



ASX ANNOUNCEMENT  
30 April 2021

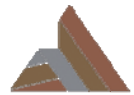
## QUARTERLY REPORT

### For the Period Ending 31 March 2021

#### HIGHLIGHTS

- Planning and evaluation progressed for a targeted reverse circulation (**RC**) drilling and exploration programme (the **Programme**) at Redstone's 100% owned West Musgrave Copper Project, which is anticipated to commence in coming months subject to a drill rig being secured.
- Following further geological review, planned drilling in the Programme will also include drill testing a historic diamond drill hole (A-101) completed by Southwestern Mining Limited (SWM) for nickel prospectivity.
- SWM was focused on nickel mineralisation in the area and completed three diamond drill holes (A-101, A-102 and A-108), however, only one of these holes, A-101, was assayed for nickel, yielding a maximum value of 0.16% Ni over 1.6m from 99m downhole<sup>1</sup>. The other two holes were not assayed.
- Redstone believe a nickel grade of 0.16% is significant in the context of nickel sulphide prospectivity proximal to the Tollu copper mineralisation, which is situated only 40km to the east of the world class nickel, copper and PGE deposit of Nebo Babel currently undergoing feasibility assessment by Oz Minerals Limited.
- Government approvals and heritage clearances for the Programme were progressed during the Quarter and are now largely complete.
- Follow up sonic drilling at the HanTails Gold Tailings Project (**HanTails**), to assess sample integrity from aircore and auger drilling previously completed, was undertaken in April 2021 upon rig availability. The sonic drilling comprised 6 holes each to a maximum depth of 15m.
- Redstone is funded to further advance its West Musgrave Project and continue its evaluation of the HanTails Project following successful completion during the Quarter of a heavily oversubscribed private placement that raised \$2,275,000 (before costs) at an issue price of 1.2c per share. A further \$325,000 is proposed subject to shareholder approval.

Redstone Resources Limited (**ASX: RDS**) (**Redstone** or the **Company**) presents its quarterly report for the period ending 31 March 2021 (the **Quarter**).



## WEST MUSGRAVE PROJECT

Redstone's 100% owned West Musgrave Project (the **West Musgrave Project**) which includes the Tollu Copper Vein project (**Tollu**), is located in the southeast portion of the West Musgrave region of Western Australia. The West Musgrave Project has the right geological and structural setting for large magmatic Ni-Cu sulphide deposits just 40km east of the world-class Nebo-Babel Ni-Cu deposit.

Tollu hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km<sup>2</sup>. Copper mineralisation is exposed at the surface and forms part of a dilation system within and between two major shears.

Redstone expects the initial JORC 2012 resource at Tollu of **3.8 million tonnes at 1% Cu, containing 38,000 tonnes of copper, and 0.01% cobalt, which equates to 535 tonnes of contained cobalt** (ASX release 15 June 2016 and 1 May 2017), the mineralised area, and the volume of hydrothermal mineralisation, to increase with further drilling.

Geological interpretation suggests that the West Musgrave Project may also be prospective for Volcanic Hosted Massive Sulphide (VHMS) deposits, large continental type Molybdenum (Mo)-porphyry deposits, strata-bound Gold (Au)- Silver (Ag) deposits, Tin (Sn) – Tungsten (W) mineralisation related to granites, granite stockworks or greissens, intrusion related polymetallic veining and Intrusion Related Gold deposits (IRG).

