



REDSTONE RESOURCES LIMITED

ACN 090 169 154

**CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2008**

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONTENTS

Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	5
Consolidated Income Statement	6
Consolidated Balance Sheet	7
Consolidated Statements of Changes in Equity	8
Consolidated Cash Flow Statement	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	15
Independent Review Report to the Members	16-17

CORPORATE DIRECTORY

DIRECTORS:	Mr Richard Homsany (Chairman) Mr Anthony Alexander Ailakis (Executive Director) Mr Juan Carlos Olivero (Non-Executive Director)
COMPANY SECRETARY:	Ms Miranda Conti
REGISTERED AND PRINCIPAL OFFICE:	Suite 3, 110-116 East Parade EAST PERTH WA 6004 Tel: (08) 9328 2552 Fax: (08) 9328 2660 Internet: www.redstone.com.au email: contact@redstone.com.au
SHARE REGISTRY:	Computershare Investor Services Pty Ltd Level 2 Reserve Bank Building 45 St Georges Terrace PERTH WA 6000
HOME STOCK EXCHANGE:	Australian Stock Exchange Limited Level 2 Exchange Plaza 2 The Esplanade PERTH WA 6000 ASX Code: RDS
AUDITOR:	Butler Settineri (Audit) Pty Ltd Unit 16, Level 1 100 Railway Road (Cnr Hay Street) SUBIACO WA 6008

REDSTONE RESOURCES LIMITED

ACN 090 169 154

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The Board of Directors

The names of Redstone Resources Limited's directors in office during or since the end of the half-year are:

Richard Homsany	(Chairman)
Anthony Alexander Ailakis	(Executive Director)
Juan Carlos Olivero	(Non-Executive Director)

Review of Operations

The consolidated loss after income tax for the half year is \$599,521 (2007: \$1,013,102)

WEST MUSGRAVES

During the period significant field work was undertaken in the West Musgraves, directed toward first pass geochemical sampling, mapping and ground magnetometer surveys at the Stripeys Intrusion, clearances and reconnaissance sampling and mapping of the Baggaley Hills Project.

Baggaley Hills (E69/2053, E69/2054, E69/2339, E69/2340, E69/2249, E69/1541 and E69/2200; 100% Redstone)

New Government gravity data (Western Australian Department of Industry and Resources - Geoscience Australia) over the Baggaley Hills Project has significantly enhanced a number of airborne magnetic targets, confirming the potential for Olympic Dam-type IOGC deposits. The 2.5km spaced gravity details eight circular gravity targets with coincident airborne magnetic highs (IOGC prospective) and several gravity targets without magnetic signatures (Voiseys Bay style Ni-Cu-PGE targets).

Redstone targeted the Antlion Intrusion as a large pipe-like Giles Complex body and ranked it highly due to its similar architecture to the Keivitsa Intrusion in Finland. Reconnaissance sampling has provided better than expected results, confirming that sulphides are present within the intrusion.

The results have defined a significant PGE-Cu anomaly over a 5 km strike. 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 > 1,000ppm 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.

Stripeys (E69/2435; 100% Redstone)

Exploration commenced on ground in late July 2008 after clearances were completed.

A ground magnetics survey was conducted which clearly defined the base of the Stripeys ultramafic intrusion and allowed targeted sampling. Several Niton generated anomalies (Ni-Cu) along the basal contact appear to be significant.

A new magnetite-rich intrusion located beneath the Stripeys ultramafic intrusion has been interpreted from ground magnetics, highlighting a complex magmatic environment. At the contact between the two intrusions, is a broad Ni anomaly (>1,000ppm Ni) with peak Ni values of 0.287% Ni on the western margin. Follow-up assessment of the anomaly is still required.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

DIRECTORS' REPORT

Murray Range (E69/1640, E69/1642, E69/1662 and E69/1663; FARM-IN AGREEMENT TO EARN 75% WITH DML - ASX: DML)

El Cortez, a coincident EM and multi-element anomaly, returned the best RAB results with a zone of enhanced Ni-PGE mineralisation and associated Cu anomalism (peak intercept of 8m @ 0.257% Ni, including 3m @ 0.387 g/t Pt+Pd+Au and 0.361% Ni (BSB0074), from a shallow 10m hole open at depth). Initially, these results were thought to relate to Ni-Laterite style mineralisation in ultramafic rocks, however, recent sectional interpretation has shown that the mineralisation is likely to be a weathered sulphide target with coincident Ni-Cu-PGE sulphides (weathered) and EM and magnetic anomalies.

