



**REDSTONE
RESOURCES**

ASX ANNOUNCEMENT

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REDSTONE ACQUIRES STRATEGIC INTEREST IN ARGENTINA

Redstone Resources Ltd (ASX: RDS) has acquired an initial 10% non-dilutable interest in Argentine company Minera Cerro Atajo S.A., the only private shareholder of Sociedad Minera Catamarquena de Economia Mixta (Somica Dem), an exploration and mining company owned by the Provincial Government of Catamarca in Argentina.

Minera Cerro Atajo S.A. holds 49% of Somica Dem and the Catamarca Provincial Government 51%. By virtue of its 10% interest in Minera Cerro Atajo, Redstone holds an indirect 4.9% interest in Somica Dem.

Redstone is able to increase its interest in individual projects presently owned by these companies, or that will be acquired by them in future.

Minera Cerro Atajo S.A., a private Argentine exploration and mining investment company, has the mineral revenue rights over the Cerro Atajo and Cerro Blanco gold, copper and silver prospects, about 10km south-east of one of Argentina's biggest minerals deposits, the Baja de la Alumbrera copper-gold mine operated by Xstrata.

The Cerro Atajo and Cerro Blanco prospects are also about 18km north-west of Agua Rica, a major copper-gold deposit now under development by Minera Agua Rica of Argentina, and owned by Yamana Gold Inc. of Canada. The area is about 1100km north-west of Buenos Aires.

Under the agreement with Minera Cerro Atajo S.A., Redstone will make cash payments totalling US\$400,000 over the next three years and generate a geological report on Cerro Atajo based on existing data, including information collected during a field trip by Redstone representatives in September 2007.

Redstone has the option to withdraw from the deal with one month's notice at any stage after the first installment of US\$60,000.

Redstone's payments to Minera Cerro Atajo S.A. will be passed on in full to Somica Dem for exploration and commercialisation expenses associated with its projects.

As a result of the transaction, Redstone director Juan Carlos Olivero will join the boards of Minera Cerro Atajo S.A. and Somica Dem, allowing Redstone to become the geological and business development advisor to both companies.

Since Redstone began discussions with the Argentine companies, Somica Dem has acquired a significant project, about 10km from Cerro Atajo. This is presently mined for the semi-precious stone, rhodocrosite, and was historically mined for gold, copper and other metals.

Discussions are also under way with a major Argentine concern interested in taking equity in the Cerro Atajo project area.

Redstone's Chairman, Anthony Ailakis, said Redstone's acquisition was consistent with the company's strategy to leverage its commercial and geological competitive advantages, and to use its extensive industry knowledge and relationships to generate new projects.

"With the support of the Catamarca Government and Mr Olivero's extensive network in Argentina, we have secured a low-cost entry to a highly prospective and under-explored area in one of the world's emerging minerals provinces," Mr Ailakis said.

Discussions on further opportunities are scheduled in December 2007 when Mr Ailakis and Mr Olivero will visit Argentina to meet the federal and provincial governments, financial institutions and private companies.

Redstone expects to begin exploration of the Argentine properties in March-April 2008 when it expects to also evaluate several other opportunities which have been presented to the company.

Argentina has considerable deposits of gold, copper, lead, zinc, borate, lithium and semi precious stones and a political climate very supportive of exploration and mining. It is the sixth largest country in the world in terms of mining resources.

Companies' background

Minera Cerro Atajo S.A. is a privately owned Argentine exploration and mining investment company. Its major shareholders are Eduardo Giaimo (sen) and Guillermo Palacio with 37.5% each. Mr Giaimo is board president and Mr Palacio and Juan Carlos Olivero, of Redstone, are directors.

Sociedad Minera Catamarquena de Economia Mixta (Somica Dem) is the Catamarca Provincial Government's exploration and mining company. It was established in the 1980s. Board president is Raul Doering. Directors are Eduardo Giaimo (jun) and Juan Carlos Olivero.

Redstone Resources Ltd listed on the Australian Stock Exchange in August 2006. It has an extensive and strategic portfolio of highly prospective mineral exploration properties in the West Musgrave region of Western Australia, Brazil and Argentina (www.redstone.com.au)