



QUARTERLY REPORT

For the Period ending 31 December 2011

31 January 2012

The Board of Redstone Resources Limited ("the Company" or "Redstone") (ASX: RDS) is pleased to present its quarterly report for the period ending 31 December 2011.

Redstone's primary focus is the Tollu Copper Nickel Project in Western Australia. Redstone is confident that this project has the potential to be a world class deposit. Intersections of copper sulphide mineralisation of greater than 1% Cu now extend over an area of 1.8km long and up to 1km wide. Redstone currently expects that both the mineralised area and the volume of hydrothermal mineralisation will increase significantly with further drilling.

HIGHLIGHTS

- RC Drilling programme continued at Tollu Cu-Ni Project and was expanded from 5,000 to 20,000m.
- Significant RC drill intersections of copper sulphide at the Central Zone (subzone 1) and the Eastern Zone have extended copper mineralisation at both zones. Chemical assay results are expected in early February 2012.
- Diamond drilling programme was completed during the Quarter.
- Diamond cores have provided outstanding visual samples of massive copper sulphide mineralisation. Chemical assay results are expected in early February 2012.

FUTURE WORK

Redstone is currently planning the following exploration activity for the coming months:

- The continuation of the expanded RC drilling programme at the Tollu Cu-Ni Project.
- Commencement of RC drilling at the Blackstone Range Project.



PROJECTS

The Company holds an interest in 9 exploration licences in three project areas in the West Musgrave region of Western Australia. The projects are prospective for major copper, nickel-copper and PGE mineralisation. The exploration licences cover in excess of 2,200km². Project locations are shown on Figures 1 and 2.

Six of the exploration licences held by Redstone comprise the Baggaley Hills Farmin/Joint Venture, which is an exploration joint venture between Redstone and HJH Nominees Pty Ltd (HJH), where Redstone is farming out an 80% interest.

A further two exploration licences are part of the Blackstone Range Farmin/Joint Venture between Redstone and Resource Mining Corporation where Redstone is earning in to 90%. The remaining exploration licence is wholly owned and operated by Redstone and comprises the Tollu Copper Nickel Project.

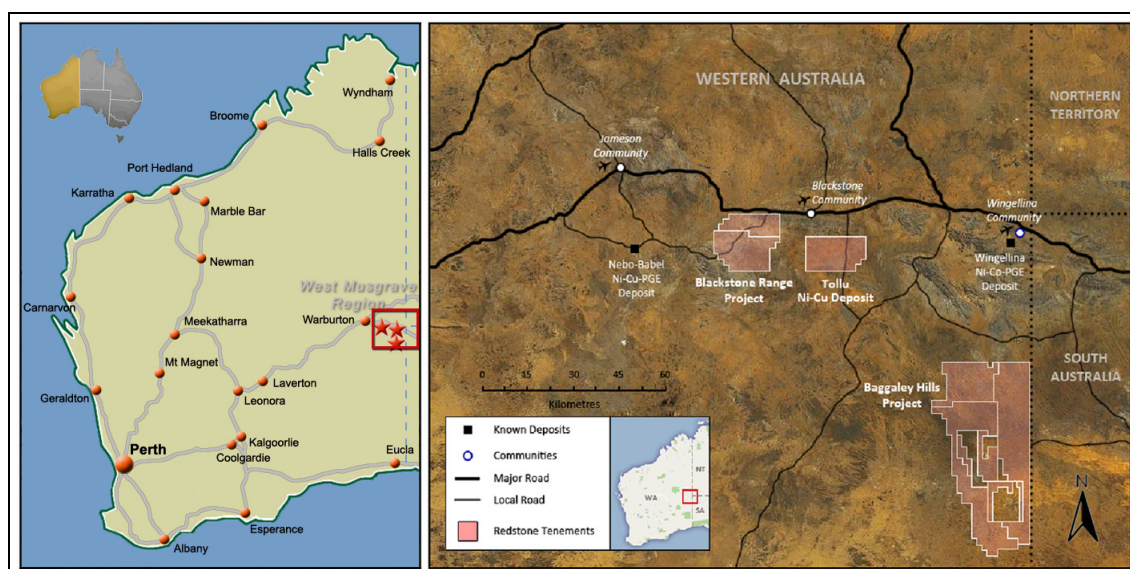


Figure 1 (Left) Location of Redstone Projects in Western Australia
Figure 2 (Right) Location of Redstone Project Tenements in the West Musgrave Region

Tollu Copper Nickel Project (Redstone 100%) (E69/2450)

The Tollu Project area hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area of at least 6km² and forming part of a dilation system between two major shears. Copper mineralisation exposed at the surface comprises malachite, tenorite and azurite.

