi Gold Project – Fiji (JORC classified mineral resource 240,000 oz Au)

- High grade gold target Cresswells, 4.5km from Mineral Hill, next to be drilled to follow up historical surface costean results including **30m @ 5.1 g/t , 20m @ 7.8 g/t and 25m @ 7.8 g/t Au** in a sub parallel zone

Corporate

- 1 for 3 Rights Issue and Placement Offer to raise total of $2.5m announced 29 November 2006
- Independent equity research initiated by Aegis Equity Research – available on Company website at www.redbankmines.com.au

1.0 Redbank Copper Project, NT - 100%

1.1 Background and Project Development Strategy

The acquisition of the Redbank Copper Project was completed in December 2005. The assets acquired included Mineral Resources classified under the JORC Code, granted mining leases, mine infrastructure and equipment, consumable stores and mine camp, mobile equipment and mine vehicles.
The Company has adopted a development strategy comprising three distinct phases of development for the project:

Phase 1: (presently under way) **Treatment of existing high grade oxide stockpiles to clean-up the site in readiness for Phases 2 and 3 of the project**.

Commissioning of new leach vats during the December 2006 quarter was competed to produce copper in a directly saleable concentrate known as copper cement, containing 80% + copper (on a dry weight basis).

Phase 1 will also include dewatering of the 40m deep Sandy Flat open pit, allowing for future access to in-situ sulphide Mineral Resources lying at and below the current pit floor. Ion-exchange resin extraction technology will be used to recover dissolved copper in the pit waters. Installation of the resin column and related infrastructure has been delayed on account of the late completion of the manufacturing of the column, which is being sourced from Taiwan. The system is now expected to be installed at site as soon as road access allows, probably in April, with dewatering of the pit to and recovery of contained copper to follow.

Other than the ion-exchange technology, Phase 1 operations will utilize only existing mine infrastructure;

Phase 1 is expected to continue until June 2008, with production expected to rise to an annualized rate of 800-1,000 tonnes of contained copper a year once all available stockpile material is under leach.

Phase 2: Treatment of freshly mined oxide material from the Bluff and other deposits.

This phase is subject to the results of in-fill drilling to confirm the oxide/sulphide profiles of the identified copper resources. Treatment will be through heap leaching to produce either a copper concentrate in the form of copper cement or alternatively copper sulphate or copper cathode through an SX-EW (solvent extraction-electrowinning) plant. Mining for this phase at the Bluff deposit is expected to commence in the third quarter of calendar 2007, subject to the outcome of drilling for mine planning purposes.

Phase 3: Treatment of sulphide material from the Sandy Flat deposit and subsequently the Bluff and other deposits;

Treatment is likely to be through a flotation circuit to produce a concentrate suitable as smelter feedstock. Timing for this phase is early 2008, subject to the dewatering of the Sandy Flat pit having been completed.

Phases 2 and 3 are also subject to all normal regulatory approvals.

Studies for Phases 1 and 2 are focusing on annual production levels of 3,000 tonnes of copper in concentrates each, from the mining of oxides and sulphides respectively. For oxides, studies will examine the logistics and relative merits of continuing to produce and ship copper cement versus copper cathode produced through the SX-EW process, and the merits of producing copper sulphate containing 25% copper. At current prices, annualized revenue from copper equivalent units from combined Phases 2 and 3 of the project would be approximately A$40 million per annum.

1.2 Production December Quarter

For half of the quarter, production was sourced from an older leach vat established by the previous project owners. A new leach vat was commissioned in mid October followed by a second one in November, bringing the total fresh oxides under leach to 13,000 tonnes of ore, at an estimated head grade of 5% Cu. Copper production during the quarter almost doubled the previous quarter to 118 tonnes (63 tonnes in the September quarter). Sales revenue for the quarter was $716,000, excluding GST ($445,000 excluding GST n the September quarter).

Production for the quarter was generated mainly in October and November, with 75 tonnes of copper produced in November after the second vat came on line. This rate of production is close to budgeted production of 80t for the month and demonstrates the ability of the cementation plant to perform to budgeted expectations. December production was

minimal due to supplier delays in delivery of reagents to site. The situation has now been remedied, with deliveries of necessary supplies made before the onset of wet season conditions.

Dewatering of Sandy Flat Pit and Plan to Recover Copper in Solution

In addition to the two new leach vats, copper production during this first phase of the development of the project is expected to be augmented by the recovery of an estimated 300 tonnes of copper by dewatering the flooded Sandy Flat open pit mined for a short period in the mid 1990s.

On 18 October the Company announced that it has engaged Ammtec Limited (ASX : AEC) to co-ordinate and implement the process, which is based on proprietary resin technology under licence from Purity Systems Inc (PSI) in the US.

Water samples taken from the Sandy Flat pit indicate that approximately 300 tonnes of copper has been dissolved in the pit water. Technical studies completed by Ammtec Limited indicate that most of this copper can be recovered through the application of an advanced ion exchange process utilizing the PSI resin technology. The process will be used to concentrate copper in the pit water by a factor of 30 to 40 times, at which point the concentrated solution can be added to the existing leaching circuit for the production of copper cement.

The process is expected to add around 1 tonne of copper per day to the circuit. At current prices, the 300 tonnes of copper expected to be added to the circuit has a value of approximately A$2.25 million before capital and operating costs. Most of the capital costs associated with the process are to be funded through an operating lease over a two year period and funded from cashflow. The incremental operating costs will be limited to additional pumping and process integration costs and water pH management.
Based on the designed flow rates the dewatering of the Sandy Flat pit and recovery of the copper contained therein is expected to take 9 to 12 months.

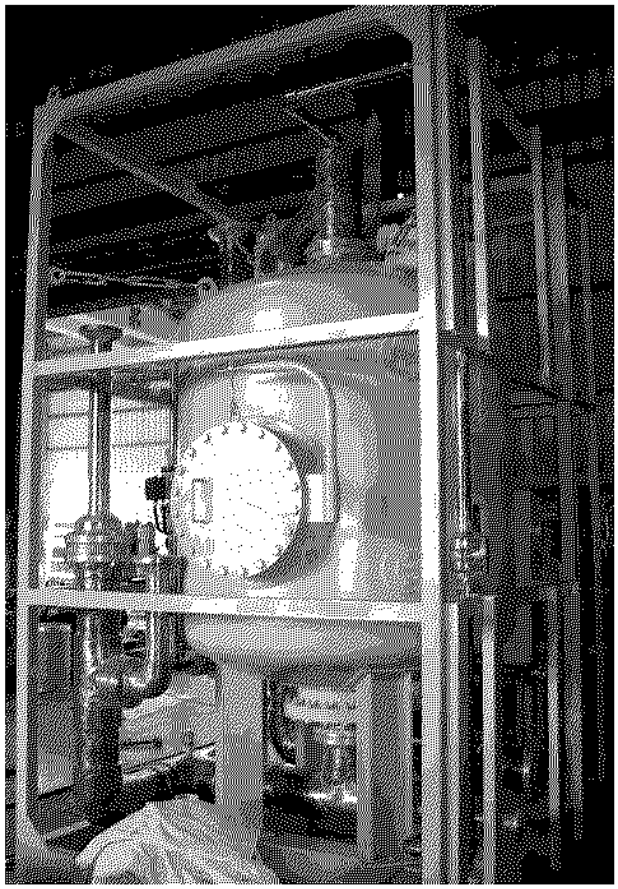
In addition to the value of the copper to be recovered from the pit water, other benefits to accrue from the dewatering of the Sandy Flat pit include –

- environmental management: reduced risk of seepage of acidic water from the permeable upper levels of the pit during the wet season into the groundwater;

- access to the pit bottom for future resource extension drilling and mining of remnant sulphide ore from a depth of 55m.

The Company anticipates that the resin circuit will be ready for installation and commissioning by the end of April 2007.