BRAZIL

Potash (potassium) – (Aneba Project)

During the period, the consolidated entity applied for six additional tenements in the Aneba Sub- basin.

Government seismic data over part of the project area (which was released earlier in 2008) was acquired. 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.

Phosphate (Apui Project)

Minor preliminary field work was conducted during the period with reconnaissance rock sampling conducted over the upper part of 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.

CORPORATE

On 19 March 2009, the Company entered into a farm in and joint venture agreement with a private investment company (the JV partner) over its Baggaley Hills Project in the West Musgrave region. Under the terms of the agreement the JV partner has paid Redstone \$255,000 upon execution and will make a further payment of \$250,000 in June 2009. The JV partner has the right to earn 80% of the Baggaley Hills project tenements by spending a minimum of \$2.5 million over a three year period on the tenements (further details of the transaction are included in note 7 to the financial statements) .

The JV partner has also agreed to subscribe for 5 million fully paid ordinary shares in Redstone at \$0.10 per share to raise \$500,000. The placement will occur in two equal tranches in September 2009 and February 2010.

These transactions will provide Redstone with a \$1 million contribution to its working capital requirements whilst it pursues other financing options to continue its investment in its exploration projects.

The directors anticipate that a further capital raising and/or funding negotiations will be required and will be completed in 2009.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

DIRECTORS' REPORT

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settinieri (Audit) Pty Ltd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors



A A Ailakis

Director

Perth, Western Australia

20 March 2009



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Redstone Resources Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

BUTLER SETTINERI (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 20 March 2009

BUTLER
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Directors:

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Paul Chabrel
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Lucy Gardner
CA

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Half-year ended 31 December 2008 \$	Half-year ended 31 December 2007 \$
Revenue		21,106	100,785
Administration expenses		(139,868)	(129,933)
Employee benefit expense		(199,956)	(978,595)
Consulting expense		(102,362)	(111,673)
Depreciation and amortisation expense		(32,931)	(44,102)
Finance costs		(8,218)	(1,650)
Write off of deferred exploration asset	5	(68,189)	(227,551)
Impaired exploration asset recovered	5	-	518,110
Other expenses from ordinary activities		(69,103)	(138,493)
Loss Before Income Tax		(599,521)	(1,013,102)
Income tax expense		-	-
Net Loss attributable to members of Redstone Resources Limited		(599,521)	(1,013,102)
Basic and Diluted Loss per share (cents per share)	9(c)	(0.78)	(1.33)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	At 31 December 2008 \$	At 30 June 2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents		45,759	1,237,735
Trade and other Receivables		44,392	100,808
Other Assets		24,818	25,916
TOTAL CURRENT ASSETS		114,969	1,364,459
NON-CURRENT ASSETS			
Deferred Exploration expenditure	5	7,723,014	6,957,579
Property, Plant and Equipment		191,090	217,911
TOTAL NON-CURRENT ASSETS		7,914,104	7,175,490
TOTAL ASSETS		8,029,073	8,539,949
CURRENT LIABILITIES			
Trade and other Payables		468,246	398,009
Provisions		70,400	75,000
TOTAL CURRENT LIABILITIES		538,646	473,009
TOTAL LIABILITIES		538,646	473,009
NET ASSETS		7,490,427	8,066,940
EQUITY			
Issued Capital	9	10,410,794	10,410,794
Reserves		1,732,876	1,879,218
Accumulated losses		(4,653,243)	(4,223,072)
TOTAL EQUITY		7,490,427	8,066,940

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Six months ended 31 December 2008

	Issued Capital	Accumulated Losses	Share based- Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2008	10,410,794	(4,223,072)	1,879,218	8,066,940
Net Loss for the period	-	(599,521)	-	(599,521)
Cost of share-based payment	-	169,350	(146,342)	23,008
At 31 December 2008	10,410,794	(4,653,243)	1,732,876	7,490,427

