REDBANK COPPER LIMITED

NORTHERN TERRITORY

EL 26758 ANNUAL EXPLORATION REPORT ENDING 12TH November 2010

TO

THE NORTHERN TERRITORY

DEPARTMENT OF PRIMARY INDUSTRY FISHERIES AND MINES

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Executive Summary

EL26758 is a granted lease within the Redbank Copper operational area in the Northern Territory, and currently is in its second year of tenure. An experienced regional exploration manager has been hired by the company and planning of ground mapping, geochemical sampling and geophysical surveys are underway for the 2011 dry season ahead of area reduction in 2011. Work undertaken during the period consisted of a regional compilation of open file and available data from all known sources completed by external consultants under the direction of the company’s exploration and regional exploration managers. This compilation has been indexed and is currently undergoing geo-referencing and point extraction of data where required. Field review, although delayed and restricted by abnormally wet ground conditions during 2010, has been completed in preparation for the planned 2011 field sampling during the dry season. An assessment of digital data sets and the subsequent maps derived from the GIS compilation has been completed and detailed interpretation of existing geophysical information has commenced to provide assistance with detailed targeting for follow-up filed sampling.
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FIGURE LIST

Figure 1 Location and regional setting of Redbank Copper Limited
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1 BACKGROUND - REDBANK COPPER OPERATIONS

The Redbank Copper Mine is located in the north-east of the Northern Territory approximately 30 km from the Queensland border and 70 km from the coast of the Gulf of Carpentaria. It straddles the Savannah Way which connects the townships of Borroloola in the Northern Territory and Burketown in Queensland. It is around 1,200 km south east of Darwin by sealed and unsealed road.

The Redbank Copper field was discovered in 1916 and small scale mining was carried out until the early 1960’s. Subsequently exploration was carried out during the late 1960’s through to the 1990’s by various groups, culminating in larger scale mining operations being undertaken in the mid 1990’s when the Sandy Flat open pit was developed to supply oxide/sulphide ore to a 250,000 tpa flotation plant built on site. Some very high grade (>25% copper) ore was also direct shipped at this time. The operation ceased after less than 2 years because of declining copper prices. With the exception of the mill, the flotation plant and crushing circuit remain on site. Both are in reasonable condition and are planned to be refurbished to operating condition with a redevelopment of the Project.

The most recent processing was a copper leaching operation that began producing on an intermittent basis in 2004 and utilised oxide ore that had been stockpiled during the previous mining. The current owners have operated the site since 2005 and some of the remaining ore stockpiles from the previous mining venture in the 1990’s have been processed.

In 2009, with new funding and management arrangements, Redbank undertook the following:

- Placed the site on care and maintenance and embarked on a program to improve environmental compliance, in particular to remedy discharges of contaminated water from the site.
- Carried out a review of the project to determine the future direction of its development, and generate a mine study outlining the path to redevelopment.
- Embarked on a well-funded exploration program that aims to discover new resources and to upgrade the status of the existing resources.
The study undertaken by Redbank examined options for future development of the project. Redbank identified that the future of the project is primarily in processing sulfide copper ores, which comprise more than 86% of the current resources, to make quality copper concentrates. In addition copper cathode can be made from the oxide ores. Further work is required to establish additional resources and better define operating parameters. In November 2009 the total resource was estimated by SRK Consultants as 6,244,000 tonnes at a grade of 1.5% copper containing 95,900 tonnes of copper metal.

The operational area consists of an Exploration Retention License (ERL94) and seven Mineral Leases (ML631, ML632, ML633, ML634, ML635, ML636 and ML1108) contained within the ERL. The company has recently applied for a Mining Lease (MLA27385) to replace ERL94 ahead of a decision to mine in 2010. Redbank Mine Operations Pty Ltd, the holder of EL26758, also has a number of exploration interests within the vicinity of the existing Redbank Mine site (EL24654, EL26758, EL26778, EL26779, EL26780, EL26781, EL26999, EL26758, EL26758, EL27329, ELA27737, ELA28003 and ELA28024). These are located mostly to the north and west of the mine site as shown below in Figure 3.

2 REGIONAL GEOLOGICAL SETTING

Regionally the Redbank copper deposits lie within the Proterozoic sequences of the MacArthur River Basin (see Figure 1). The basin hosts a number of world class base metal deposits. The Redbank copper mineralisation is hosted by the Lower Proterozoic Gold Creek Volcanics, a sequence of predominantly intermediate sub volcanic intrusions, extrusions, breccia pipes, and intercalated sediments. The copper mineralisation identified to date has been principally interpreted as being contained in volcanic breccia pipes, of which 30 to 50 have been recognised by various explorers. Only a minority of the breccia pipes are mineralised and only some of those contain potentially economic concentrations of copper.

The Packsaddle Microgranites locally intrude the Gold Creek Volcanics and are present close to the known Redbank copper deposits. Gold Creek Volcanics are present in a significant portion of the regional tenements. Further east the Gold Creek Volcanics are obscured beneath surficial Cainozoic sequences. The Hobblechain Rhyolite, a member of the Masterton Formation overlies the Gold Creek volcanics to the west.
3 TENEMENT GEOLOGY

Within EL26758 exposure is limited and the topography is dominated by flat peneplain remnants left by a moderately incised drainage pattern following rejuvenation of the stream system that is dominated by structural features. Cainozoic surficial deposits, predominantly lateritic (pisolitic and nodular) duricrust with skeletal sandy soils and ferruginous cemented detritus developed above a well developed deep lateritic weathering profile is also evident in areas with deep creek incisions into the landscape.