The project hosts multiple mineralised target zones (Figure 3).

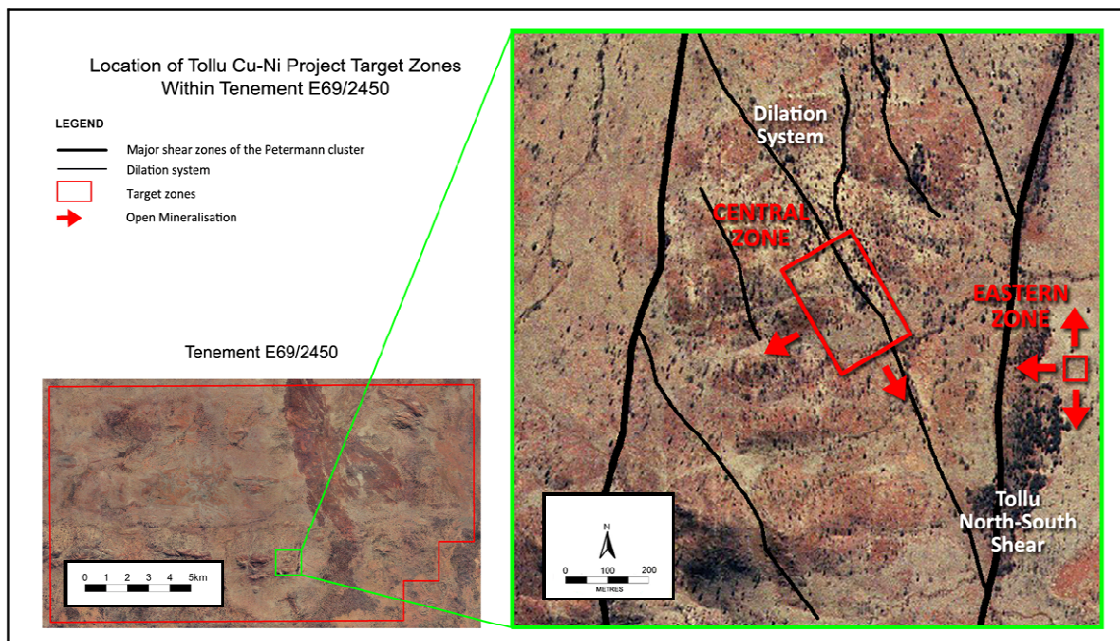


Figure 3 Target Zones at the Tollu Copper Nickel Project

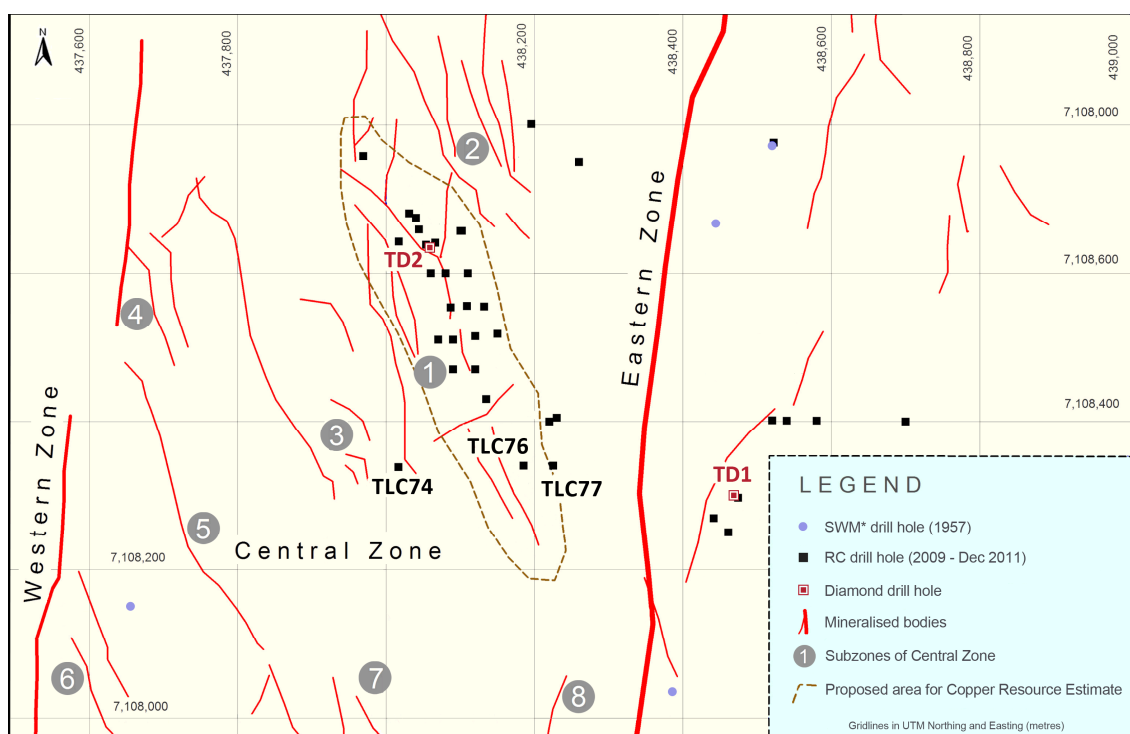


Figure 4 Map of Tollu Project area showing the exposed mineralised bodies (red lines) related to the three main target areas: the Eastern, Central, and Western Zones.

* SWM = South Western Mines / INCO (International Nickel Company).