Six months ended 31 December 2007

	Issued Capital	Accumulated Losses	Share based- Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2007	7,240,160	(3,008,486)	925,608	5,157,282
Net Loss for the period	-	(1,013,102)	-	(1,013,102)
Share Capital issued	3,197,234	-	-	3,197,234
Cost of Share Capital issued	(35,501)	-	-	(35,501)
Cost of share-based payment	-	-	799,003	799,003
At 31 December 2007	10,401,893	(4,021,588)	1,724,611	8,104,916

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Half-year ended 31 December 2008 \$	Half-year ended 31 December 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(408,489)	(564,768)
Interest received	21,106	99,208
Net cash flows used in operating activities	<u>(387,383)</u>	<u>(465,560)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(822,471)	(1,021,410)
Proceeds on sale of plant and equipment	32,187	10,000
Payments for property, plant and equipment	(6,109)	(35,167)
Payment to acquire shares in foreign entity	-	(72,308)
Deposits paid	(8,200)	(22,422)
Net cash flows used in investing activities	<u>(804,593)</u>	<u>(1,141,307)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received from capital raising	-	3,197,234
Payment of share issue costs	-	(28,262)
Net cash flows from financing activities	<u>-</u>	<u>3,168,972</u>
Net increase in cash held	(1,191,976)	1,562,105
Cash at the beginning of the period	1,237,735	1,534,885
CASH AT END OF THE PERIOD	<u>45,759</u>	<u>3,096,990</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. Corporate Information

The financial report of Redstone Resources Limited (the Company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 20 March 2009.

Redstone Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares commenced public trading on the Australian Stock Exchange on 3 August 2006.

2. Summary of Significant Accounting Policies

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

This half-year financial report should be read in conjunction with the annual financial report of Redstone Resources Limited for the year ending 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Redstone Resources during the half –year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Accounting

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 "Interim Financial Reporting".

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as the annual financial statements for the year ended 30 June 2008.

The consolidated entity has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2008. It has been determined that there is no impact, material or otherwise, and therefore no change is required to the consolidated entity's accounting policies.

b) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Redstone Resources Limited and its subsidiaries as at 31 December 2008 ("the Group") - refer note 8.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

c) **Going Concern**

Notwithstanding the fact that the company has a working capital deficit of \$423,677 the directors are of the opinion that the company is a going concern for the following reasons:

On 19 March 2009, the Company entered into a farm in and joint venture agreement with a private investment company (the JV partner) over its Baggaley Hills Project in the West Musgrave region. Under the terms of the agreement the JV partner has paid Redstone \$255,000 upon execution and will make a further payment of \$250,000 in June 2009. The JV partner has the right to earn 80% of the Baggaley Hills project tenements by spending a minimum of \$2.5 million over a three year period on the tenements (refer further details of the transaction in note 8) .

The JV partner has also agreed to subscribe for 5 million fully paid ordinary shares in Redstone at \$0.10 per share to raise \$500,000. The placement will occur in two equal tranches in September 2009 and February 2010.

These transactions will provide Redstone with a \$1 million contribution to its working capital requirements whilst it continues to actively pursue other financing options in the immediate term to enable it to continue its investment in its exploration projects. These financing options may include:

- Additional capital raising through placement of securities;
- A share purchase plan offer to shareholders;
- Further sale and/or joint venture on the West Musgraves Project tenements; and
- Sale and/or joint venture of the investment and assets of Redstone's Brazilian subsidiary, Redstone Mineracao Do Brasil Ltda.

The directors are confident that sufficient funds will be realised from these funding activities to ensure that the Company is viable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

NOTE 3: DIVIDENDS

The consolidated entity has not declared or paid a dividend during the half-year ended 31 December 2008.

NOTE 4: SEGMENT INFORMATION

The consolidated entity has one business segment (its primary basis of segmentation) being mineral exploration in Australia and South America.

NOTE 5: DEFERRED EXPLORATION EXPENDITURE

The ultimate recoupment of costs carried forward in relation to exploration expenditure is dependent on the successful development and commercial exploitation or sale of the areas of interest at an amount at least equal to the carrying value.

During the half year ended 31 December 2008 the Company surrendered exploration licences 69/2280, 69/2247, 69/2248 and 69/2010. As such, the consolidated entity has written off deferred exploration expenditure assets totalling \$ 68,189 in relation to these areas during the period.

The remaining West Musgraves tenement holding is expected to be maintained and exploration to be continued such that no further impairment of these assets is required at this stage.