The production budget for Phase 1 operations calls for monthly production of 70 to 80 tonnes of contained copper, providing an initial revenue base of around $4.5 - $5.5 million per annum on an annualized basis at current prices, until depletion of the stockpiles.



Redbank Copper Project – Resin Column manufactured and ready for dispatch to Redbank Minesite.

1.2. JORC Classified Mineral Resources

A JORC classified mineral resource estimate generated by SRK Consulting has identified Indicated and Inferred Resources at Redbank of **4.2 million tonnes at an average grade of 1.5% copper, for approximately 65,000 tonnes of contained copper metal.** A summary of the JORC classified resources is shown in the table below. At current prices this has an in-situ value of A$475 million.

Redbank Copper Project, Summary of JORC Classified Resources (SRK Consulting, October 2005)

Resource	Notes	Tonnes	% Cu	Tonnes Cu	lbs Cu
MEASURED:					
Transitional ore (stockpiles)	(iv)	18,000	6.5	1,170	2,579,000
Oxide ore (stockpiles)	(iv)	36,000	5.8	2,090	4,610,000
TOTAL MEASURED	(iv)	**54,000**	**6.0**	**3,260**	**7,187,000**
INDICATED:					
Sandy Flat	(i)	467,000	1.6	7,550	16,704,000
Bluff	(ii)	528,000	1.9	10,250	22,580,000
TOTAL INDICATED		**995,000**	**1.8**	**17,800**	**39,284,000**
INFERRED:					
Sandy Flat	(i)	1,523,600	1.2	17,500	38,630,000
Bluff	(ii)	1,036,000	1.4	13,950	30,830,000
Punchbowl	(iii)	620,000	2.0	12,400	27,280,000
TOTAL INFERRED		**3,179,600**	**1.4**	**43,850**	**96,740,000**
TOTAL MINERAL RESOURCE		**4,229,000**	**1.5**	**64,910**	**143,211,000**

NOTE

(i) Database of 70 drill holes to a depth of 405m. Wireframe used to create domain for resource using Leapfrog ™ software with 15m maximum extension at a cut-off of 0.5% Cu above 700m RL (approx 90m below the natural surface), 40m above the base of the current open pit; unconstrained Leapfrog ™ modeling used below 700m RL, with 3.5% Cu cut-off for a separate high grade zone in the supergene. Density applied 2.1 t/m3, derived from previous testwork and 10 core samples selected from fresh core in April 2005. Blocks above the 700m RL classified as Indicated; blocks below the 700m RL classified as Inferred due to lack of downhole surveys.

(iii) Database of 35 drill holes to a depth of 335m. Leapfrog ™ software used to create a wireframe interpretation at a 0.4% Cu cut-off. Due to two mineralisation controls being evident, a steeply plunging breccia pipe and shallowly dipping mineralisation in the surrounding sedimentary rocks, wireframing was done in two passes. A review of assay data revealed an especially high grade zone within the low grade zone, modeled using a 2.5% cut-off. Grades were estimated in low grade zone using Ordinary Kriging with x and y block sizes of 15m each, z block size of 3m, search distance of 100m, octant search type, minimum and maximum composites of 8 and 32 respectively. Density applied 2.1 t/m^3.

(iv) Database of 20 percussion holes to a depth of 40m plus several diamond holes reported (diamond holes not used for resource estimation). Leapfrog ™ software used to create a wireframe interpretation at a 0.5% Cu cut-off. Density applied 2.1 t/ m^3. 62 composites of 3.08m (10') used with a top cut of 6% Cu average grade applied to the resource.

(iv) Tonnes of resource rounded to nearest 1,000t; tonnes of metal rounded to nearest 50t; This figure includes the estimated 24,000 tonnes of material that has since been placed in treatment vats, including 13,000 tonnes during September and October, from which copper extraction has recently commenced.

2.0 Exploration – Redbank Copper Project

The known copper mineralisation at Redbank is contained mainly in a series of discrete volcanic breccia pipes. There has also been some primary dispersion of copper laterally into the host rock stratigraphy and by supergene processes. There is considerable potential to increase resources by further drilling around and beneath the known breccia pipe hosted mineralisation. There are also multiple targets where limited drilling has intersected high grade near surface mineralisation potentially associated with new mineralized breccia pipes.

Exploration priorities at Redbank are (refer Map 1 below):

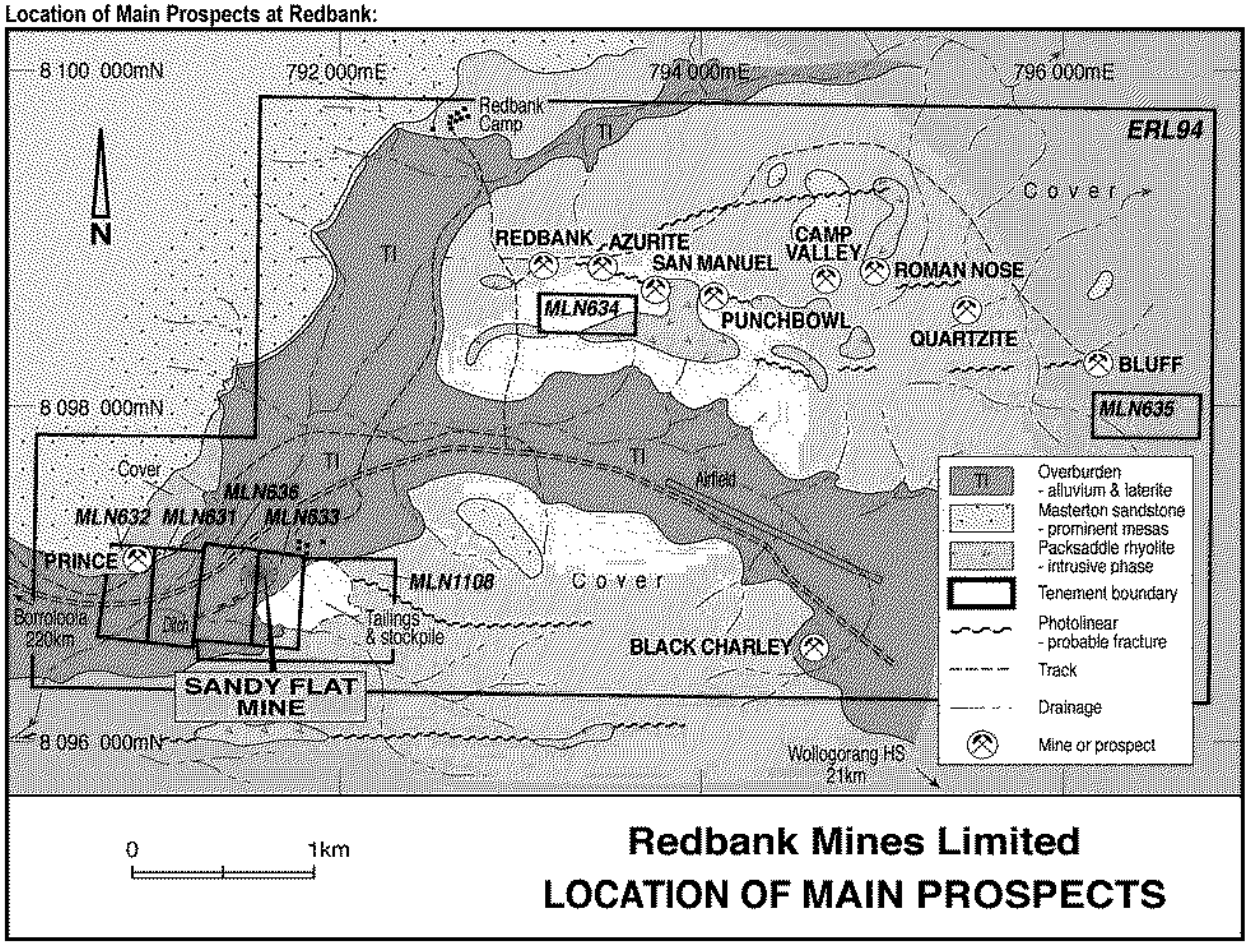
(1) testing depth and some lateral extensions of the defined resources at the Bluff, Punchbowl and Sandy Flat breccia pipes;

(2) following up on the near surface high grade drill hole intercepts at Airport Valley, Azurite and the historical Redbank workings, (which are all outside the defined resources), and

(3) assessing existing exploration targets in the surrounding tenement ERL 94.