Tollu Central Zone

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 4). So far, exploration has only been concentrated in subzone 1.

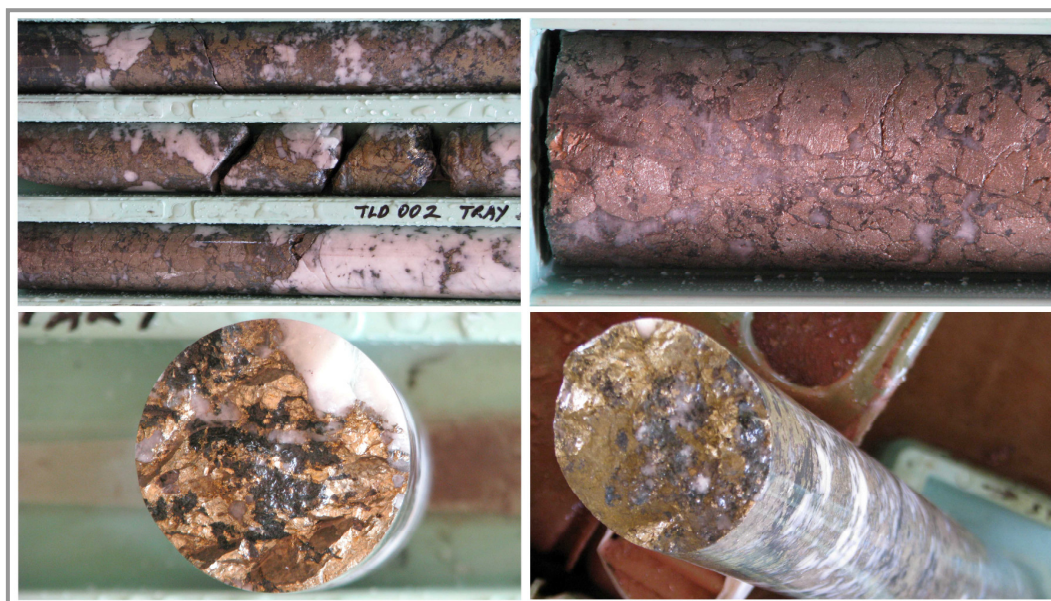
In the Central Zone the current RC drilling programme extended the depth of copper sulphide mineralisation in subzone 1 of the Central Zone (see Figure 4) from 250m to $\pm$ 400m – open at depth (an increase of 150m) – drill hole **TLC 74**. Mineralisation remains open along strike.

