REDSTONE RESOURCES

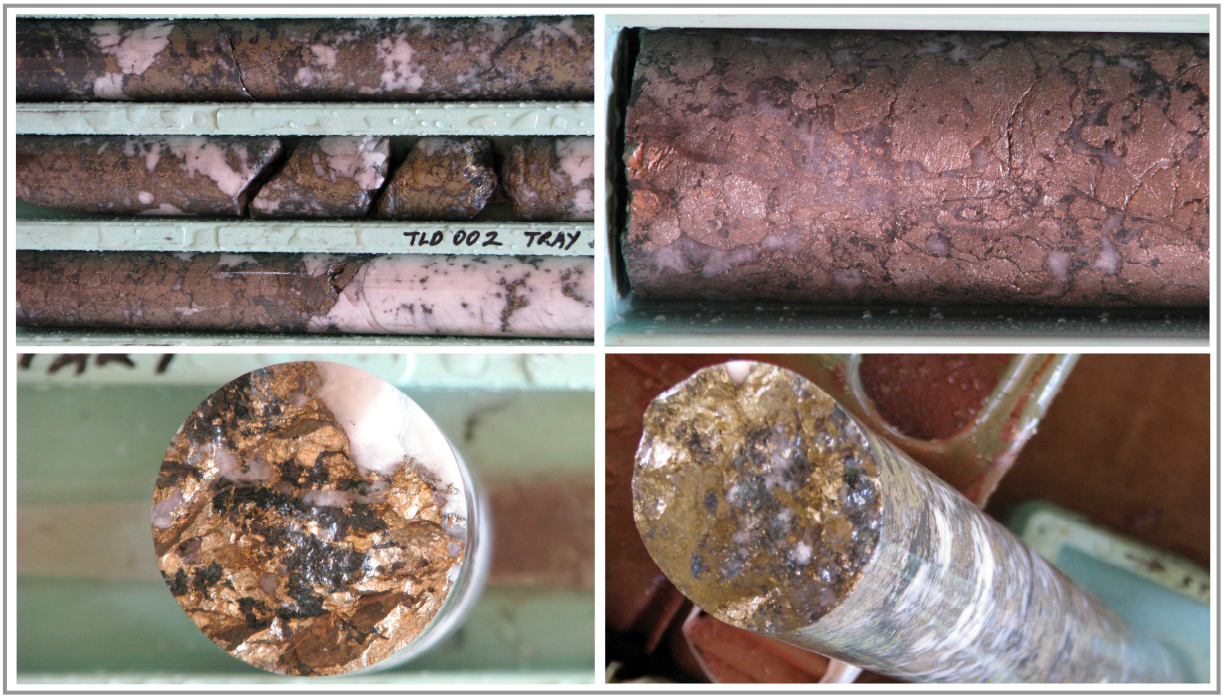
TOLLU COPPER NICKEL PROJECT
DIAMOND DRILLING UPDATE

15 December 2011

- **Eastern Zone diamond hole (TD1) completed.**
- **Central Zone (subzone 1) diamond hole (TD2) completed.**
- **Diamond cores provide outstanding samples of massive copper sulphide mineralisation.**

Redstone Resources Limited (**Redstone**) (ASX:RDS) is pleased to provide an update on the diamond drilling at the company's wholly owned Tollu Copper Nickel project in the West Musgrave region of Western Australia. Two diamond drill holes, TD1 and TD2 (see Table 1) have been completed and drill cores are being transported to Perth for chemical assay and mineralogical and metallurgical testing. Assay results are currently expected to be available by the end of January.

Central Zone



Panel 1. Central Zone (Subzone 1) diamond cores from TD2 (PQ - diameter 8.5cm) displaying massive Cu-sulphide mineralisation.

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Central Zone – Drilling Update (TD2)

Diamond drill hole TD2 has returned a 6m intersection of outstanding copper sulphide mineralisation. TD2 intersected the Central Zone (subzone 1) mineralised body commencing from 127m downhole depth. The copper sulphide mineralisation is clearly visible in the drill core (see Panel 1). The diamond core has provided sufficient volume of mineralisation for metallurgical analysis.

Central Zone Background

The Central Zone is a swarm of hydrothermally mineralised bodies formed in a dilation system between two larger N-S bodies in an area of approximately 1.3 km long and 700-800m wide. Eight main clusters of mineralised bodies (subzones) have been mapped at surface (see Figure 1). So far, exploration has only been concentrated in subzone 1. The Company's ongoing RC drilling program will add a further 14 drill holes to the existing 22 drill holes within subzone 1, with the aim of producing a preliminary copper resource estimate during 2012.