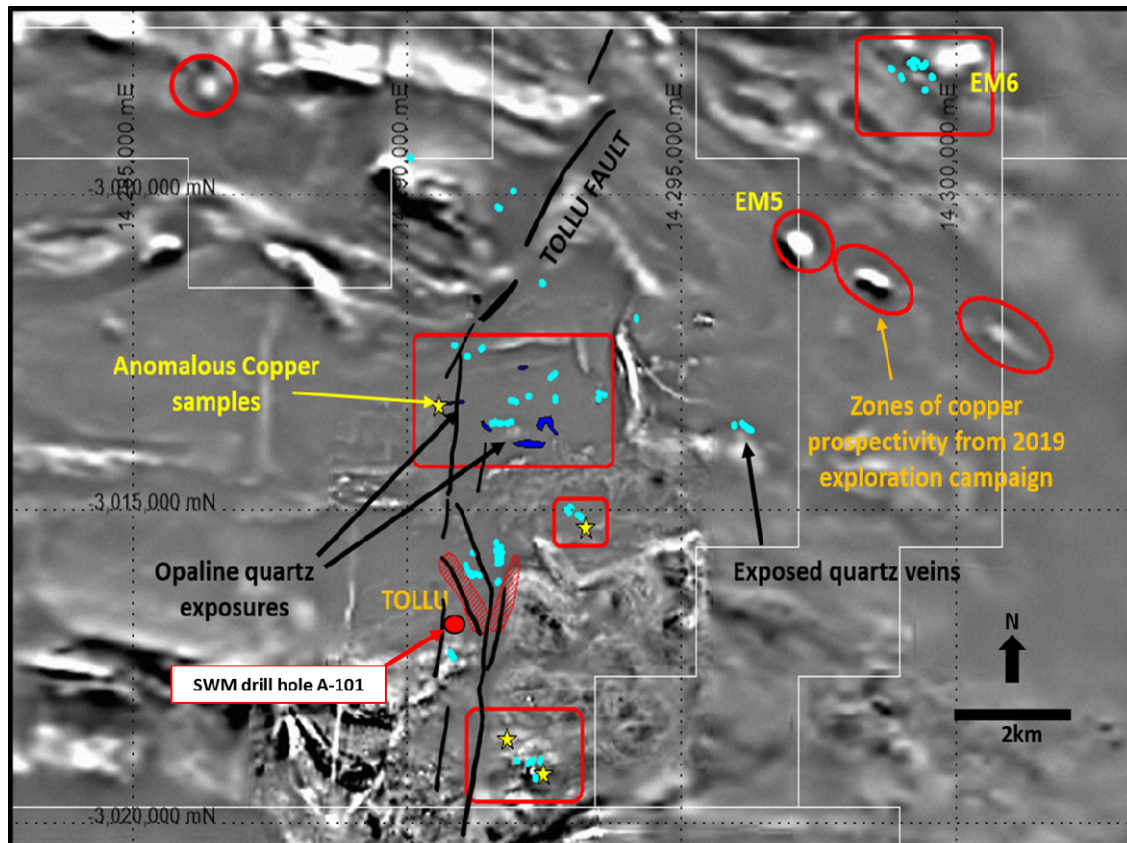
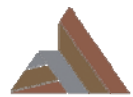
## WEST MUSGRAVE PROJECT – MARCH 2021 QUARTER ACTIVITIES

During the Quarter, the Company progressed planning and evaluation for an upcoming drilling and exploration programme (the **Programme**) on the Company's 100% owned West Musgrave Project.

The proposed Programme follows from the improved market sentiment for copper and the excellent results from the Company's 2019 exploration campaign, which included reverse circulation (**RC**) drilling at the Tollu Copper Vein deposit (**Tollu**), at the EM5 electromagnetic (**EM**) Target and a project scale mapping programme, which significantly enhanced existing prospects and established new areas of copper prospectivity on the Project (**Figure 1**).

Applications for Programmes of Works, clearing permits and required heritage clearances with the traditional owners necessary to undertake the Programme are now largely complete with commencement anticipated to occur in coming months, subject to securing drilling resources.

Following further geological review during the Quarter, the Programme is now also planned to include RC drilling for nickel prospectivity by drill testing a 1957 Southwestern Mining Ltd (**SWM**) diamond drillhole, A-101, which yielded a maximum value of 0.16% Ni over 1.6m from 99m downhole (Laine, 1957)<sup>1</sup>. The historical drill hole targeted a N-S oriented fault that is part of the fault system responsible for the Tollu copper mineralisation but situated to the west of the main body of mineralisation so far delineated by Redstone drilling.