Key lithologic units observed but with varying outcrop exposures include:

(i) **Mullaman Beds** – early Cretaceous shallow marine fluvial sediments, typically siltstones, sandy siltstones, quartz sandstones and pebble to conglomerate beds.
(ii) **Bukalara Sandstone** – early Cambrian shallow marine fluvial sediments, typically feldspathic sandstones, quartz sandstones and pebble to cobble conglomerates.
(iii) **Karns Dolomite** – Proterozoic McArthur Basin Sequence, McArthur Group dolomite, algal dolomite, dolarenite: laminated, oolitic and algal cherts; dolomitic siltstone and sandstone, silty and sandy dolomite, oolitic-chamosite dolomite.
(iv) **Masterton Sandstone** – Proterozoic McArthur Basin Sequence, McArthur Group sandstone, med to coarse pebbly in upper unit; minor beds of clast supported conglomerate; locally micaceous siltstone and breccia at the base.
4 EXPLORATION MODELS

The consensus of most of the modern era (post-1970) explorers in the Redbank area is that the mineralisation is contained in the approximately circular volcanic breccia pipes as the result of fluid circulation in the breccia. The breccia pipes development has also been interpreted as involving largely autochthonous brecciation of the trachyandesite host rock, with little displacement.

There have been some suggestion that there has been post volcanic slumping in some pipes causing minor (<10m) vertical displacement of sediments overlying the Gold Creek volcanics into the pipes. Minor normal faults and jointing have been interpreted as exerting a control on the location and form of the pipes. A peculiarity of the more comprehensively mineralised pipes is the association of the mineralisation with pyrobitumen. The origin of the pyrobitumen has been variously speculated as resulting from intense reduction of carbonate to a high temperature derivative of an organic precursor.

RC and diamond core drilling by Redbank on deposits in the area during 2006 to 2009, has indicated that the mineralisation does not display all the characteristics that could be expected solely from the circulation of mineralised fluids through the prepared breccia pathways. While there are clearly veins of sulphidic copper mineralisation contained within the breccia they are typically fragmented. Also much of the primary mineralisation consists of chalcopyrite and chalcocite grains disseminated through the host trachyandesite. The oxide mineralisation retains the characteristics of the primary mineralisation structures and fabrics with cuprite largely replacing the disseminated chalcocite and chalcopyrite, with a minor amount of azurite and malachite vein formation following ground water migration along open weathering fractures.

More detailed studies of petrogenesis and ore formation are planned but the initial indications are that there may be a precursor disseminated style of mineralisation emplaced in the breccia pipes. The source of the precursor mineralisation could represent a major target for large scale disseminated copper mineralisation. As a corollary exploration should not only focus on finding mineralised breccia pipes but should also be trying to discover the source of the precursor disseminated mineralisation which has the potential to be a much larger target.

Conceptually, the possibility exists for ‘Manto’ style stratabound deposits forming at depth below the limit of breccia formation, as a primary mineralisation focus over structural décollements from fluid travelling laterally from major through-going lineaments, such as the Calvert Hills fault immediately north of the EL26758.

A stromatolitic dolomite bed in the McDermott Formation immediately below the Sly Creek sandstone, reports consistently elevated copper and cobalt levels over a few km south of the Calvert Hills homestead.

Packsaddle Microgranite (or rhyolitic) intrusions occur in close association with the Redbank copper Mineralisation. It is not yet apparent if there is any paragenetic significance in this spatial association. The Packsaddle Microgranites have interpreted as associated with a regional 1,725Ma felsic intrusive event in the Macarthur River Basin (Page et al, 2000).
4: PREVIOUS EXPLORATION ON REGIONAL TENEMENTS

Review of the available historic data indicated that it was disjointed and compilation into a modern GIS system was required. Principal explorers were Carpentaria, Rio Tinto, and then later CRA, mainly exploring for base metals, uranium and diamonds in the general area. Several generations of work starting in the 1960’s can be grouped according to commodity as follows:

(i) 1956 to 1960 – predominantly uranium exploration,
(ii) 1965 to 1971 – again mainly uranium with another focus on copper, particularly at Redbank,
(iii) 1978 to present – uranium, diamonds, gold and base metal, manganese and industrial minerals (phosphates)

Apparently no broad approach to the current land package has been effectively applied, and with no application of new generation of geophysics and deep sensing geochemical methods.

5 EXPLORATION FOR THE PERIOD 13th November 2009 TO 12th November, 2010

Work undertaken during the period consisted of:

(i) Regional compilation of open file and other available company data from all known sources by an external consultant directed by the company’s exploration manager.

(ii) Indexing and geo-referencing of all data accumulated with point extraction of data where required,

(iii) Production of relevant maps for interpretation and ground survey planning,

(iv) Commissioning and commencement of a re-interpretation of available geophysical information including magnetic, radiometric and gravity data and target generation by external consultants,

(v) Field review of access, ground conditions, sample media and field program planning for the 2011 dry season.

6 PROPOSED EXPLORATION FOR THE NEXT 12 MONTHS

The company has appointed an experienced regional exploration manager to direct the exploration within its regional tenement package including EL26758. This work will include but not necessarily be restricted to:

(i) Detailed review and interpretation of available geophysical data,

(ii) Compilation and integration of historic geochemical data with geology and the targets and interpretations derived from the geophysical interpretation,

(iii) Ground magnetic surveys on targets identified from the compilation exercise, geochemical techniques, and structural interpretations from remote sensing techniques,

(iv) Geochemical sampling surveys including:
   a. Rock chip sampling,
   b. stream sediment and catchment analysis,
   c. reconnaissance laterite sampling to define chalcophile corridors in areas with extensively ferruginized landforms,
   d. deep sensing ionic geochemical soil analyses,

(v) Acquisition of new airborne geophysical data where appropriate,

(vi) Drill testing of prospective targets.
REFERENCES