An initial 3,800m RC and diamond drilling programme was completed at Redbank during December 2006 and January 2007.

Map 1:
Location of Main Prospects at Redbank:



2.1 Drilling Programme December 2006 – January 2007

On 12 December 2006 the Company announced the mobilization of an all-purpose drilling rig at Redbank. An in-fill reverse circulation (RC) and diamond drilling programme has now been completed at the Bluff and Punchbowl deposits.

Objectives and Background to Current Drilling Programme

The Company believes the Redbank Copper Project has the potential to grow from a small scale short term operation based on the treatment of high grade existing stockpiles to a 5 year plus oxide leach and sulphide flotation operation producing in excess of 6,000 tonnes of copper per annum.

This phase of drilling has been designed primarily to in-fill drill and test for extensions to the Mineral Resources already defined at Bluff and Punchbowl. Both deposits have previously been drilled principally by vertical diamond and percussion drilling dating back about 30 years.

Diamond core drilling has also been carried out at Bluff and Punchbowl to provide metallurgical samples for process optimisation test work and provide geotechnical information for open pit design. A further two diamond core holes will be drilled for the same purposes beneath the Sandy Flat pit.

Summary of Current Programme Drilling to Date

Logging of chips has been completed for first 1,500 metres of the 3,000 metres drilled. This has confirmed the geometry and continuity of the volcanic pipes at Punchbowl and Bluff deposits. While definitive conclusions from the programme cannot be drawn until all the assays have been received and compiled, the qualitative indications from the drill logs to date are:

At Punchbowl a wide new zone of disseminated sulphide mineralisation has been intersected below the oxide zone present in the first 40 metres. The sulphide zone remains open below the 100 metres depth of the present drilling;

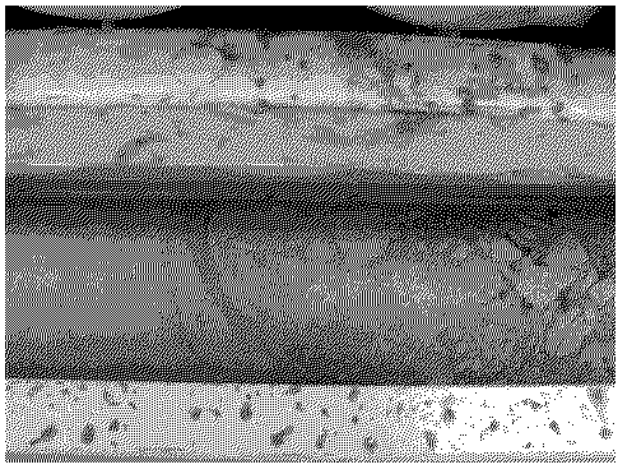
The mineralisation style appears to be dominated by disseminated sulphides in the trachyandesite host rock. Massive sulphide veins are present but are not volumetrically significant. In the oxide zone the disseminated and vein sulphides (chalcopyrite and chalcocite) are converted principally in situ to cuprite (copper oxide). Copper carbonates (azurite and malachite) are present but not as significant as the cuprite material which generally displays better leaching characteristics. The cuprite enrichment zone appears to be 12 to 16 metres thick and is present at both Bluff and Punchbowl beginning 10 to 12 metres below the surface;

Complete oxidation extends down to the water table at around 30 to 35 metres. Partial oxidation extends down a further 10 to 15 metres. On fault zones oxidation extend deeper.

380m of diamond drilling principally for collection of metallurgical samples and geotechnical data has also been completed at Bluff (2 holes) and Punchbowl (2 holes). Logging of the diamond core will also add some further information on the paragenesis of Bluff and Punchbowl mineralisation. This will assist in revising the exploration model for the Redbank project area. A further two diamond holes planned for the same purposes at the Sandy Flat open pit have been deferred until after the end of the wet season.

A series of 10 vertical holes have also been completed to test the grades of approximately 400,000 – 500,000 tonnes of material previously classified as mineralized waste rock and waste from the Sandy Flat pit mined in the mid 1990s. Assay results are pending.

Bluff



Redbank Copper Project -Diamond Drill Core from Bluff (Jan 2007)

At the Bluff deposit, 11 drill holes for 800 metres of RC have been completed and 200 metres of diamond drilling to target the supergene dispersion halo, the breccia pipe margins not well defined by the previous vertical drilling, and to provide

confirmation of previous drill hole intercepts. Two diamond core holes through the centre of the deposit will also provide material for metallurgical test work and geotechnical information for a possible open pit design. As with Punchbowl, an objective of the drilling is also to confirm the oxidation profile and hence the proportion of mineralisation that is oxidised, transitional or un-oxidized and provide additional quantitative and qualitative data to allow recalculation of the reported Mineral Resources.

SRK has previously estimated a JORC classified Mineral Resource for Bluff of 528,000 tonnes at a grade of 1.9% Cu as Indicated and 1,036,000 tonnes at a grade of 1.4% Cu as Inferred (refer Mineral Resource Statement contained in the table at section 1.2 above).

At the date of this report, the interim results have been received for the first 693 (692 samples, 10 drill holes) out of 800m of RC drilling and 200m of diamond holes completed at Bluff. The most significant results are (refer Table 1 at page 14 of this report for details):

- Hole BL06-7, **57m at 2.06% copper** from 11m down hole, including **25m at 3.26% copper** from 29m in.
- Hole BL06-1, **44m at 1.51% copper** from 80m down hole, including 8m at 2.73% copper and 3m at 3.41% copper.
- Hole BL06-10, **37m at 0.96% copper** from 73m down hole.
- Hole BL06-2, **34m from surface at 1.18% copper**, including 7m at 2.17% copper.
- Hole BL06-3, **25m from surface at 1.00% copper**.

Hole BL06-7 was designed to test the centre of the mineralised breccia pipe. It confirms the excellent grade and consistency of copper mineralisation at Bluff.

Hole BL06-1 was designed to intersect primary sulphide (chalcopyrite and chalcocite) mineralisation at a vertical depth of 65 to 100m underlying the surface exposed oxide zone. The hole was terminated in mineralisation at its design depth of 125m down hole. The results demonstrate the remarkable consistency of the disseminated primary sulphide mineralisation with the entire 44m intercept containing only one metre of internal waste (ie <0.5% copper).

Hole BL06-10 was designed to test the alteration zone at the edge of the breccia pipe and has returned a significant intersection of potentially ore grade material. These results have positive implications for finding more mineralisation in the host rocks surrounding the mineralised breccia pipe.

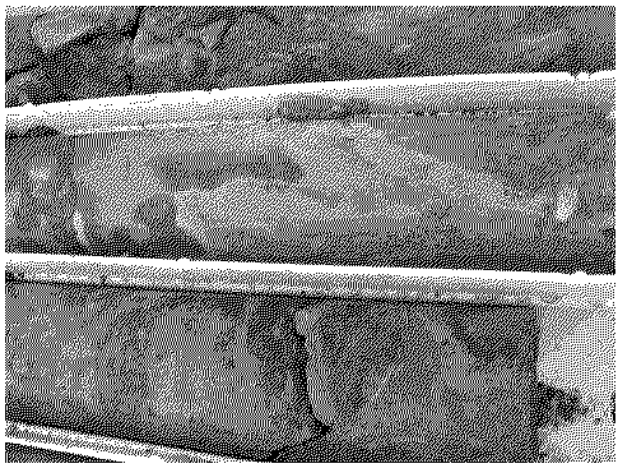
Hole BL06-2 was designed to intersect oxide mineralisation (cuprite with minor azurite and malachite) peripheral to the known core of the pipe. As with the primary mineralisation intersected in BL06-1, the entire 34m of oxide mineralisation intersected in BL06-2 is remarkably consistent with only 2 metres of internal waste (<0.5% copper).

