



31 October 2014

QUARTERLY REPORT

For the Period Ending 30 September 2014

The Board of Redstone Resources Limited (ASX Code: RDS) ("Redstone" or "the Company") presents its quarterly report for the period ending 30 September 2014 ("the Quarter").

Redstone's primary focus is the Tollu Project which is located in the southeast portion of the West Musgrave region of Western Australia. This Project hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km². Copper mineralisation is exposed at the surface and forms part of a dilation system between two major shears. Redstone expects the Project's mineralised area and the volume of hydrothermal mineralisation to increase significantly with further drilling.

SUMMARY

During the Quarter the Company conducted the following activities:

- Processed all remaining drill hole samples;
- Commenced work on defining a Conceptual Exploration Target on the Atlas Project;
- Review and updated its Environment Management Plan framework for future Works programs; and
- Continued promotional activities and investigation of fundraising options.



Tollu Project (Redstone 100%)

Redstone's 100% owned Tollu Project is located in the southeast portion of the West Musgrave region of Western Australia (**Figure 1**). The Project is approximately 20km south east of the Blackstone Community on Company's 100% owned tenement E69/2450 (**Figure 2**).

The Tollu Project consists of a large swarm of hydrothermal copper rich quartz veins in a mineralised system covering an area at least 5km². Malachite rich gossans associated with quartz veins are exposed at surface and form part of a dilatational system between two major structures within the Tollu Fault Zone.



Figure 1 – West Musgrave - Location Map

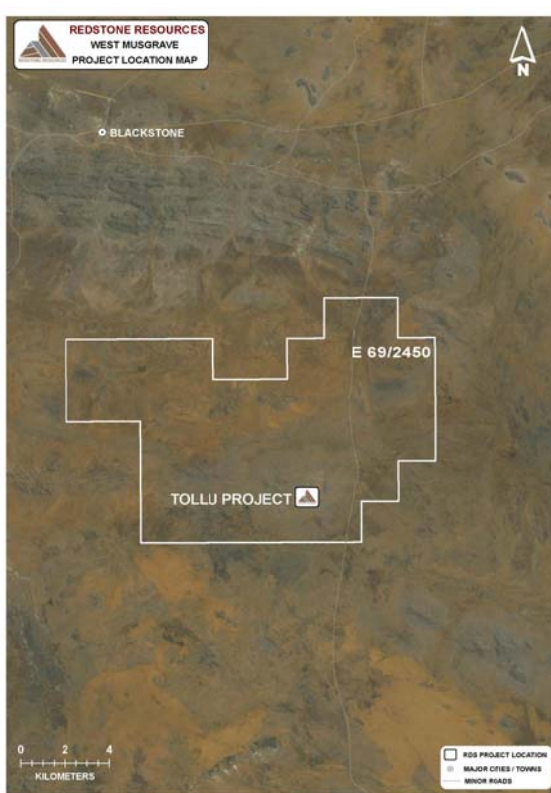


Figure 2 – Tollu Project – Location Map

The Company has renamed its existing prospects within the Tollu Project and has identified further prospects within the Tollu Project. There are now 16 prospects in total within the Tollu Project. The initial focus is on the Chatsworth Prospect, the Eastern Reef Prospect, the Main Reef Prospect and the Dawyck Prospects.

The Company has also identified the potential for a number of other projects on the Tollu tenement (E69/2450) in addition to the Tollu Project, detailed below.



Tenement E69/2450 Prospectivity

During the June 2014 Quarter, five additional projects were identified on E69/2450 (**Figure 3**) as key sites to conduct mineral exploration. These Projects are:

- Atlas Project (prospective for IOCG & Mt Isa style-copper sediment-hosted).
- Babylon Project (prospective for IOCG & Mt Isa style-copper sediment-hosted).
- Pompeii Project (prospective for Mt Isa style-copper sediment-hosted).
- Pergamon Project (prospective for Mt Isa style-copper sediment-hosted).
- Herculaneum Project (prospective for Mt Isa style-copper sediment-hosted).

