



REDSTONE RESOURCES LTD
ABN 42 090 169 154
ASX CODE: RDS

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2009

HIGHLIGHTS

- *Commencement of geophysical surveys over Baggaley Hills Project.*
- *Redstone's potash and phosphate joint venturer (MBAC Fertiliser Corp) listed on Toronto Stock Exchange. Environmental applications prepared for drilling of Aneba potash project.*
- *Redstone completed \$2.25 million capital raising*

BAGGALEY HILLS FARM IN AND JOINT VENTURE

During the quarter, geophysical surveys were commenced by Redstone's farminee/joint venturer over the Baggaley Hills project in the West Musgrave region. It is currently anticipated that Redstone will receive details of the surveys and results in February 2010.

APUI (PHOSPHATE) AND ANEBA (POTASH) FARM IN AND JOINT VENTURE

During the quarter, the reverse takeover of a Toronto Stock Exchange (TSX-V) listed company by the shareholders of MBAC Opportunities and Financing Inc. (which is farming into the Apui and Aneba projects) has resulted in the formation of a new TSX-V listed company, MBAC Fertiliser Corp., as an integrated fertiliser company with approximately C\$83 million in cash.

Preparation of an application for an environmental licence for drilling of the Aneba potash project commenced during the quarter.

Background

During the previous quarter MBAC advised that it would exercise its 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 of Brazil.

MBAC Fertiliser Corp. is focused on becoming a significant integrated producer of phosphate and potash fertiliser in the Brazilian market.

TROMBETAS POTASH PROJECT - BRAZIL

During the quarter Redstone completed compilation of available data for this project for presentation to prospective joint venture partners.

Redstone has made 19 applications (approx. 1,900km²) for exploration licences with the Mineral Department of Brazil (DNPM). 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.

CORPORATE

During the quarter Redstone completed a capital raising of \$2.25 million (before costs) to sophisticated and private investors.

Due to strong investor support, commitments were received for subscriptions of \$2.0 million by placement of securities to sophisticated and private investors for 22,222,224 fully paid ordinary shares in Redstone at \$0.09 per share together with one free attaching option for every two shares applied for. These options will be exercisable at \$0.25 cents per share on or before 30 November 2012.

The raising was well oversubscribed and exceeded the initial funds of \$1.1 million sought as announced on 22 September 2009.

A further \$250,000 was raised pursuant to the Baggaley Hills farmin agreement, by the farmin party subscribing for 2,500,000 fully paid ordinary shares in Redstone at \$0.10 per share. This placement represents the first of two equal tranches under the agreement.

RICHARD HOMSANY
CHAIRMAN

22 January 2010

CONCLUDING STATEMENT

Redstone Resources is a proactive emerging exploration company trading on the ASX Stock Exchange. The Company is actively engaged in exploration of greenfield terranes and the acquisition of advanced exploration and development projects in Australia and South America.

Additional information on Redstone Resources is available on company's website at www.redstone.com.au

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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.

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