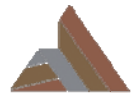
**Figure 1 - Location of the 1957 SWM drill hole A-101, anomalous copper samples (yellow stars) and the new Target Areas of prospectivity (red boundaries) identified by the 2019 exploration campaign (geological mapping and drilling). Opaline quartz is mapped in dark blue and quartz vein outcrops are mapped in light blue.**

Redstone plan to twin the SWM diamond hole A-101 with an RC drill hole to test if the intersection of anomalous nickel values of up to 0.16% Ni can be repeated and if so, ascertain the nature of the anomalous nickel, if it is associated with nickel sulphide mineralisation and where it may have originated from.

Given the world class magmatic nickel, copper, PGE Nebo Babel Deposit, discovered in 2000 by Western Mining Corporation and now owned and undergoing feasibility assessment by Oz Minerals Limited, lies only 40km to the west of Tollu, Redstone are of the view it is prudent to test the historical SWM nickel intersection on Tollu's western margin. If the intersection can be confirmed it may indicate that the Nebo Babel like nickel, copper, PGE mineralisation or even more massive sulphide variants of similar geological theme, could also be present near or at depth to Tollu and/or in the greater Project area.

### **HANTAILS GOLD PROJECT – FARMIN AND JOINT VENTURE AGREEMENT (RDS: 80%)**

In July 2020 Redstone entered into an agreement to farm-in to an 80% interest in the HanTails Project (**HanTails** or the **Project**). HanTails is a historic large scale gold mine Tailings Storage Facility (**TSF**) located on the historic Hannans South Gold Mill site, just 15kms south of Kalgoorlie-Boulder, Western Australia.



HanTails contains many years of gold tailings deposition material from its original operations during 1986 to 2006, primarily undertaken by then owners Croesus Mining Limited. The specific gravity and the average TSF gold grade have not yet been determined.

An aircore and auger drilling programme was undertaken last year to establish the overall grade of the material in the TSF and to provide bulk samples for metallurgical testing and recoveries with the aim of establishing the average gold grade and approximate gold endowment of the TSF to JORC 2012 status. However due to issues with sample return and preparation arising from this drilling and the inherent uncertainty associated with properly evaluating the assay results, the Company sought an alternative follow up drilling programme during the Quarter to validate the results. Accordingly, a sonic drilling programme was undertaken and completed in April 2021 upon availability of a sonic drill rig.

The sonic drilling completed 6 holes each to a maximum depth of 15m with 3 holes drilled in each of the two cells of the TSF. Samples have been selected and prepared for analysis and results are pending.

Pursuant to the terms of the HanTails Farm in and Joint Venture Agreement (**HanTails Farm in and JV**) Redstone will be required to incur a minimum farm-in spend of \$75,000 to earn a 51% interest in the Project (**Stage 1**), including a guaranteed minimum spend of \$50,000, within a 9 month period. Following Stage 1 and the establishment of an unincorporated joint venture with the vendor, Redstone will be required to incur a further farm-in spend of \$75,000 to earn an 80% interest in the Project (**Stage 2**). After Stage 2, Redstone will be required to free carry joint venture expenditure until a Decision to Mine based on the completion of an economic study. At the end of the free carry period the vendor will have the election to contribute 20% to Project joint venture expenditure or dilute to a 2% gross proceeds royalty on any gold produced and sold.

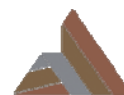
A variation to the HanTails Farm in and JV was executed in April 2021 which has the effect of extending each of the farm-in Stages 1 and 2 by a further 6 months and to add another proximal tenement to the Joint Venture.

## **CORPORATE**

### **Capital Raising and Cash**

During the Quarter, the Company undertook a private placement of up to 216,666,667 million fully paid ordinary shares in the Company at \$0.012 per share (**'Shares'**) to raise up to \$2,600,000 (before costs) (**'Placement'**).

The Placement received strong support from a number of new sophisticated and professional investors introduced by the lead manager to the offer, 180 Markets Pty Ltd. The Placement was heavily oversubscribed with applications and funds totalling \$2,275,000 accepted and received. The Directors (and/or their nominee(s)) also reserved the right to place up to another \$325,000 (before costs) to bring the total Placement amount to up to \$2.6M, subject to the Company obtaining shareholder approval.