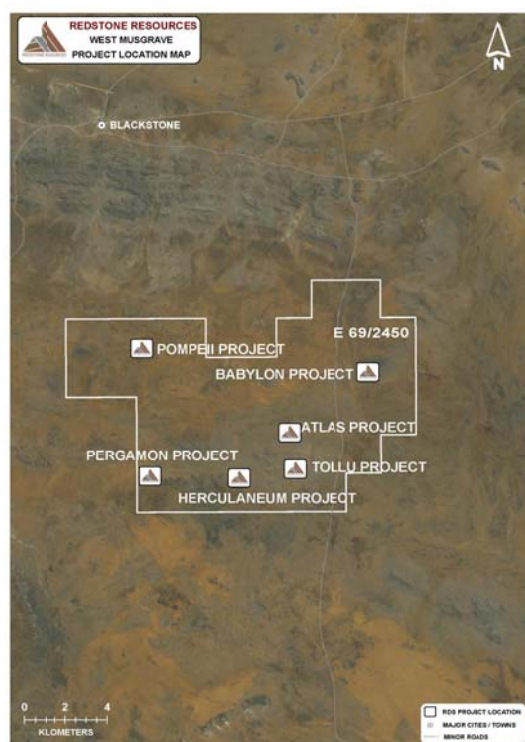


Figure 3 – Project –Location Map

Tollu Project – Conceptual Exploration Target

Redstone has defined an increased Conceptual Exploration Target (**Target**) for the Tollu Project of 22 to 33 million tonnes of mineralisation at a conceptual grade range of 0.9 - 1.3% Cu, containing 198,000 to 445,000 tonnes of copper. This includes an estimate of 4.3 to 6.4 million tonnes of mineralisation at a conceptual grade range of 1.6 - 2.4%, containing 69,000 to 154,000 tonnes of copper on the Chatsworth Prospect.

The potential quantity and grade of the **Target** is conceptual in nature. It is important to note that there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Assaying Program

During the Quarter additional samples were processed and a semi quantitative pXRF scan was performed by ALS Minerals. The objective of the assay programs of existing samples were to extend geological continuity.



Atlas Conceptual Exploration Target

During the Quarter the Company commenced geological and geophysical work on defining a Conceptual Exploration Target on the Atlas Project.

Atlas Project Background

The Atlas Project lies to the immediate north of the Tollu Project and is proximal to the Tollu Fault Zone (**Figure 4**). Most of the Project area appears to be under a thin Tertiary cover. Importantly, much of the architecture of Tollu is repeated in Atlas. In addition is the inclusion of intermediate volcanic rocks of the Hogarth Formation and the intrusion of a granite (**Figure 5**). In combination with the proximity of the Tollu Fault Zone, and expanse of Tertiary cover, the Atlas Project is prospective for a blind Mt Isa style-copper sediment-hosted deposit.

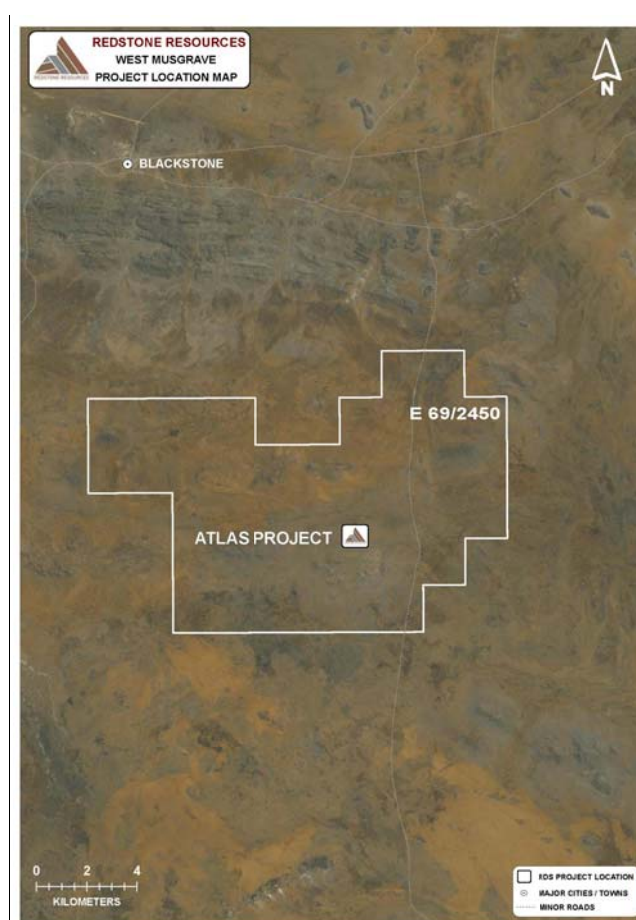


Figure 4 – Atlas Project –Location Map

The Atlas Project is also prospective for the IOCG mineralisation. In the northern portion of the Project, a felsic intrusion is positioned at the margin to the Tollu Fault Zone. Immediately north of this is a magnetised unit with a strike of 1200 metres and width of 500m (**Figure 6**).

