



REDSTONE RESOURCES LTD
ABN 42090169154

ASX CODE: RDS

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Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

POTASH & PHOSPHATE SALE & JOINT VENTURE OPTION

US\$250,000 CAPITAL RAISING

Redstone Resources Limited (ASX Code: RDS) is pleased to announce that it has entered into an option for a sale and joint venture agreement ("**Agreement**") with private Canadian investment company MBAC Opportunities and Financing Inc. ("**MBAC**") with respect to Redstone's Aneba Potash Project and Apui Phosphate Project ("**Projects**"), both located in the Amazon State in Brazil.

MBAC has also agreed to subscribe for 2.0 million fully paid ordinary shares in Redstone together with 1.0 million free attaching options exercisable at AU\$0.25 on or before June 17, 2011 for a total capital raising of US\$250,000.

Redstone is enthusiastic about having secured the interest of a successful and experienced South American operator (see MBAC Background below) as its potential partner in the Projects.

Project Background

The Aneba Potash Project is located immediately to the north of the two world class potash deposits, Arari and Fazendinha. This is a favourable geological setting and very close to transport infrastructure.

The Apui Phosphate Project covers all of the Jatuarana basin which was identified by the Brazilian Geological Survey in the 1980's as hosting significant phosphate mineralisation. Widespread phosphate mineralisation was indicated from reconnaissance exploration.

Agreement

Under the terms of the Agreement MBAC has the option to acquire a 35% interest in both Projects for US\$250,000 after a due diligence period of up to 60 days. MBAC then has the right to earn up to a further 40% (up to 75% in total) in either or both of the Projects by funding exploration of up to US\$6 million plus all land taxes necessary to keep the projects in good standing over a four year period (US\$1 million per year plus applicable land taxes for the Aneba Project, and/or US\$0.5 million per year plus applicable land taxes for the Apui Project). Upon the exercise of the option,

MBAC will start with an initial position of 35% in each of the Projects. MBAC can then earn a further 10% in each Project each year during this 4 year period through such funding including by paying to Redstone the balance of any unspent remaining exploration expenditure in that 4 year period for the relevant Project.

After earning a 75% interest in a Project and provided it has delivered to Redstone a bankable feasibility study for that Project, MBAC has the option to purchase 100% of that Project. In this event MBAC can acquire the remaining 25% interest in that Project for the sum of US\$15 million or 1.5 million shares. Redstone has the election to take the consideration in cash or MBAC securities.

The Agreement provides a framework to bring the significant capital resources and expertise of MBAC to the Projects. It also contributes to Redstone's working capital requirements whilst it pursues its objective to continue its investment in its other exploration projects. Upon exercise of the option Redstone will retain significant exposure to any exploration success through its joint venture interest and/or its holding in MBAC, and will have secured the level of funding necessary for the exploration of the Projects.

MBAC Background

MBAC is a private company that was formed for the purpose of building a business focused on the agriculture sector, with a particular emphasis on the fertiliser markets in Brazil. The company is currently targeting opportunities in Brazil but will expand its focus as it develops over time and as opportunities are sourced. MBAC owns a mining company called Itafós Mineração Ltda ("**Itafós**") that has an operating phosphate mine and operates in the Goiás and Tocantins States in Brazil. Itafós is currently producing and selling phosphate rock concentrate for sale to markets in close proximity to its mine.

MBAC's longer term goal is to produce various fertiliser products including single super phosphate ("**SSP**"), triple super phosphate ("**TSP**") and dicalcium phosphate. A feasibility study relating to the production of sulfuric acid is underway and the Company is targeting the production of SSP and sulfuric acid by 2012. As markets develop, the Company will ramp up production levels and will study the merits of building a phosphoric acid plant which would facilitate the production of TSP and dicalcium phosphate in addition to SSP.

MBAC currently has approximately 12.3 million shares outstanding on a fully diluted basis and cash at the end of April 2009 was approximately C\$44 million.

Yours sincerely,



Anthony Ailakis
Executive Director

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