



REDSTONE RESOURCES LTD
ABN 42090169154

ASX CODE RDS

QUARTERLY REPORT

FOR THE PERIOD ENDING MARCH 31st 2008

HIGHLIGHTS

- An exploration access agreement was secured with traditional owners over seven exploration licences in the Baggaley Hills area, totalling 1600 km². The agreement is one of the largest negotiated in the West Musgrave region. It covers land never before open for exploration due to access restrictions, and which the Company believes is prospective for Iron–Oxide-Copper-Gold style deposits.
- An exploration access agreement was secured with traditional owners over the Stripeys project area located in the Murray Range area and which the Company believes is highly prospective for PGE Reef type and Ni-Cu PGE sulfide deposits.
- Preparation for the RAB drilling programme scheduled to commence in April was finalised.

EXPLORATION ACTIVITY

The 2008 field season commenced at the beginning of March which coincided with the end of the traditional business period on the Ngaanyatjarra Lands.

The following work was undertaken in March:

- Preparatory works (including grid pegging and most track clearing of target areas) were completed for the April RAB drilling programme on the Blackstone Range project.
- Rock chip sampling was conducted across the Halley's mineralised trend and submitted for petrology work to obtain a better understanding of the genesis of the outcrop of interpreted mafic intrusions in the area.
- Soil sampling programmes were conducted within the Murray Range project, and there was further investigation of an EM anomaly.

BLACKSTONE RANGE PROJECT
(Farmin agreement with Resource Mining Corporation - ASX:RMI)

Halleys and Halleys NW Prospects

The results of lithogeochemical ratio work were received, which together with analysis of ground magnetics completed in the previous Quarter, identified a distinct fertile intrusion which is highly prospective for PGE mineralisation. The intrusion has a copper/palladium ratio of approximately 7,000, which is potentially very favourable for the occurrence of PGE mineralisation.

Preparation for the RAB drilling programme for Halleys, Halleys NW and other targets along the Halleys mineralised trend was finalised after analysis of recent soil sampling results together with the abovementioned lithogeochemical ratio results and detailed ground magnetic data received in the previous Quarter.

Interpretation of ground magnetic data indicates that numerous intrusions are present along the Halleys mineralised trend. Rock samples were collected along the Halleys mineralised trend and have been submitted for petrological analysis to test the interpretation of the ground magnetic data.

Helena Prospect

The RAB drilling programme for the Helena prospect was finalised after analysis of the results of the detailed ground-magnetic survey which was conducted during the last Quarter. Ground magnetics were used to better define geological structures in the area where soil sampling is not very effective due to calcrete cover.

MURRAY RANGE PROJECT
(Farmin agreement with Discovery Metals Ltd - ASX:DML)

Soil sampling assay results received during the Quarter have delineated several anomalous areas which include a PGE anomaly, and two Ni-Cu-Co anomalies.

The PGE anomaly is located along a shear or fault on a gabbro dyke or sill. The southern gabbro has an associated breccia margin.

Infill soil samples have been collected over the PGE and Ni-Cu-Co anomalies and submitted for analysis, with results expected in late April. The results of these samples will be used to determine whether any of the anomalies will be drilled.

BAGGALEY HILLS PROJECT
(Redstone 100%)

Access negotiations were successfully progressed for the Baggaley Hills project (Iron-Oxide Copper-Gold) and agreement reached with the traditional owners as to the terms of exploration access.

The access agreement covers an area of 7 exploration licences in the Baggaley Hills area, totalling 1600 km² and will allow Redstone to further explore the numerous targets identified by the detailed aeromagnetic survey flown by Redstone in 2007.

These targets include two major coincident gravity and magnetic anomalies and several bullseye circular magnetic features defining Olympic Dam-style IOCG-type targets and numerous pipe and dyke-like Giles Complex intrusions, as detailed in the Redstone Release of 17 April 2008.