The Placement funds ensure that the Company will be funded to further advance the increased prospectivity of its 100% owned West Musgrave Project and its potential to host economic copper mineralisation, for further evaluation of the HanTails Project and for working capital.

Shares on issue at the end of the Quarter total 718,999,063. The Company's 47,015,048 Listed Options exercisable at \$0.035 each (ASX: RDSOB) expire at 5:00pm (AWST) on Friday 30 April 2021.

At the end of the Quarter the Company had available cash of \$2,790,000. Cash requirements are considered sufficient for the short to medium term.

Payments to related parties of \$16,000 comprises remuneration of directors (refer section 6 of Appendix 5B).

### PROJECT OPPORTUNITIES

During the Quarter, the Company continued investigating and reviewing potential new project opportunities to add to the Company's project tenure.

### TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenements at the end of the Quarter.

#### TENEMENT SUMMARY AS AT 31 MARCH 2021

##### West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date (Application Date)	Expiry	Blocks	Area km <sup>2</sup>
Tollu	E 69/2450	Redstone Resources Limited	100%	100%	19/09/2008	18/09/2022	41	126.4
Milyuga	E 69/3456	Redstone Resources Limited	100%	100%	14/08/2017	13/08/2022	28	86.4
Milyuga	ELA 69/3568	Redstone Resources Limited	0%	100%	(10/05/2018)	N/A	27	83.2
Milyuga	ELA 69/3750	Westmin Exploration Pty Limited	0%	100%	(17/09/2019)	N/A	109	336.0

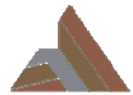
During the Quarter, the Company entered into a variation to the HanTails farm in and JV agreement to also farm in to an 80% interest in prospecting licence P26/4465.

The Company did not dispose of any interests in any joint ventures or farm out arrangements during the Quarter.

For further information please contact:

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*This Announcement has been approved for release by the Board of Redstone Resources Limited.*



1. Laine HA (1957) Southwestern Mining Limited, Annual Report 1957, unpublished.

## **REDSTONE RESOURCES**

Redstone Resources Limited (**ASX: RDS**) is a base and precious metals developer exploring the 100% owned prospective West Musgrave Project, which includes the Tollu Copper deposit, in Western Australia. The West Musgrave Project is located between Cassini Resources' Nebo Babel prospect and Metals-X Wingellina Ni-Co project. Redstone is also actively evaluating the HanTails Gold Project at Kalgoorlie, Western Australia for potential development in future.

### **Competent Persons Statements**

The information in this document that relates to exploration results for the West Musgrave Project was authorised by Dr Greg Shirliff, who is employed as a Consultant to the company through Zephyr Professional Pty Ltd. Dr Shirliff is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience of relevance to the tasks with which he is employed to qualify as a Competent Person as defined in the 2012 Edition of the *'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'*. Dr Shirliff consents to the inclusion in the report of matters based on information in the form and context in which it appears.

The information in this report that relates to Mineral Resource for the West Musgrave Project was authorised by Mr Darryl Mapleson, a Principal Geologist and full time employee of BM Geological Services, 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.

### **ASX Listing Rule Information**

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the competent persons findings have not been materially modified from the original announcement referred to in the release.

### **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.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Redstone Resources Limited

ABN

42 090 169 154

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	9	45
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(33)	(155)
(e) administration and corporate costs	(65)	(133)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	5	60
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(84)</b>	<b>(183)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(3)	(8)
(d) exploration & evaluation	(44)	(215)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(44)</b>	<b>(215)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,275	2,995
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(148)	(182)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,127</b>	<b>2,813</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	794	383
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(84)	(183)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(47)	(223)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,127	2,813



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,790</b>	<b>2,790</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,780	784
5.2	Call deposits	10	10
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,790</b>	<b>794</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	16
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(84)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(44)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(128)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,790
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,790
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	21.8
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30/04/2021.....

Authorised by: By the board.....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.