Hole BL06-3 was also designed to intersect oxide mineralisation peripheral to the known core of the pipe. The 25m intercept similarly contains only 2m of internal waste and consists mainly of cuprite mineralisation.

The other 5 holes contained in these interim results did not intersect significant mineralisation. All 5 holes were located outside the locus of the known deposit and were testing for further oxide dispersion.

These results are highly encouraging and further demonstrate the quality and consistency of the copper mineralisation style in the Redbank copper mineralised breccia pipes. Further results from the remaining 225m of RC drilling at Bluff will be reported as they are received over the next few weeks.

Punchbowl



Redbank Copper Project -Diamond Drill Core from Bluff (Jan 2007)

The Punchbowl deposit has only two holes deeper than 40 metres, consequently the reported Mineral Resource has only been calculated down to a depth of 40 metres. Based on this

SRK Consulting ("SRK") has previously estimated a JORC classified Mineral Resource for Punchbowl of 620,000 tonnes at a grade of 2.0% Cu as Inferred (refer Mineral Resource Statement contained in table at section 1.2 above).

The present programme comprises 24 drill holes for 2,000 metres of RC drilling and 180 metres of diamond drilling, both of which were completed during January 2007. The objective is to test copper mineralisation from surface to about 80-100m vertical depth with sufficient detail to allow classification of any new mineralisation identified as either Inferred (the classification of the present Mineral Resource), Indicated or Measured under the JORC guidelines. A second objective is to define the oxidation profile and hence the proportion of resources that can be regarded as oxidized, transitional or un-oxidized. Core from the diamond drilling is to provide metallurgical and geotechnical information for mine planning purposes and treatment process design.

Results from the Punchbowl drilling will be available shortly.

Sandy Flat

Drilling at Sandy Flat, now scheduled to be drilled at the conclusion of the tropical wet season, will consist of 2 diamond core drill holes drilled in 'scissor' fashion underneath the water filled Sandy Flat pit. The holes are intended to intersect the sulphide mineralisation at around 100 metres vertical depth and about 60m below the current pit floor. The primary objective is to provide metallurgical samples and geotechnical information. Until the pit is emptied it will not be possible to sample sulphide mineralisation between 60 and 100 metres below surface. However existing historical resource drilling and the open pit production history during the mid 1990s at Sandy Flat provide reasonable confidence in the remaining sulphide resources down to 80 or 100 metres below surface. The flotation performance of the sulphide ore at the base of the pit is also indicated by the plant performance in the latter stages of its operation in the mid 1990s.

SRK has previously estimated a JORC classified Mineral Resource for Sandy Flat of 467,000 tonnes at a grade of 1.6% Cu as Indicated and 1,500,000 tonnes at a grade of 1.2% Cu as Inferred (refer Mineral Resource Statement contained in the table at section 1.2 above).

Other Targets

The Company plans to test a number of high priority mineralised targets already identified within the Redbank Project tenement holding and considers the potential to define additional resources as excellent.

Previous exploration drilling has intersected high-grade copper mineralisation outside the immediate locus of the currently defined breccia pipe resources. A number of these holes terminated in copper mineralisation at the Azurite and Redbank workings and Airport Valley target. There are also a number of other mineralised areas that remain only partly evaluated by previous exploration.

In addition to the existing mineralised targets SRK have reported the surrounding tenement ERL 94 (Map 1 above) contains prospects with good potential for discoveries of more mineralised breccia pipes. Further local to regional exploration will also be carried out on nearby EL 24654 covering a further 1,500 km^2 of exploration ground granted in December 2005.

Diamond *drilling at Redbank (Dec 06) – Punchbowl Deposit*

3.0 Exploration – Mt Kasi Gold Project

3.1 Mineral Resources

The current JORC resource for the Mineral Hill deposit stands at 2.99 million tones at 2.1 g/t Au for 205,000 ounces (using a 1.0 g/t cut-off). Together with other peripheral deposits at Mt Kasi, the **total resource is 3.4 million tones @ 2.2 g/t for 240,000 ounces of gold** in the Indicated and Inferred categories based on a 1.0 g/t cut-off for the main zone at Mineral Hill. Table 2 below summarises the resource position based on cut offs of 0.8 g/t, 1.0 g/t and 1.2 g/t respectively at Mineral Hill and for Mt Kasi overall.

3.2 2006/2007 Mt Kasi Drilling Programme

The Company's exploration strategy is to drill test near minesite and regional targets that have the potential to provide not only incremental ore tonnages within a 5-10 km trucking distance of a processing plant at Mineral Hill, but also gold deposits with significant dimensions and attractive economics in the context of the established mine infrastructure.

An initial 3,000 metre drilling programme commenced in the June 2006 quarter. The first part of the programme has comprised diamond drilling to follow up on the results of drillling in 2004/2005, followed by the testing of regional targets within close proximity to the main deposit at Mineral Hill. To date approximately 1,450 metres of diamond drilling had been completed, at Kasi South, Paro, and Waidamudamu.

Subject to rig availability and weather conditions permitting, the Company plans to mobilize the rig to test the primary target at Cresswells prospect early in the quarter beginning April 2007. Around 1,550m remains in the current programme.

Waidamudamu Prospect

The Company had previously announced on 28 September 2006 that high-grade gold intercepts were returned from diamond drilling at Waidamudamu (pronounced Wine-damoo-damoo), located 1.5 km east of the main Mineral Hill deposit at the Mt Kasi project in Fiji (refer Figure 1 at the end of this report for location). This confirmed the existence of a multiple vein system 1.5km from Mineral Hill.

Eight holes were completed at Waidamudamu, where 990m of mainly PQ diamond drilling has confirmed high-grade gold mineralisation associated with quartz-manganese veining. The best result was from hole **WDDD001** which returned **4.5m @ 8.8 g/t Au** from 42m down the hole, approximately 25m below the surface. The quartz-manganese veining extends to surface where previous adit sampling returned **1.7 m @ 14.4g/t Au**

Project Context and Current Drilling Focus

Any tonnage proved up at Waidamudamu would potentially supplement the current mostly open-pittable project Mineral Resource inventory of 240,000 ounces of gold (refer 2006 Annual report), which attributed only around 12,000 ounces as an Inferred Mineral Resource to the Waidamudamu deposit. The nature of the deposit is such that it would likely be exploited by a small open pit and underground mining methods via a decline access.

Disappointing results were returned from the last two holes completed at Waidamudamu, namely WDDD002 and WDDD008 (refer summary Table 2 at the end of the report), with only thin, low grade mineralisation returned from the intersected target zones. The Company is not overly discouraged by these isolated results as the overall zone clearly warrants further drilling and interpretation.

This was the first concerted effort by the Company to test a discrete deposit away from Mineral Hill and associated strike deposits. Future drilling at Waidamudamu would likely entail around ten holes of 200-300m depth, which could significantly impact on the current Waidamudamu inferred resource.

The Company believes there remain excellent prospects for proving up and increasing the scope for Waidamudamu, with good depth potential for this style of mineralisation. Considerable strike potential exists to the north and particularly to the south, where the mineralising structure may extend as far south as the Nasoni prospect, some 3km away.