The rock type is interpreted to be a porphyritic rhyolite. As a magnetised feature it could represent a portion of stratigraphy not demagnetised by the Tollu Fault Zone, or the footprint of a hydrothermal cell that caused magnetisation consistent with an IOCG analogy. Adjacent to this location, within the damaged and demagnetised domain of the Tollu Fault Zone is a rock specimen P709660. This specimen was studied by petrographic analysis by Teale and Associates (2006) and was observed to be a porphyritic rhyolite that has been sulphidised.



It contained pyrite, chalcopyrite, covellite, magnetite and haematite as accessory minerals. Abundant K-feldspar and biotite was present but it is unclear from the description if these were primary or a product of metasomatism. The observation of pyrite, chalcopyrite, covellite, magnetite and haematite favour an IOCG deposit model.

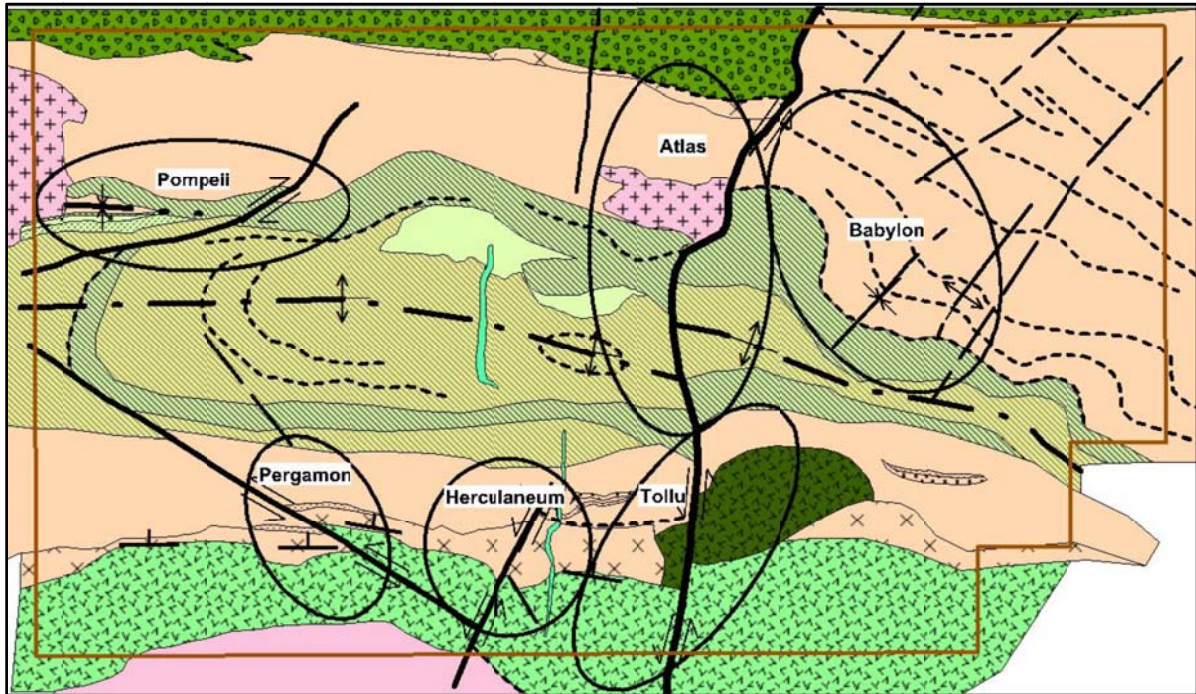


Figure 5. The location of the six Projects situated within E69/2450 that have been considered prospective for metal endowment. The main mineral system targeted is Mt Isa style-copper sediment-hosted mineral system. IOCG mineralisation is also considered to be plausible. The tenement outline is in brown.

