REDSTONE RESOURCES

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REDSTONE RESOURCES LIMITED (ASX CODE: RDS)

ACQUISITION OF SECOND POTASH EXPLORATION PROJECT IN BRAZIL

Introduction and Summary

Redstone Resources Ltd is pleased to announce that it has acquired a second potash exploration project in the Trombetas region in Brazil.

Redstone has made 19 applications (approx. 1,900km^2) for exploration licences with the Mineral Department of Brazil (DNPM).

This is the third major exploration acquisition Redstone has made during the past 2 years as part of its focus on fertiliser minerals (potassium and phosphate) in Brazil. In 2008 Redstone announced the acquisition of a potash exploration project in the Anebá sub-basin in northern Brazil and a phosphate exploration project covering the whole of the Jatuarana basin in the Apui region in Amazon State. These projects have been recently joint ventured with a Canadian company MBAC Investing and Financing Opportunities Inc., an experienced South American operator (see announcements dated 18 June 2009 and 17 August 2009).

Background to Project

The Amazon Basin has one of the largest evaporite sequences and is one of the most important potential sources of potash in the world. The salt-rich evaporites (which include potash layers) are within the Nova Olinda Formation and the Andira Formation, and having several similarities to the Zechstein Basin in northern Germany and Poland. Two world-class deposits of potassium are known in the Middle Amazon Basin at depths of 950-1,050 m. The reserves are 520 Mt@28.8% KCl (Fazendinha) and 659 Mt@17.7% KCl (Arari). The mining rights to these deposits are held by Petrobras, the main oil company in Brazil.

The main potassium salt is sylvinite (NaCl.KCl) in beds having an average composite thickness of 2.7m. Dr. João Orestes Santos, the Principal Geologist of Redstone Resources for South America, has worked in the Amazon Basin for many years and participated in the Arari and Fazendinha drilling programs establishing the potassium reserves.

Redstone selected the project based on the unique characteristic that it is the one region in the Amazon Basin where the evaporites of the Nova Olinda Formation are exposed or sub-exposed. This presents a significant advantage in exploration costs compared to other potash targets in the Amazon Basin where evaporites can occur at depths over 1000 metres.

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Recent analysis of available data from the project area has identified that the two oil exploration holes drilled within the project area, intercepted thick salt beds within the prospective Nova Olinda formation. Two drill holes 8.7km apart intercepted the same salt beds of similar thickness (approx. 60metres) at the depth of about 350m indicating the existence of a thick, shallow, continuous salt layer which has been untested for potassium.

An Increasing Market for Potash Globally and in Brazil

Potassium (Potash) is usually mined as salt chloride and is an essential component in most types of fertiliser and has no substitute in agriculture.

The price of potash has increased significantly in recent years. Population growth remains the fundamental driver of the price increases. Changes in diet in favour of meat and dairy products and the growth of the bio-fuel industry have also resulted in the strong growth in fertiliser demand.

Brazil is the second largest importer of potash in the world and imports approximately 90% of its potash needs (approx. 6.5million tons in 2008). These needs are expected to increase as a result of the rapidly expanding agricultural sector of the Brazilian economy.

Brazil is one of the world's largest agricultural producers.

There are significant transport and import replacement cost advantages for any fertiliser mineral deposit in Brazil. Given the costs of intercontinental transportation, deposits of fertiliser minerals will increasingly be ranked in terms of their proximity to markets, such as Brazil.

Redstone's Fertiliser Mineral Strategy

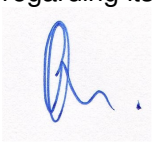
In 2006 Redstone identified fertiliser minerals as representing a major opportunity for exploration and development in Brazil and since then it has focused on acquiring projects which it considers have outstanding potential. Redstone has now secured what it considers to be three of the best exploration projects for fertiliser minerals in Brazil.

Redstone's strategy is to develop new fertiliser sources in close proximity to one of the world's largest and fastest growing agricultural regions.

The ready access to large markets in Brazil also provides substantial cost savings associated with transport and import replacement, giving these projects a significant economic advantage.

Redstone is continuing to investigate other exploration opportunities to capitalise on the growing demand for these products.

In the meantime Redstone has commenced discussions with potential joint venture partners regarding its second potash project.



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ATTRIBUTION

The information in this report that relates to exploration results on project areas in South America is based on information compiled by Dr Joao Orestes Santos, a member of the Australian Institute of Geoscientists. Dr Santos has sufficient experience relevant to the style of mineralisation 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 Exploration Results, Mineral Resources and Ore Reserves'. Dr Santos consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.