Cresswells Prospect

The Cresswells prospect (locally known as Vakadrakala) is situated 4 km northwest of Mt Kasi, and was the site of the first known gold discovery and the first mining lease to be granted in Fiji in 1928 (refer Figure 1 at the rear of this report for location).

Cresswells is dominated by a principally andesitic fragmental unit striking approximately north-south and dipping flatly to the east. The fragmental unit is intruded by a series of basalt/gabbro dykes trending north and dipping steeply to the west. Gold mineralisation appears to be associated narrow quartz-manganese veins, and appear to be consistent with high level low-sulfidation epithermal veins, with minor alteration along the vein margins

Modern exploration commenced in the mid 1970s, with significant stream sample anomalies leading to grid based soil sampling in the area, revealing a large diffuse soil gold anomaly. Visible gold was panned in more detailed creek sampling, and follow-up close-spaced (50 x 25m) returned high gold values in areas proximal to ridges surrounding Echo Creek and its tributaries. Shallow auger drilling returned values up to 76 g/t Au.

A 100 metre wide by 500 metre long anomalous zone has been defined by mapping and geochemistry, as demonstrated by variably spaced trenches with gold grades including 30m @ **5.1 g/t and 20m @ 7.8 g/t.** A sub-parallel structure exists to the east of the main anomaly, over an open-ended area with a trench grading **25m @ 7.8 g/t** gold (Figure 2 at the rear of this report).

Cresswells has never been drilled, and the Company currently plans to drill approximately 30 holes for 2,500m drilling advance, with the full meterage being contingent upon the initial results from the first 6 holes (900m), which comprise the current programme. Initial drilling will target three zones with two holes per section (refer figure 2 at the rear of this report)

As at the date of this report, persistent heavy unseasonal rain had continued to delay gaining access to the primary target of the current drilling campaign. Roadwork from Kasi to the Vuci Creek crossing is complete and road-forming and sheeting of the ascent to Cresswells is planned pending improved weather conditions. Subject to drill rig availability, drilling it is expected will commence at Cresswells as soon as the access is complete and conditions allow, likely to be late March 2007.

Both regional and local hand-augering is planned in the interim at Cresswells to better denote the scale and trend of the mineralisation.

Naduna Prospect

Naduna is interpreted to lie at the southern end of the Mt Kasi structural corridor (refer Figure 1), close to sea level near the mouth of the Yanawai River. It was worked by prospectors in the 1930s, who drove three small shallow adits into the side of a low hill shedding alluvial gold.

Surface trenching shows a broad blanket of gold-bearing soil and alluvial material overlying the in situ mineralisation. Better trenching results include:

40m @ 2.58 g/t Au
24m @ 2.83 g/t Au
16m @ 3.50 g/t Au

Rock chip sampling of old underground workings returned a best intersection of **12m @ 28.4 g/t gold (including 4m @ 81.4g/t gold)**, which highlight the potential for very high grade local zones of gold mineralisation. Mineralisation consists of a relatively well defined puggy clay fault zones within silicified pyrite rich basalts and andesites. Outside of the mineralised zone a series of vesicular and amygdaloidal basalts, andesites and lapilli tuffs were encountered. The mineralised zone strikes approximately east-west and dips at between 40 and 50 degrees to the south. A major fault appears to offset mineralisation in the west, and from the surface geochemistry, it appears possible the mineralised block has been displaced further south. The Company plans to drill 8 holes for 500m targeting an untested parallel zone to the west of the main zone.

Nasoni Prospect

The Nasoni trend is located 1.5 km southeast of the Mineral Hill soil trend and is interpreted to be on a major parallel structure, and along strike along a ridge line south of the Waidamudamu prospect. Nasoni is a major gold in soil anomaly that is 600m long by 250m wide, as defined by a 100 ppb gold contour, with a peak soil result of 6.5 g/t gold.

The gold mineralisation is hosted within narrow quartz veins within fine-to-medium grained tuffaceous andesitic volcanics. The Vatukasia Mining Company explored this prospect in 1932, with workings consisting of a collapsed main shaft, two collapsed adits, and six trenches. In 1988 Newmont established a grid over the area, and limited costeaning at

Nasoni has returned a peak intersection of **4m @ 7.1 g/t** gold in close proximity to the peak soil result. Nasoni has never been drilled. The Company plans to drill 2 holes for 150m to test the geometry and tenor of gold mineralisation below the surface.

3.3 Interim Government in Fiji

A coup led by the military commander Frank Bainimirama in early December 2006 has replaced the democratically elected Government returned by elections in May 2006. Subsequently, Commander Bainimirama has effectively acted to appoint himself as interim Prime Minister, and formed an interim government cabinet. The interim Prime Minister has indicated that he expects democratic elections to be held within 5 yrs, which is the normal term of Parliament.

Fiji has been subjected to one civilian and three military coups in the past 20 years. The present coup has thus far been bloodless and the functions of day to day government and business have continued with minimal disruption. On 9 December 2006, Fiji was suspended from the Commonwealth and major trading partners Australia, New Zealand and the USA have condemned the coup as undemocratic and unlawful. Travel advisories from Australia and New Zealand have recently decreased in the overall risk level of advice.

As at the date of writing, there have been no disruptions to the Company's present exploration activities at Mt Kasi and no threats have been received from any source in relation to the tenement title and rights to explore the Company's leases.

Whilst there are issues concerning about the constitutionality of the interim government in Fiji, the Company has taken the view that the interest of shareholders during this period is best served by continuing to meet its obligations in respect of its granted mining and exploration leases, as well as landowner compensation agreements and to the extent possible, conduct business as usual.

Mt Kasi Gold Project - August 2005 Mineral Resource Estimates Main Zone, Non-Main Zone & Eluvials

Domain	Lower Cutoff Grade	Indicated			Inferred			Total		
		Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Main Zone	0.8*	2,390,000	2.1	160,000	690,000	1.7	38,000	3,080,000	2.0	198,000
	1.0	**1,840,000**	**2.4**	**144,000**	**490,000**	**2.0**	**32,000**	**2,330,000**	**2.4**	**176,000**
	1.2*	1,450,000	2.8	131,000	370,000	2.3	28,000	1,810,000	2.7	158,000
Non-Main Zone	1.0				320,000	1.4	14,000	320,000	1.4	14,000
Eluvials	0.6	40,000	1.6	2,000	300,000	1.3	13,000	340,000	1.3	15,000
Sub-total		1,880,000	2.4	146,000	1,110,000	1.6	59,000	2,990,000	2.1	205,000

Other Fiji	Lower Cutoff Grade	Indicated			Inferred			Total		
		Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Stockpiles	1.0	50,000	1.5	2,500	70,000	1.3	3,000	120,000	1.4	5,500
Other	1.0				295,000	3.1	29,500	295,000	3.1	29,500
Sub-total		50,000	1.5	2,500	365,000	2.8	32,500	415,000	2.6	35,000

All	Lower Cutoff Grade	Indicated			Inferred			Total		
		Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Total		1,930,000	2.4	148,500	1,475,000	1.9	91,500	3,405,000	2.2	240,000

* Alternative cut-off grades – g/t Au

4.0 East Kimberleys, Western Australia (Redbank 100%)

Mt Barrett M80/506, Banjo Bore M80/507, Banjo Bore East M80/53, Townsite M80/565, Mt Barrett East E80/2594, Mt Pandora E80/2595, Elvire E80/2864, Halls Creek Water & Water Reserve E80/3297

The Company intends to seek a joint venture partner to farm-in on its Kimberley projects. The present intention is that the new partner expend no less than the minimum exploration required to keep the tenements in good standing and for Redbank to retain a free carried interest therein.

5.0 Mt Haden: Gold & Copper Mackay, Queensland (Redbank 100%)

MLs 4739 to 4743 (inclusive); ML 4745; ML 4753, ML 4786

No work was performed on these tenements during the quarter.

