



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

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2008

HIGHLIGHTS

- *An outstanding 5km long PGE-Cu geochemical anomaly, which fits the exploration model (Keivitsa Deposit in Finland), has been defined at the Antlion prospect within the Baggaley Hills Project area.*
- *PGE results at Antlion are the highest platinum-palladium results Redstone has received from over 7900 DLAG samples taken in the West Musgrave region during the course of its exploration over the past two and a half years.*

EXPLORATION ACTIVITY STATEMENT

During the Quarter, field work has been directed towards geochemical sampling and mapping at the Antlion Prospect located on a 10km diameter circular mafic intrusion within the Baggaley Hills Project.

BAGGALEY HILLS (E69/1541, E69/2053, E69/2054, E69/2200, E69/2249 E69/2339 and E69/2340 - 100% REDSTONE)

During the Quarter the company concentrated its exploration efforts on the Antlion prospect where extremely anomalous results from first pass reconnaissance rock chip and soil (DLag) sampling were reported in the last Quarter.

During the Quarter detailed geological mapping and geochemical sampling was conducted over the Antlion prospect. The whole of the South Hill/Antlion mafic intrusion was mapped at 1:2000 over an area of 10km². Surficial ironstone was identified along the southwest margin of the intrusion and may represent an alteration related to mineralization. 1029 soil (DLag) samples were collected on 200m and 400m spaced lines. The samples were assayed in the field using a handheld XRF (Niton).

The results have defined a significant PGE-Cu anomaly over a 5 km strike (Figure 1). XRF field assays of DLAG samples collected on a 100x100m grid identified 10 samples > 400ppm Cu with a peak value 756ppm Cu. Preliminary XRF field assays of rock samples of the surficial ironstone returned 4 samples with > 1000ppm Cu and a peak value 6,524 ppm Cu and 779ppm Ni (the presence of copper in the system suggests the presence of sulphides). Sampling was restricted due to extensive sand dune cover.

The results are very encouraging because they strongly support the exploration model used by Redstone to target this previously unknown area for Keivitsa-type PGE-Cu-Ni deposits.

The Baggaley Hills Project area was originally targeted by Normandy and Newmont in the early 2000s for IOCG style deposits but they were unable to explore the area because an access agreement could not be negotiated with traditional owners. In 2007, Redstone Resources Ltd highlighted numerous targets in the area using detailed airborne magnetics. These targets were significantly enhanced by Government gravity data which was released in August 2008 (Western Australian Department of Industry and Resources – Geoscience Australia).

Geological modelling identified a major corridor of magmatic activity (containing both A-type fluorine and magnetite bearing granites and pipelike gabbroic bodies).

In 2008 Redstone signed an access agreement with the traditional owners covering the entire 1660km² area of this project.

BLACKSTONE RANGE (E69/2108 and 69/2109), MICHAEL HILLS (E69/2106 and 69/2107). (Farmin with Resource Mining Corporation (ASX:RMI) Redstone earned 75%)

During the Quarter Redstone met its \$2M expenditure commitment to earn 75% of the Blackstone Range and Michael Hills projects. Under the terms of the Farmin agreement, RMC exercised its option to convert its 25% contributing interest to a 10% free carried interest.

SOUTH AMERICA (BRAZIL)

Phosphate - (Apuí Project)

One day was spent on minor preliminary field work during the Quarter with reconnaissance rock sampling conducted over the upper part of the one of the two main phosphatic sequences in the project area. Six rock samples were collected from exposed highly weathered outcrop and one sample returned a value of 6.25% P₂O₅. This is a very encouraging result given the expected surface depletion of P₂O₅ in the wet Amazon environment.

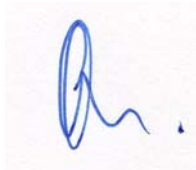
Logistics requirements (road and river) were also investigated and discussions were held with local contractors for the provision of exploration support services.

Potash (potassium) – (Aneba Project)

Government seismic data over part of the project area (which was released earlier in 2008) was acquired during the Quarter. The data has confirmed that the target stratigraphy is trending shallower to the north and northeast and has also confirmed the existence of dome structures within the project area, supporting the company's exploration model for the discovery of potash deposits at shallower depth than the two world class deposits (Arari and Fazendinha) to the south west of the Redstone project area.

CORPORATE

Redstone has progressed negotiations in respect of financing the exploration of its projects. These negotiations are now at an advanced stage and the company expects to make an announcement shortly.



