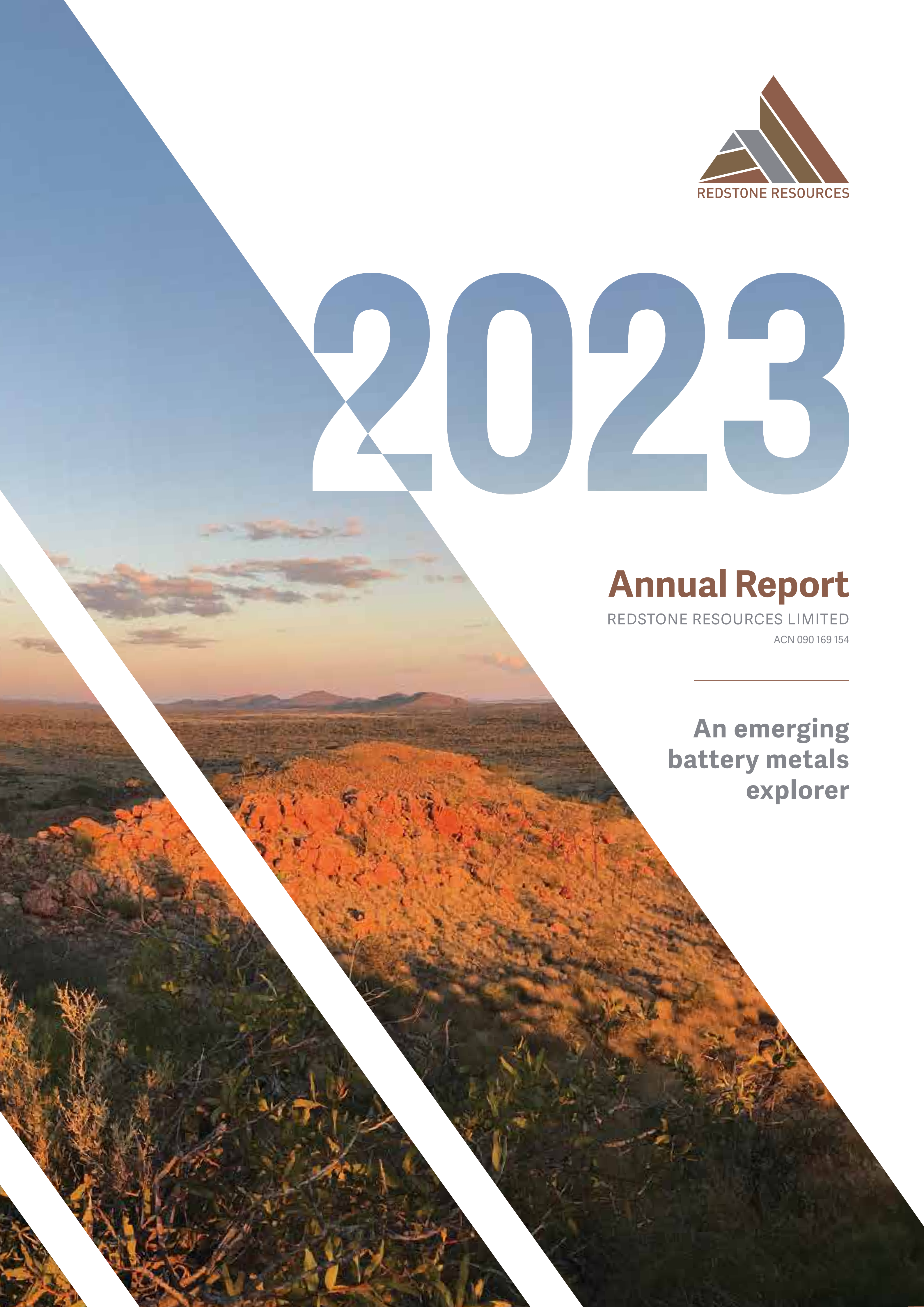
REDSTONE RESOURCES



2023

Annual Report

REDSTONE RESOURCES LIMITED

ACN 090 169 154

An emerging battery metals explorer

COMPETENT PERSONS STATEMENTS:

The information in this document that relates to the Attwood Lake, Radisson East and Sakami Projects in Canada was authorised by Michael Dufresne, M.Sc., P.Geol, P.Geo., who is engaged as a Consultant to the Company. Mr. Dufresne is a Member of the Alberta, British Columbia, Northwest Territories – Nunavut and New Brunswick Engineering and Geoscientist Professional Associations and has sufficient experience of relevance to the style of mineralisation and type of deposit under consideration and to the tasks with which he was employed to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Dufresne 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 document that relates to drilling and exploration results for the West Musgrave Project from 2017 to date was authorised by Dr Greg Shirtliff, who is engaged as a Consultant to the Company through Zephyr Professional Pty Ltd. Dr Shirtliff is a Member of the Australian Institute of Mining and Metallurgy. Dr Shirtliff has sufficient experience which is relevant to the tasks for which he was engaged to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Shirtliff 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 report contains certain forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

CAUTIONARY NOTE

With regard to information contained in this report on the Attwood Lake, Radisson East and Sakami Projects in Canada, the Company cautions that as per ASX Listing Rule 3.1 and the Compliance Update 04/23, the presence of pegmatite rock does not necessarily indicate the presence of lithium mineralisation. Laboratory chemical assays are required to determine the presence and grade of mineralisation.