6.0 Exploration Expenditure

Exploration and evaluation expenditure for the quarter was approximately $535,000 ($160,000 previous quarter).

7.0 Corporate

7.1 Issued Capital and Issued Tradeable Options

The Company completed an excluded placement of 7,650,002 shares during December to raise a net amount of $566,225. The issued share capital of the Company at the date of this report is 83,380,147 ordinary shares. The tradeable options on issue are 38,115,864.

7.2 Rights Issue, Placement and Underwriting

On 29 November the Company announced a one for three entitlements issue and a placement offer to raise a total of $2,464,114. All shareholders on the register on 4 January 2007 are entitled to participate in the entitlement offer. Glencore International AG has agreed to underwrite $1,000,000 of any shortfall arising under the entitlement offer. Under the terms of the underwriting agreement, Glencore has advanced the sum of $1,000,000 to the Company as an unsecured loan pending completion of the offer. These funds have been utilized for working capital purposes.

In consideration for underwriting $1.0 million of the rights issue and providing financial support, Glencore is to be issued with 4.0 million options with a strike price of 9.0 cents per share exercisable at any time until 15 December 2008. Upon completion of the rights issue, a Glencore representative will be invited to join the Redbank Board of Directors.

Full details of the offers are contained in the Prospectus issued by the Company dated 21 December 2006 and lodged with ASIC on that date.

Pending results from the drilling programme completed in mid January at Redbank, the Company announced on 19 January 2007 that **the closing date for the entitlement issue has been extended until 16 February and the placement offer until 23 February** (the placement may close prior to this date at any time without notice).

7.3 Off-take Agreement with Glencore

On 29 November the Company also announced that it has entered into an off-take agreement with Glencore International AG covering current and future copper cement and or cathode production sourced from all oxides (Stages 1 and 2 of the Project) and future production of concentrates from the treatment of sulphides (Stage 3 of the Project). Under the off-take agreement, Glencore has agreed to purchase copper cement product on deferred delivery terms, allowing for undisrupted revenue flow from copper production during the Northern Territory wet season. The agreement is effective from 1 December 2006 and is for life of mine, with product pricing based on prevailing market price for copper, after applicable treatment and refining charges.

The Board believes that securing a long term buyer for Redbank's copper output and the establishment of an ongoing relationship with Glencore will enhance the bankability of the Project and expedite the development of Stages 2 and 3.

7.4 Annual Report and 2006 AGM

The 2006 Annual Report of the Company was released on 26 October and may be viewed on the Company's website at *www.redbankmines.com.au* .

The Annual General Meeting of the Company was held in Perth on 29 November 2006. The Notice of Meeting and explanatory memorandum are available on the Company's website. All resolutions put to the meeting were passed on a show of hands.

7.5 Equity Research Report

Independent equity research group Aegis Equity Research, commissioned by the Company, has initiated coverage of the Company. The initial report issued on 30 January 2007 is available for review on the Company's website at *www.redbankmines.com.au*

Yours faithfully,

Redbank Mines Limited

Jerome G Vitale
Director and Chief Executive

Note:

The technical aspects of this communication pertaining to the Mt Kasi project have been compiled by Mr Craig R Hall, B.Sc. (Hons), MAusIMM, MAIG. Mr Hall is an employee of a subsidiary 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 Exploration Results, Mineral Resources and Ore Reserves'). Mr Hall consents to the inclusion in this report of the matters referred to, based on the information being in the form and context in which it appears.

Information in this report on Mineral Resources at the Redbank Copper Project is based on information compiled by Phil Jankowski, who is a Member of The Australasian Institute of Mining and Metallurgy. Phil Jankowski is a full-time employee of SRK Consulting (Australasia) Pty Ltd, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the (2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'). Phil Jankowski consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

All other geological information on the Redbank Copper Project including the drilling results contained in this report has been compiled by Dr James Searle (MAusIMM) an Executive Director of Redbank Mines Ltd 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 Exploration Results, Mineral Resources and Ore Reserves'). Dr Searle consents to the inclusion in this report of the matters referred to, based on the information being in the form and context in which it appears.

***Table 1*: Bluff - significant (>0.5% copper) intercepts from the first and second batch of drilling results received.**

Hole	Easting (m)	Northing (m)	Az deg.	Dec deg.	From m	Metres	% copper
BL06-7	796 200	8 098 225	180	60	surface	11	0.51
					12	57	2.06
				including	29	25	3.26
BL06-10	796 175	8 098 275	180	60	surface	9	0.63
					73	37	0.96
BL06-11	796 150	8 098 225	90	60	17	8	0.63
BL06-1	796 250	8 098 225	050	60	80	44	1.51
				including	87	8	2.73
				including	99	3	3.41
BL06-2	796 225	8 098 225	180	60	0	34	1.18
				including	20	7	2.17
BL06-3	796 225	8 098 250	180	60	0	25	1.00
					25	1	0.55
					36	3	1.15
					39	1	0.62

Note 1:
These results have been reported as interim results from the assay laboratory. Satisfactory results from internal blank flushes in the laboratory procedure have been received but full quality control analysis and final assay certificates have not yet been collated and received. However in the opinion of the qualified person the final results are not expected to vary significantly.

Note 2:
The reported copper results are total copper obtained from a standard analytical procedure using a robust acid digest of the pulped sample.

Table 2: Summary of Drilling Results – Mt Kasi (to 28th September 2006)

Hole ID	Easting	Northing	RL	Azimuth	Dip	Max Depth		Intersection
2006WDDD001	16150	5850	407	090	-45	148.5		**4.5m* @ 8.88 g/t Au from 42m**
								(*True width is approximately 3m)
2006WDDD003	16262	5900	456	090	-45	20		NSI
2006WDDD004	16228	5900	4435	090	-45	75		0.15m @ 21.84 g/t Au from 38.4m
							and	0.5m @ 1.56 g/t Au from 44.5m
2006WDDD005	16221	5900	440	270	-45	59.1		1m @ 3.02 g/t Au from 16.5m
							and	1m @ 2.12 g/t Au from 38m
							and	**1m @ 11.25 g/t Au from 54m**
2006WDDD006	16162	5900	435	090	-45	115.6		1m @ 4.70 g/t Au from 29m
							and	0.5m @ 1.14g/t Au from 52m
							and	1m @ 1.95 g/t Au from 92m
2006WDDD007	16155	5950	422	090	-45	136.3		0.5m @ 3.22 g/t Au from 41m
							and	1m @ 4.54 g/t Au from 44m
							and	0.5m @ 1.74 g/t Au from 53m
							and	0.5m @ 2.36 g/t Au from 68.5m
							and	0.5m @ 2.62 g/t Au from 97.5m
2006KADD011	14970	4550	370	270	-70	151.0		**3m @ 1.01 g/t Au from 1m**
2006PADD001	15095	5750	346	090	-75	55.65*		**NSI**
								*** hole abandoned prior to target zone**
2006PADD002	15090	5750	345	090	-55	110		**NSI**
								(Anomalous zone 8.5m @ 0.35 g/t Au from 90m)
2006PADD003	15080	5750	345	090	-70	150		**0.5m @ 3.12 g/t Au from 128.5m**
								(Anomalous zone 10m @ 0.35 g/t Au from 125.5m)

Results are generated from PQ or HQ halfcore samples, 30gm charge Fire Assay with AAS finish.
NSI - No significant intercepts.

