



REDSTONE RESOURCES LTD
ABN 42090169154

ASX CODE: RDS

17 August 2009

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

MBAC EXERCISES POTASH & PHOSPHATE

SALE & JOINT VENTURE OPTION

Redstone Resources Limited (ASX Code: RDS) is pleased to announce that MBAC Opportunities and Financing Inc. (“**MBAC**”) have advised that they will exercise their First Option pursuant to a sale and joint venture agreement (“**Agreement**”) as announced on 18 June 2009 with respect to Redstone’s Aneba Potash Project and Apui Phosphate Project (“**Projects**”), both located in the Amazon State in Brazil.

The exercise of the First Option by MBAC follows successful completion of a 60 day due diligence period.

Under the terms of the Agreement, the exercise of the First Option by MBAC will entitle them to an initial position of 35% in each of the Projects upon payment of US\$250,000.

MBAC also 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).

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. Redstone is enthusiastic about having secured MBAC as its partner in the exploration of its 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 mineralization. Widespread phosphate mineralization was indicated from reconnaissance exploration.

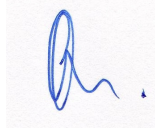
MBAC BACKGROUND

MBAC is a private Canadian investment company that was formed for the purpose of building a business focused on the agriculture sector, with a particular emphasis on the fertilizer 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 Goias 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 fertilizer 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

Investor Enquiries:

Telephone: +61 8 9328 2552
Facsimile: +61 8 9328 2660
Email: anthonya@redstone.com.au
Website: www.redstone.com.au
Address: PO Box 8646, Perth Business Centre WA 6849