Preparation for clearance of these areas has commenced and work programmes will be developed ready for submission to the Ngaanyatjarra Council.

Heritage clearance work for some of the areas covered by the Access Agreement is expected to commence in June/July 2008.

STRIPEYS PROJECT (MURRAY RANGE) **(Redstone 100%)**

Access negotiations were successfully progressed for the Stripeys project in the Murray Range area (Ni-Cu-PGE) and agreement reached with the traditional owners as to the terms of exploration access.

The project area contains a classic conduit-shaped layered ultramafic intrusion which is prospective for PGE reef-type, Ni-Cu-PGE and Ni laterite deposit styles.

Exploration will commence immediately after completion of heritage clearances which are presently being scheduled.

SOUTH AMERICA

Argentina

During the Quarter the Company finalised and delivered to Minera Cerro Atajo S.A. a detailed geological report on the Cerro Atajo and Cerro Blanco gold, copper and silver prospects pursuant to its obligations under the share purchase agreement entered into in the previous Quarter.

Brazil

During the Quarter, the Company completed its investigation into a second agri-minerals target.

Potassium

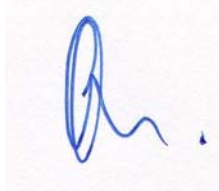
The Anebá potassium project, located in the Amazon Basin is attracting interest from a number of companies seeking exposure to the growing fertiliser market. The Company will seek to commercially exploit these targets in the next quarter.

Iron Ore

The Company's three applications for iron ore tenements in the Pará State (west of Carajás Province), corresponding to the Bala and Pontal Projects were granted during the Quarter.

Outlook

Redstone has identified further targets which are presently being investigated for potential acquisition. The Company will continue to develop its projects and identify potential acquisitions in Brazil.



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DIRECTOR

30 April 2008

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ATTRIBUTION

The information in this report that relates to exploration results is based on information compiled by Professor David Groves, a member of the Australian Institute of Geoscientists. Professor Groves has sufficient experience relevant to the style of mineralization 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'. Professor Groves consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Redstone Resources Limited

ABN

42 090 169 154

Quarter ended ("current quarter")

31 March 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(606)	(1,627)
(b) development	-	-
(c) production	-	-
(d) administration	(301)	(867)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	50	149
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	1
Net Operating Cash Flows	(857)	(2,344)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects – Acquisition of interests in mining tenements	-	(95)
(b)equity investments	-	-
(c)other fixed assets	(1)	(36)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	10
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(1)	(121)
1.13 Total operating and investing cash flows (carried forward)	(858)	(2,465)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(858)	(2,465)
	Cash flows related to financing activities		
1.14	Proceeds from issue of shares	-	3,197
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Payment of share issue costs	-	(28)
	Net financing cash flows	-	3,169
	Net increase (decrease) in cash held	(858)	704
1.20	Cash at beginning of quarter/year to date	3,097	1,535
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,239	2,239

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	96
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive and Non-Executive Directors Fees - \$96,350

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	-
Total	800

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	219	110
5.2 Deposits at call	2,020	2,987
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,239	3,097

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL 69/1537	Exploration Licence	100%	0%
	EL 69/1540	Exploration Licence	100%	0%
	EL 69/1630	Exploration Licence	100%	0%
	EL 69/1631	Exploration Licence	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	77,170,722	36,486,928		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	<i>Unquoted Options</i>		<i>Exercise price</i>	<i>Expiry date</i>
	3,350,000		25 cents	31/12/08
	2,850,000		50 cents	31/12/09
	8,000,000		25 cents	31/12/09
	3,000,000		25 cents	03/08/09
	50,000		75 cents	30/03/10
	400,000		150 cents	29/06/12
	1,000,000		95 cents	30/11/12
	500,000		120 cents	30/11/12
	400,000		75 cents	20/02/13
7.8 Issued during quarter	400,000		75 cents	20/02/13
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