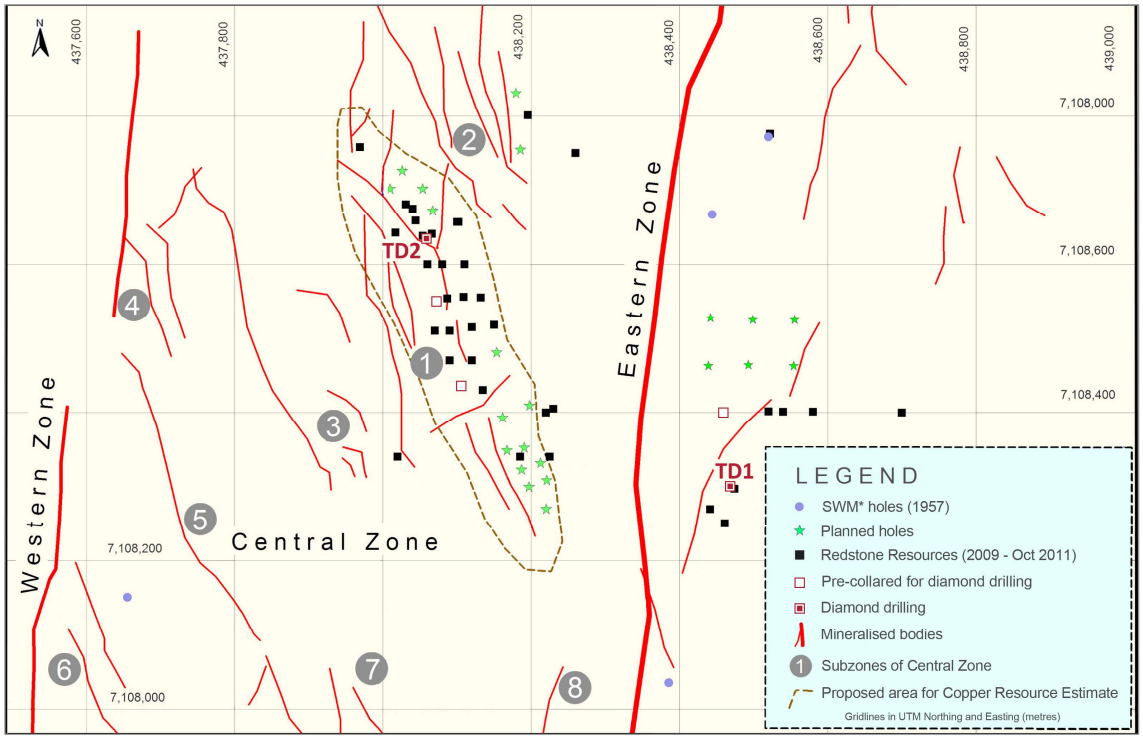

Figure 1 Map of Tollu Project area showing the exposed mineralised bodies (red lines) related to the three main target areas: the Eastern, Central, and Western Zones. Also shown are existing and planned drill holes, diamond holes TD1 and TD2 and the area being drilled for a preliminary copper resource estimate (dashed brown line).

** SWM = South Western Mines (Owned by INCO, International Nickel Company).*

Eastern Zone

Panel 2. Eastern Zone diamond cores from TD1 (NQ - diameter 4.8cm) showing massive chalcopyrite ($CuFeS_2$) mineralisation.

Eastern Zone – Drilling Update (TD1)

Diamond drill hole TD1 has produced an intersection of visible copper sulphide over an interval of 25m. TD1 intersected the Eastern Zone mineralised body commencing from 274m depth downhole. The copper sulphide mineralisation is clearly visible in the drill core (see Panel 2).

This drill hole was designed to sample mineralisation previously detected by RC drilling (drill hole TLC 45) where the mineralisation was not able to be reliably assayed because of sample loss from water influx.

The diamond core will provide an accurate grade for the mineralised interval and will allow detailed study of the mineralisation, including the search for other sulphides besides known chalcopyrite, the trace elements present in chalcopyrite, the nature of the hydrothermal fluid, and the relationship of the ore and host rocks.

Eastern Zone Background

The Eastern Zone is a single sub-vertical hydrothermal body exposed at surface over a distance of 2500 metres. It is the thickest mineralisation so far detected at Tollu (see ASX announcement of 22 September 2011). Less than 5% of the body is tested by drilling and all three previous RC drill holes intercepted visible Cu mineralisation (chalcopyrite) as follows:

TLC 45: 27 metres (from 254 to 281m)

TLC 52: 20 metres (from 274 to 294m)

TLC 54: 17 metres (from 277 to 294m)

Table 1. Tollu Project December 2011
Diamond Drilling Copper Sulphide Intersections (Assays pending)

Drill Hole			Coordinates		Cu-Sulphide Intersections			
Hole Number	Inclination	Azimuth	Easting GDA	Northing GDA	From (m)	To (m)	Interval (m)	Cu Grades (%)
TD1	64°	265°	438463	7108291	274	299	25	Assays pending.
TD2	61°	235°	438061	7108635	127	133	6	Assays pending.

About Redstone

Redstone Resources Ltd is a Perth based company focused on nickel and copper with a portfolio of highly prospective mineral exploration properties in the West Musgrave region of WA and Brazil.

Further information on Redstone Resources Ltd can be found on the company's website at www.redstone.com.au.

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ATTRIBUTION

The information in this report relates to exploration results is based on information compiled by Dr Joao Orestes Santos, a part-time employee of Redstone Resources Limited. Dr Santos is a member of the Australian Institute of Geoscientists and 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 matter based on his information in the form and context in which it appears.