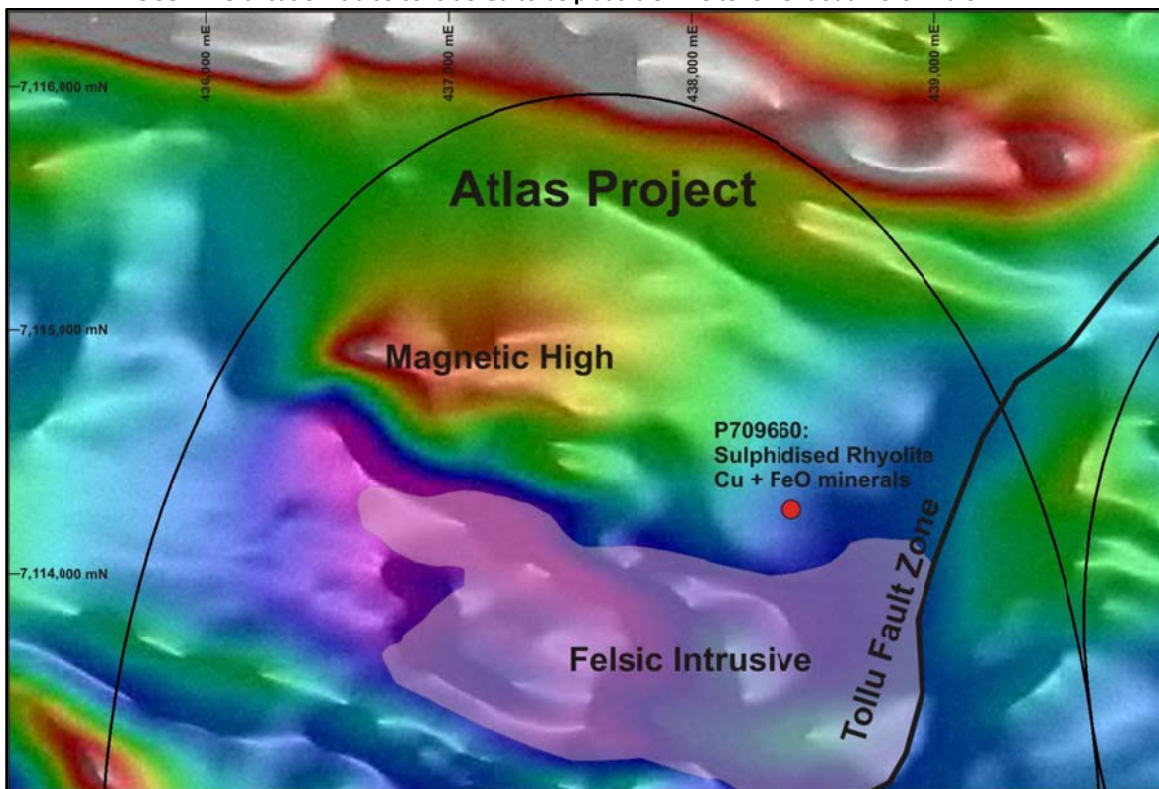


Figure 6. The spatial proximity of the sulphidised rhyolite as determined from petrographic thin section (2006), a magnetic high, a felsic intrusive and the Tollu Fault Zone.



ENVIRONMENTAL MANAGEMENT PLAN FRAMEWORK

During the Quarter, the Company liaised with the DMP in relation to historical exploration activities undertaken without approval. The Company provided the DMP with all relevant information in relation to these activities along with retrospective Programs of Works. Accordingly, the Company is now awaiting the outcome of the DMP's response in relation to these matters.

The Company also undertook a comprehensive review and updated its policies, procedures and management plans to ensure this situation does not recur. The updated Environmental Management Plan will provide the framework for all future exploration activities to be undertaken by the Company.

CORPORATE

Investor Roadshows and Conferences

During the Quarter, the board and management continued various promotional activities including attendance and presentation at the Melbourne RIU Conference, as well as actively pursuing capital raising and funding opportunities.

Cash holding

Cash held by the Company at the end of the Quarter was \$487,000.

Competent Persons Statement

The information in this announcement that relates to Exploration Targets and Exploration Results was authorised by Mr Darryl Mapleson, a Principal Geologist and a full time employee of BM Geological Services, who are engaged as consultant geologists to Redstone Resources Limited. Mr Mapleson is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Mapleson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to act as a competent person as defined in the 2012 edition of the "Australasian Code for reporting of Exploration results, Mineral Resources and Ore Reserves". Mr Mapleson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Redstone Resources Limited's (**Redstone**) planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Redstone believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.



TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenements at the end of the 30 June 2014 quarter.