During the half year ended 31 December 2007, an impairment loss of \$518,100 recognised as a result of expiry of exploration licence 69/1507 was reversed after the Company acquired a new tenement exploration licence 69/245 covering the same land area.

NOTE 6: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since 30 June 2008.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 31 December 2008 the consolidated entity has entered into a farm in and joint venture agreement with a private investment company (the JV partner) over its Baggaley Hills Project in the West Musgrave region.

Under the terms of the agreement the JV partner has paid Redstone \$255,000 upon execution and will make a further payment of \$250,000 in June 2009. The JV partner has the right to earn 80% of the Baggaley Hills project tenements by spending a minimum of \$2.5 million over a three year period on the tenements.

After earning an 80% interest, the JV partner will sole fund exploration and development expenditure on the Project Tenements until a Decision to Mine, based on a bankable feasibility study is made.

The JV partner has also agreed to subscribe for 5 million fully paid ordinary shares in Redstone at \$0.10 per share to raise \$500,000. The placement will occur in two equal tranches in September 2009 and February 2010.

These transactions will provide Redstone with a \$1 million contribution to its working capital requirements whilst it pursues other financing options to continue its investment in its exploration projects.

Other than the matters above, there has not arisen in the interval between the end of the half year and the date of this report, any item, transaction or event of a material or unusual nature likely, in the opinion of directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity, in subsequent financial periods.

NOTE 8: CONTROLLED ENTITIES

Redstone Resources Limited is the parent entity of the group.

	At 31 December 2008 %	At 31 December 2007 %
<hr/>		
Particulars in relation to wholly owned entities		
Allhawk Nominees Pty Ltd	100	100
Minex Services Pty Ltd	100	100
Westmin Corporation Pty Ltd	100	100
Redstone Mineracao Do Brasil Ltda*	98	98

*The remaining 2% shareholding is held by an employee of Redstone Resources Limited, who is a Brazilian citizen. The Board and shareholding structure is in accordance with Brazilian law.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	At 31 December 2008 \$	At 30 June 2008 \$
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NOTE 9: ISSUED CAPITAL

(a) Issued and Paid Up Capital

Issued and paid-up capital - 77,170,722 (June 2008: 77,170,722) ordinary shares fully paid	10,410,794	10,410,794
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No options were issued or exercised during the half-year period to 31 December 2008.

On 31 December 2008, 3,350,000 25 cent Class A Options lapsed. Accordingly, a corresponding credit of \$169,350 for the share based payment previously recognised has been applied to retained earnings from the share based payments reserve.

During the half year ended 31 December 2007, 1,000,000 share options exercisable at 95 cents per share and 500,000 share options exercisable at 120 cents per share were issued to Mr Richard Homsany, a director of the Company. These options are exercisable at any time on or before November 2012. A value of \$597,318 attributed to these options was recognised as an employee benefit expense during the comparative period.

(b) Movement of fully paid ordinary shares during the period

	No. Shares	\$
Opening Balance as at 1 July 2008	77,170,722	10,410,794
Movement during the period	-	-
Closing Balance as at 31 December 2008	77,170,722	10,410,794

(c) Earnings per Share

	Half-year ended 31 December 2008	Half-year ended 31 December 2007
Basic loss per share (cents per share)	(0.78)	(1.33)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (number)	77,170,722	76,397,380
Earnings used in the calculation of basic loss per share (\$)	(599,521)	(1,013,102)

Options on issue are not considered dilutive.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Redstone Resources Limited, we state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity set out on pages 6 to 14 are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the financial position as at 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - b. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



A A Ailakis

Director

Perth, Western Australia

20 March 2009

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF REDSTONE RESOURCES LIMITED**

Chartered
Accountants



Scope

We have reviewed the accompanying financial report of Redstone Resources Limited (the consolidated entity) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both Redstone Resources Limited (the company) and the entities it controlled during the half year.

Directors' Responsibility for the Half Year Financial Report

The directors are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Redstone Resources Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain the assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BUTLER
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Directors:

Colin Butler
FCA

Paul Chabrel
FCA

Lucy Gardner
CA

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Review Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Redstone Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of matters referred to in note 2 (c) to the interim financial statements "Going Concern", there is a significant inherent uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report. The interim financial report does not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth
Date: 20 March 2009