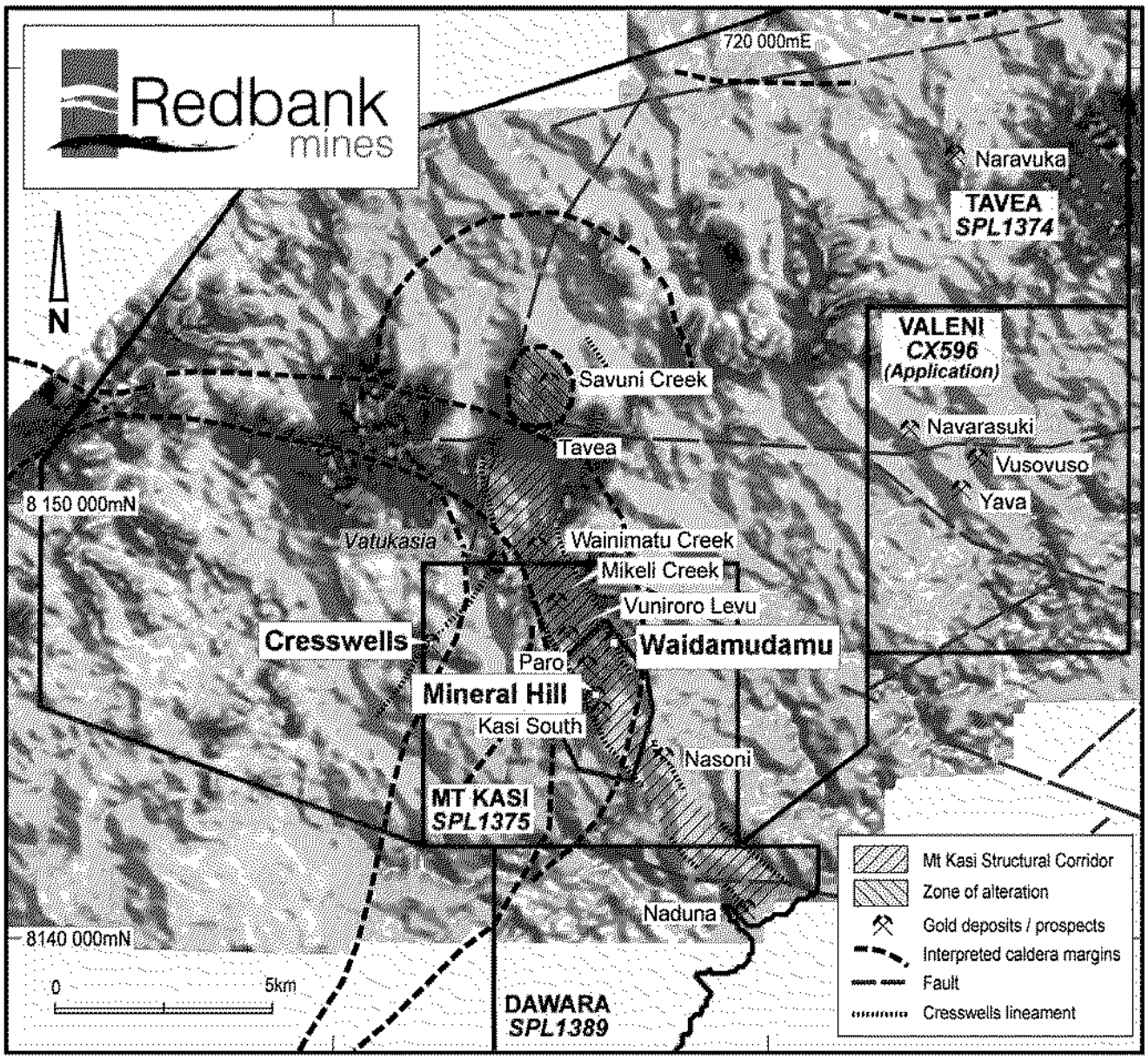


Figure1

REDBANK MINES LIMITED

Mount Kasi Project, Vanua Levu, Fiji Islands

Regional Features and Gold Prospects

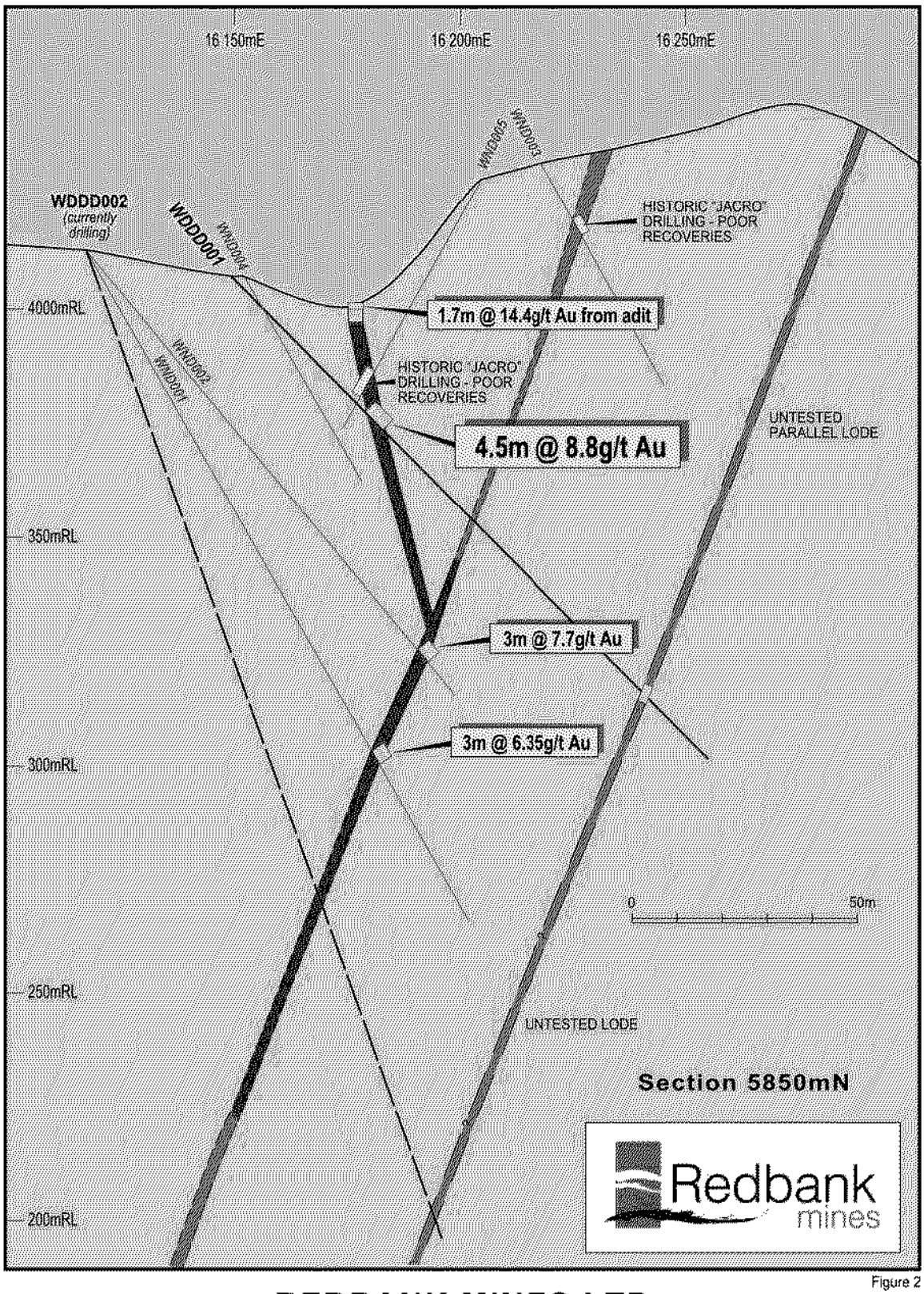


Figure 2

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Waidamudamu Prospect

Cross section 5850mN

(as at Sept 2006)