The following granted tenements held by the Company expired during the Quarter:

Brazil, South America

Project	Tenement	State	Registered Holder Applicant			Holder Interest	Consolidated Entity Interest	Grant Date	Expiry	Area (ha)
Aneba	880.657/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	1,999.00
Apui	880.167/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,458.70
Apui	880.168/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	12/09/2011	12/09/2014	10,000.00
Apui	880.169/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,673.96
Apui	880.170/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,497.22
Apui	880.171/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,879.46
Apui	880.172/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	10,000.00
Apui	880.173/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	8,018.98
Apui	880.174/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,995.62
Apui	880.175/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,996.36
Apui	880.176/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	8,157.49
Apui	880.177/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	10,000.00
Apui	880.178/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	10,000.00
Apui	880.179/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,996.61
Apui	880.180/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,993.28
Apui	880.181/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	2,940.94
Apui	880.182/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,886.78
Apui	880.245/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,998.90
Apui	880.246/2008	Amazonas	Redstone Brasil Ltda	Mineração	Do	100%	100%	13/07/2011	13/07/2014	9,440.21
										168,933.51

Compulsory Reduction – E69/2450

E69/2450 is in its sixth anniversary of tenure and is therefore subject to compulsory reduction of 40% of the initial granted area of 69 blocks. Consequently, on 18 September 2014 the Entity surrendered 28 blocks and the tenement E 69/2450 now comprises 41 blocks.



Blackstone Range Project – E69/2108 and E69/2109: *Farmin with Resource Mining Corporation Ltd (ASX: RMI), Redstone earning 90%*

The Company has a beneficial interest of 75% in its Blackstone Range joint venture at the end of the Quarter. The Company did not acquire or dispose of any beneficial interests in any joint ventures, farm-in or farm out arrangements during the Quarter. These tenements are currently subject to Forfeiture Applications which are being defended.

TENEMENT SUMMARY AS AT 30 JUNE 2014

West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date (Application Date)	Expiry	Blocks	Area km2
Tollu	E 69/2450	Redstone Resources Limited	100%	100%	19/09/2008	18/09/2018	69	214.0
Blackstone Range	E 69/2108	River Gold Exploration Pty Ltd	100%	75%	28/04/2006	27/04/2015	39	121.0
Blackstone Range	E 69/2109	River Gold Exploration Pty Ltd	100%	75%	28/04/2006	27/04/2015	70	217.0
							178	552.0

Brazil, South America

Project	Tenement	State	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date	Expiry	Area (ha)
Arinos	866.280/2007	Mata Grosso	Redstone Mineração Do Brasil Ltda	100%	100%	15/02/2008	15/02/2011	6,953.43
Bala and Pontal	850.738/2011	Xingu	HJH Mineração do Brasil Ltda.	90%	10%	3/10/2011	3/10/2014	9,203.78
Bala and Pontal	850.739/2011	Xingu	HJH Mineração do Brasil Ltda.	90%	10%	3/10/2011	3/10/2014	9,727.25
								25,884.46