A. AILAKIS
DIRECTOR

30 January 2009

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

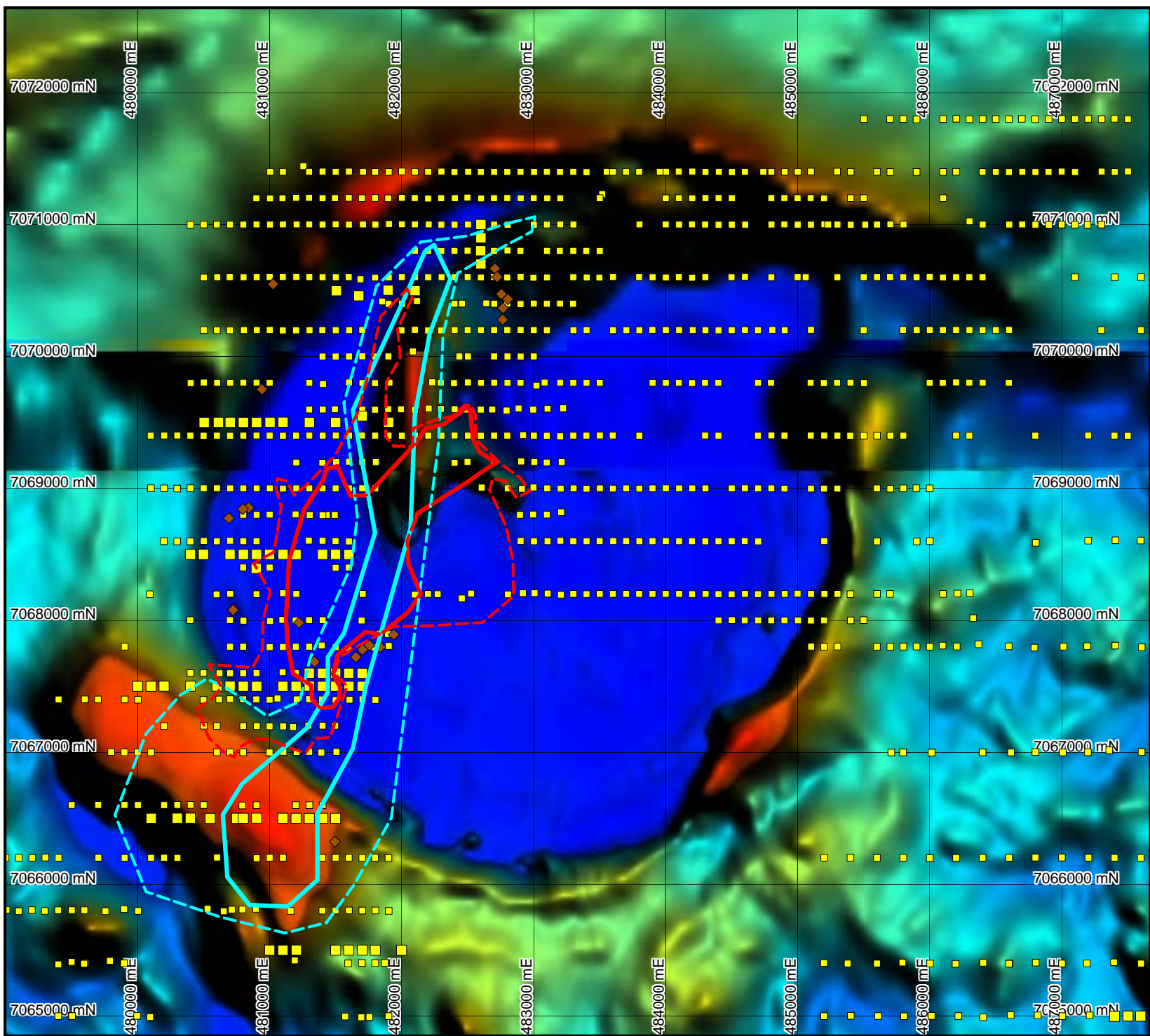
Investor Enquiries:

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 that relates to exploration results on project areas in the West Musgrave region 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 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'. 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.

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.



LEGEND

- PGE* > 0.05 g/t lag geochemical assay
- PGE* > 0.10 g/t lag geochemical assay
- Cu > 100 ppm lag XRF result
- Cu > 200 ppm lag XRF result
- Lag sample with geochemical assay and portable XRF results
- Lag sample with portable XRF result, and geochemical result pending

Redstone Resources

ANTLION PROJECT

Geochem Soil Sample Program with Defined PGE-Cu-Ni Anomaly

Author: SJG	Date: 20 / 12 / 2008
Drawn: SJG	Revised:
Report No.: Dec Quarterly Report	Dwg No.: 1
Projection: MGA Zone 52 (GDA 94)	Scale: 1:40,000

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 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(253)	(823)
(b) development	-	-
(c) production	-	-
(d) administration	(73)	(394)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(322)	(1,196)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects – Acquisition of interests in mining tenements	-	(8)
(b)equity investments	-	-
(c)other fixed assets	-	(6)
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	32
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	-	18
1.13 Total operating and investing cash flows (carried forward)	(322)	(1,178)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(322)	(1,178)
	Cash flows related to financing activities		
1.14	Proceeds from issue of shares	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(322)	(1,178)
1.20	Cash at beginning of quarter/year to date	367	1,223
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	45	45

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	25.7
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 Directors Fees

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	-
4.2 Development	-
Total	-

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	40	83
5.2 Deposits at call	5	284
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	45	367

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	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

+ 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>
	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				
7.9 Exercised during quarter				
7.10 Expired during quarter	3,350,000	-	25 cents	31/12/08

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act **or other standards acceptable to ASX** (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: **30 January 2009**
(Company secretary)

Print name: **Miranda Conti**
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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.