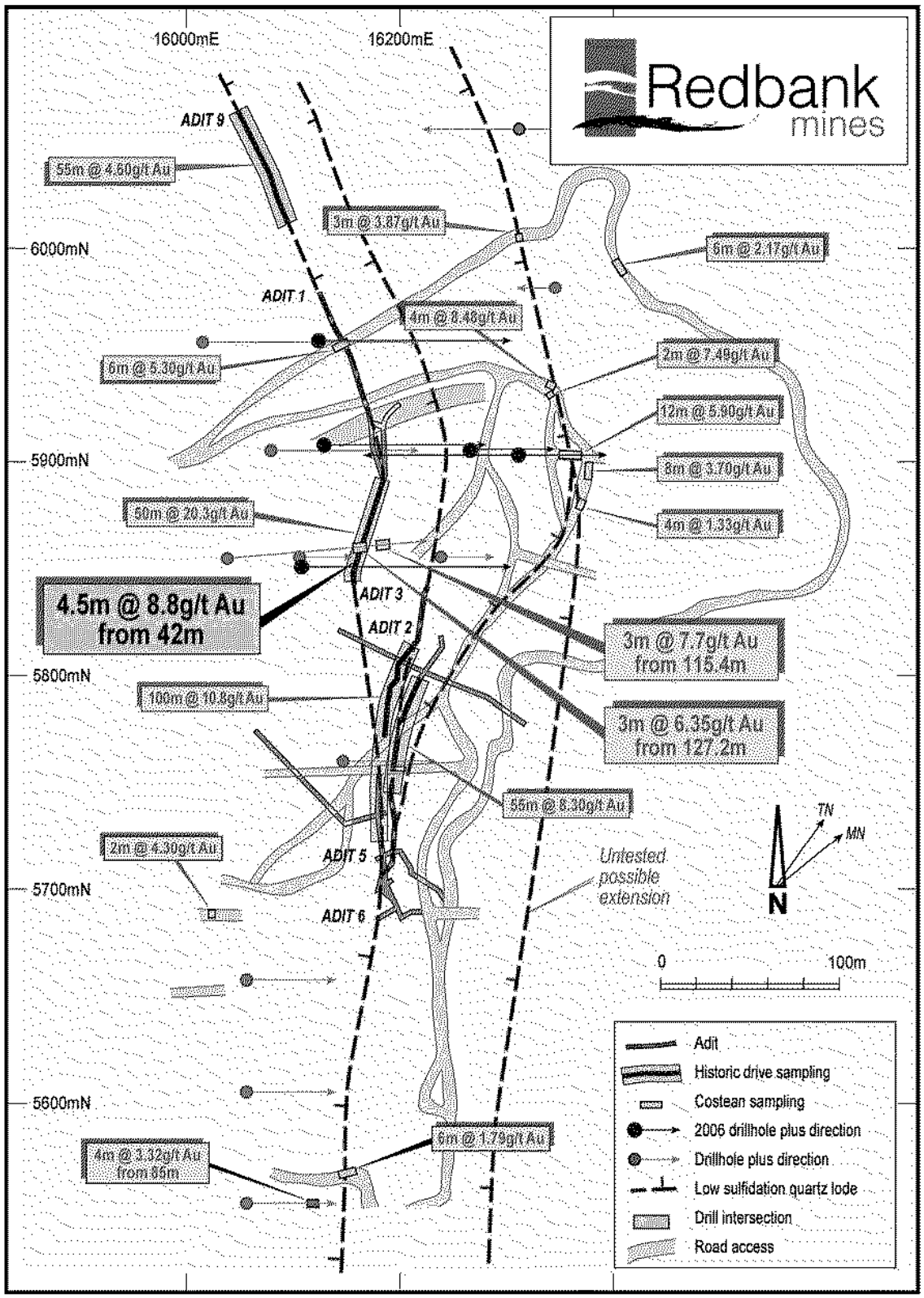

Figure3

REDBANK MINES LTD

Waidamudamu Prospect, Vanua Levu, Fiji Islands

Significant Gold Results

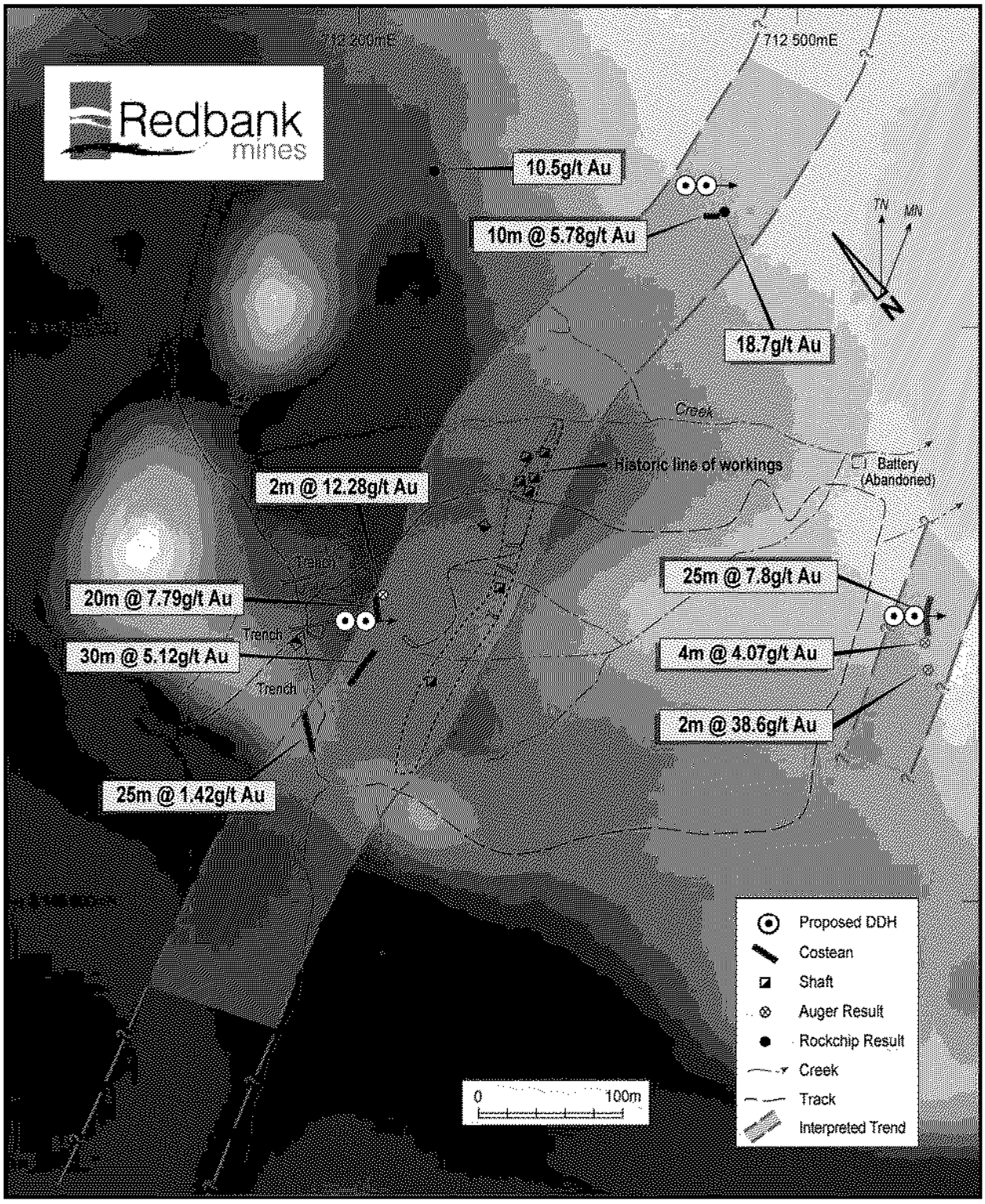

Figure 4

Redbank Mines

Cresswells Prospect, Vanua Levu, Fiji Islands
Significant Gold Results and
First Pass Diamond Drill Hole Locations
2006 Drilling Programme