TLC 74 is significant for several reasons:

- the detection of seven copper mineralised bodies (between 1m and 4m thick; grades from 1% up to 2.41% Cu*) from 155 to 397m depth;
- the depth of copper sulphide mineralisation has been increased by almost 150m (from 250m to a depth of 397m) and is open at depth;
- it is showing that there are multiple bodies of copper mineralisation which are not exposed at surface. So, the number of mineralised bodies is significantly greater than is evident at surface;
- it extended the strike of Central Zone mineralisation to 320m - open along strike (an increase of 100m to the south east); and
- it has established that the host rock of the mineralisation transitions from felsic volcanic rocks to gabbro at a depth of approximately 400m. This is a strong indicator of the potential presence of nickel mineralisation within the gabbro, in line with the Voisey's Bay style of Ni-Cu mineralisation.

(*portable spectrometer – refer Table 1. Chemical assays will be reported in February 2012)

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. (Refer Table 2 for copper sulphide intersections). 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. Chemical assays will be reported in February 2012.



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

Tollu Eastern Zone

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). This hydrothermal body is exposed over a distance of 2.5km. Less than 5% of the body is tested by drilling.

The current RC drilling programme has produced significant copper sulphide results from the Eastern Zone including:

TLC 76	14m @ 1.67% Cu (*Niton XRF) from 275m
TLC 77	12m @ 1.5% Cu (*Niton XRF) from 228m

(*portable spectrometer – refer Table 1. Chemical assays will be reported in February 2012)

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. (Refer Table 2 for copper sulphide intersections). 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. Chemical assays will be reported in February 2012.



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 chalcopryrite, the trace elements present in chalcopryrite, the nature of the hydrothermal fluid, and the relationship of the ore and host rocks.



*Panel 2. Eastern Zone diamond cores from TD1 (NQ - diameter 4.8cm)
showing massive chalcopryrite (CuFeS₂) mineralisation.*

Blackstone Range Farmin/Joint Venture

(Redstone Earning 90%: Resource Mining Corporation Ltd (ASX: RMI) 10%)

(E69/2108 and E69/2109)

The Blackstone Project is located approximately 25km east of the BHP Babel and Nebo Ni-Cu-PGE discoveries. The project area is prospective for Cu-Ni-PGE + Au. The project contains a number of prospects including:

- Halleys.
- Last Frontier.
- Saturn.

An IP survey was completed across the Halleys Prospect earlier in 2011. The IP survey was designed to follow up shallow drilling results, soil sampling and a discrete EM anomaly. The results of the survey are encouraging with the identification of an IP anomaly that appears to be concordant with a previously identified EM anomaly. Geophysics consultant's report on the results of the survey was received and assessed during the Quarter.

An RC drilling programme has been planned to commence late in the March 2012 Quarter.



Baggaley Hills Farmin/Joint Venture

(Redstone Farming Out 80%)

(E69/2053, E69/2054, E69/2339, E69/2340, E69/2249 and E69/2200)

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.

RC drilling is planned to recommence during the next Quarter.

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.

Investor Enquiries:

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

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.



Table 1: Tollu Project Significant RC Drilling Results October/November 2011								
Drill Hole			Coordinates		Cu-Sulphide Intersections			
Hole Number	Inclination	Azimuth	Easting GDA	Northing GDA	From (m)	To (m)	Interval (m)	Cu Grades (%)
TLC 74	60°	90°	438020	7108340	155	159	4	1.0
					175	176	1	1.4
					219	220	1	2.4
					285	286	1	1.0
					370	372	2	1.2
					388	389	1	1.2
					396	397	1	2.3
TLC 76	60°	90°	438185	7108340	275	289	14	1.6
TLC 77	60°	90°	438225	7108340	228	240	12	1.5

NOTE: Intersections are downhole lengths. The massive sulphide mineralisation is interpreted to be steep dipping.

Further drilling is required to establish the true width of the mineralisation, which is open at depth and along strike (to the South East).

Analytical method: portable spectrometer - chemical assays will be reported February 2012



**Table 2: 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 February 2012
TD2	61°	235°	438061	7108635	127	133	6	Assays pending February 2012