



REDSTONE RESOURCES LTD
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31 January 2010

QUARTERLY REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2010

HIGHLIGHTS

TOLLU COPPER PROJECT (Western Australia)

- 5,000m RC drilling programme completed in late December 2010.
- First assay results expected in February 2011.

TOLLU PROJECT (Redstone 100%)

During the Quarter, Redstone Resources Ltd completed a 5,000m reverse circulation (RC) drilling programme at its 100% owned Tollu copper project in the West Musgrave region of Western Australia.

The Tollu project is part of a 200 km² exploration licence held by Redstone. The focus of exploration is a giant swarm of hydrothermal copper rich veins in a system covering an area of at least 6 km² and forming part of a dilation system between two major shears. Mineralisation at surface comprises malachite, tenorite and azurite. Mineralisation at depth comprises chalcopyrite and bornite.

The programme was focused on testing at depth, and along strike, copper sulphide mineralization that was intercepted during an RC drilling programme in May 2010.

The other objective of the drilling was to test electromagnetic (EM) and induced polarisation (IP) anomalies which were identified from a ground EM survey and an IP survey both completed in August 2010.

Drilling samples have been submitted for assay and first results are expected in February 2011.

BAGGALEY HILLS FARMIN/JOINT VENTURE (E69/2053, E69/2054, E69/2200, E69/2249, E69/2339 and E69/2340) (HJH Nominees Pty Ltd [HJH] earning 80%: Redstone 20%))

During the Quarter, Redstone's farmin partner HJH completed induced polarisation (IP) surveys (Gradient Array, Dipole-Dipole and Pole-Dipole surveys) at the Baggaley Hills project. The IP method is suitable for the detection of disseminated sulphides such as pyrite, pyrrhotite and pentlandite.

The Baggaley Hills project is prospective for both Ni-Cu-PGE and Iron Oxide Copper Gold (IOCG) mineralisation. Several areas within the project have been identified as high priority targets based upon geochemical, magnetic and gravity signatures and IP surveys have been commissioned at three of these targets – Antlion, Area 6 and Area 7.

The IP surveys at the Antlion [PGE-Cu-(Ni)] prospect identified a number of anomalous zones of higher chargeability, which may provide a vector towards sulphide mineralisation. Initially, gradient array IP surveys were completed over anomalous [PGE-Cu-(Ni)] geochemical areas. Dipole-dipole IP survey lines were then completed over anomalous gradient array results to determine the depth of the sources of chargeability anomalies.

During the quarter, planning was completed for a 6,000m RC drilling programme to test the Antlion chargeability anomalies and the targets at the Area 6 and Area 7 prospects.

OTHER

As announced in its previous quarterly report, Redstone has entered into a sale and purchase agreement for the sale of its Stripeys Project (E69/2435). Redstone continues to evaluate its portfolio of assets and assess its financing requirements for the exploration of its projects, including divestments and joint ventures.

ABOUT REDSTONE

Redstone Resources Ltd is a Perth based exploration company with a portfolio of highly prospective mineral exploration properties in the West Musgrave region of Western Australia and in Brazil.

Redstone is a diversified explorer focused on nickel and copper in Western Australia and phosphate and potash in Brazil. Further information on Redstone can be found on the company's website at www.redstone.com.au.

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ATTRIBUTION

The information in this report that relates to exploration results is based on information compiled by Dr Joao Orestes Santos, a member of the Australasian 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.