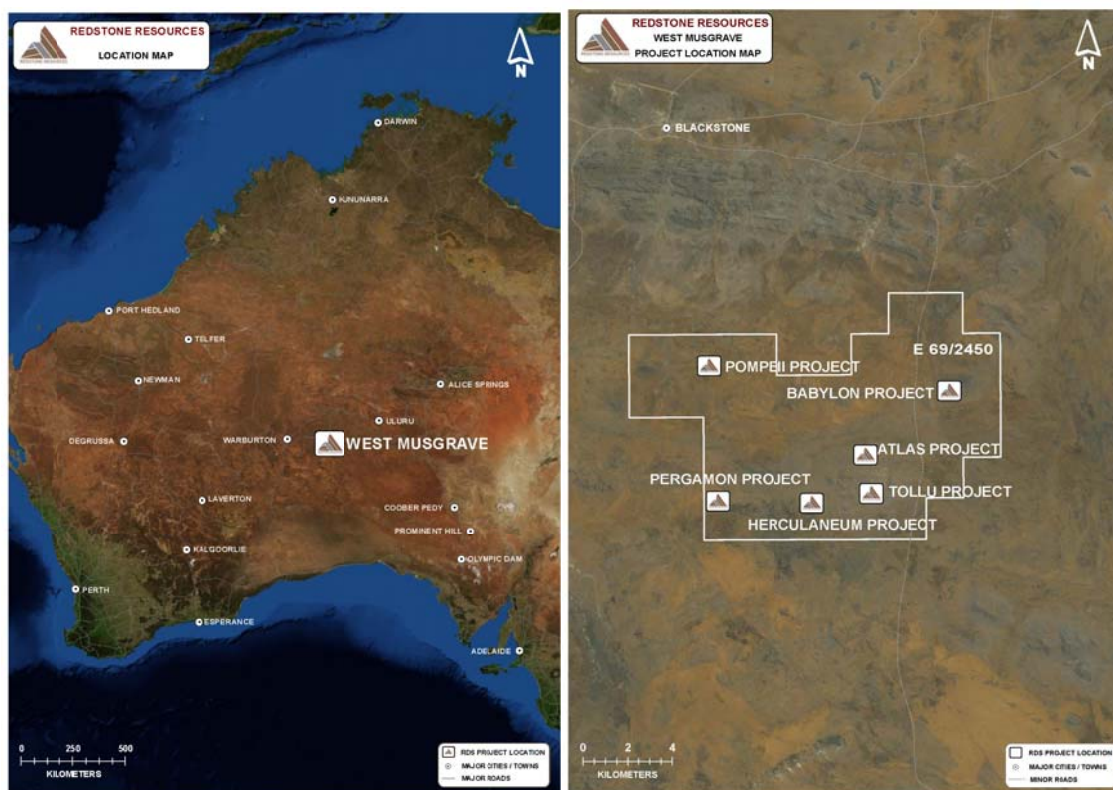


ABOUT REDSTONE RESOURCES

Redstone Resources Ltd (ASX: RDS) is a Perth-based company focused on highly prospective copper exploration properties in the West Musgrave region of Western Australia.

Redstone's 100% owned Tollu Project is located in the south-east portion of the West Musgrave region of Western Australia. The Tollu Project consists of a large swarm of hydrothermal copper rich quartz veins in a mineralised system covering an area at least 5km². Malachite-rich gossans associated with quartz veins are exposed at surface and form part of a dilatational system between two major structures within the Tollu Fault Zone.

The Tollu Project has a Conceptual Exploration Target estimated to be 22 to 33 million tonnes of mineralisation at a conceptual grade range of 0.9 - 1.3% Cu, containing 198,000 to 445,000 tonnes of copper. This includes 4.3 to 6.4 million tonnes of mineralisation at a conceptual grade range of 1.6 – 2.4%, containing 69,000 to 154,000 tonnes of Copper on the Chatsworth Prospect.



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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Redstone Resources Limited

ABN

42 090 169 154

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(183)	(183)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(234)	(234)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	R&D Rebate (net)	-	-
Net Operating Cash Flows		(413)	(413)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(413)	(413)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(413)	(413)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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 (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(413)	(413)
1.20	Cash at beginning of quarter/year to date	900	900
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	487	487

Payments to directors of the entity, associates of the directors, 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	116
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director and Director Consulting Fees including to related entities of the directors.

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

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 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

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	150
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	300

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	257	470
5.2 Deposits at call	230	430
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	487	900

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	<i>Brazil, South America</i>		<i>% Interest</i>	<i>% Interest</i>
	880.657/2008	Lapsed	100%	0%
	880.167/2008	Lapsed	100%	0%
	880.168/2008	Lapsed	100%	0%
	880.169/2008	Lapsed	100%	0%
	880.170/2008	Lapsed	100%	0%
	880.171/2008	Lapsed	100%	0%
	880.172/2008	Lapsed	100%	0%
	880.173/2008	Lapsed	100%	0%
	880.174/2008	Lapsed	100%	0%
	880.175/2008	Lapsed	100%	0%
	880.176/2008	Lapsed	100%	0%
	880.177/2008	Lapsed	100%	0%
	880.178/2008	Lapsed	100%	0%
	880.179/2008	Lapsed	100%	0%
	880.180/2008	Lapsed	100%	0%
	880.181/2008	Lapsed	100%	0%
	880.182/2008	Lapsed	100%	0%
	880.245/2008	Lapsed	100%	0%
	880.246/2008	Lapsed	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	<i>West Musgrave, Australia</i>		<i>No. Blocks</i>	<i>No. Blocks</i>
	E69/2450	Compulsory Reduction – 40%	69	41
	Nil			

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 (description)				

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	186,969,390	186,969,390		Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	Quoted Options (ASX: RDSO) 31,356,966 Unquoted Options 1,500,000 500,000 500,000 750,000 750,000 1,000,000 1,000,000 2,000,000		Exercise price 20 cents 25 cents 30 cents 35 cents 35 cents 45 cents 30 cents 30 cents 20 cents	Expiry date 28/02/16 30/11/14 30/11/14 30/11/14 06/07/15 06/07/15 21/12/14 26/02/15 04/12/17
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.12	Unsecured notes (totals only)		
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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 5).
- 2 This statement does give a true and fair view of the matters disclosed.



31 October 2014

Sign here: Date:
(Company secretary)

Print name:
Miranda Conti

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.