ADDITIONAL INFORMATION:

This report does not include reference to all available information on the Company or its Projects and should not be used in isolation as a basis to invest in Redstone Resources Limited. Any potential investors should refer to Redstone Resource Limited's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

Contents of Annual Report

CORPORATE DIRECTORY

DIRECTORS:	Mr Richard Homsany (Chairman) Mr Edward van Heemst Mr Brett Hodgins
COMPANY SECRETARY:	Ms Miranda Conti
REGISTERED AND PRINCIPAL OFFICE:	60 Havelock Street WEST PERTH WA 6005 Tel: +61 8 9328 2552 email: contact@redstone.com.au
POSTAL ADDRESS:	PO Box 8646 Perth Business Centre WA 6849
WEBSITE:	www.redstone.com.au
SHARE REGISTRY:	Advanced Share Registry Limited 110 Stirling Highway NEDLANDS WA 6009 PO Box 1156, NEDLANDS WA 6909 Tel: +61 8 9389 8033 Website: www.advancedshare.com.au
HOME STOCK EXCHANGE:	Australian Stock Exchange Limited Level 40, Central Park 152-158 St George's Terrace PERTH WA 6000 ASX Code: RDS Tel: +61 8 9224 0000
AUDITOR:	Dry Kirkness (Audit) Pty Ltd Ground Floor 50 Colins Street WEST PERTH WA 6005 Tel: +61 8 6244 2502

DIRECTORS' REPORT

The Directors present their report on the Entity consisting of Redstone Resources Limited ('Redstone' or the 'Company') and its controlled entities ('Entity') for the financial year ended 30 June 2023.

The names and details of directors in office during the financial year until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Richard Homsany *(BCom, LLB (Hons), CPA, Grad Dip FINSIA, F Fin, MAICD),* Non-Executive Chairman, Age 53

Mr Homsany is Executive Vice President of Mega Uranium Ltd, a Toronto Stock Exchange listed company and executive chairman of Toro Energy Limited, an ASX listed uranium company. He is also currently the non-executive chairman of the Health Insurance Fund of Australia Limited.

Prior to this Mr Homsany was a corporate and commercial advisory partner with one of Australia's leading law firms. He is currently the principal of Cardinals Lawyers and Consultants and has been admitted as a solicitor for over 20 years. Mr Homsany has extensive experience in corporate law, including advising public resources and energy companies on corporate governance, finance, capital raisings, takeovers, mergers, acquisitions, joint ventures and divestments.

Mr Homsany also has significant board experience with publicly listed resource companies and in the resources industry. He has also worked for an ASX top 50-listed internationally diversified resources company in operations, risk management and corporate.

Mr Homsany is a Certified Practising Accountant and is a fellow of the Financial Services Institute of Australasia (FINSIA). He has a Commerce Degree and Honours Degree in Law from the University of Western Australia and a Graduate Diploma in Finance and Investment from FINSIA.

Over the last 3 years Mr Homsany has held a directorship in Toronto Stock Exchange (Venture Exchange) listed Central Iron Ore Limited (TSX-V) (27 October 2010 to present), ASX listed Brookside Energy Ltd (4 February 2020 to present), ASX listed Galan Lithium Ltd (5 February 2020 to present) and ASX Listed Toro Energy Limited (1 December 2013 to present).

Mr Edward van Heemst *(BCom, MBA, CA, CPA),* Non-Executive Director, Age 77

Mr Edward van Heemst is a prominent Perth businessman with over 40 year's experience in the management of a diverse range of activities with large private companies.

Mr van Heemst is the Managing Director of Vanguard Press and was previously the long-time Chairman of Perth Racing (1997 to 2016). Mr van Heemst was also appointed as non-executive chairman of NTM Gold Ltd, an ASX listed company from July 2019 to March 2021.

Mr van Heemst holds a Bachelor of Commerce degree from the University of Melbourne, an MBA from the University of Western Australia and is a member of the Institute of Chartered Accountants Australia.

Mr van Heemst has an extensive knowledge of capital markets and established mining industry networks.

Over the last 3 years Mr van Heemst has held a directorship in NTM Gold Ltd (14 January 2018 to 8 March 2021).

Mr Brett Hodgins *(BSc (Hons), Grad Dip FINSIA)*, Non-Executive Director, Age 50

Mr Hodgins has over 25 years of professional experience in the resources sector primarily focused on exploration and mining operations. He began his career as a geologist with Robe River Mining and Rio Tinto Iron Ore. During that time he was involved with the commissioning and development of the West Angelas and Hope Downs operations. Mr Hodgins' recent roles include General Manager Project Development for Iron Ore Holdings and he is President / CEO of Central Iron Ore Ltd, a TSX-V listed company gold and iron ore explorer. He brings a wide range of experience in exploration, feasibility studies, operations, and has a broad knowledge of the resource sector.

DIRECTORS' REPORT

Mr Hodgins has completed a Bachelor of Science Degree with Honours in Geology from Newcastle University, Diploma of Management and a Graduate Diploma in Finance and Investment from Financial Services Institute of Australasia.

Over the last 3 years Mr Hodgins has held a directorship in Toronto Stock Exchange (Venture Exchange) listed Central Iron Ore Limited (TSX-V) (27 October 2010 to 1 December 2022).

Company Secretary – Miranda Conti *(BCom, CPA, AGIA ACG (CS))*

Ms Conti is a chartered secretary and Certified Practising Accountant who has been engaged by the Company since March 2006.

Principal Activities

The principal activity of the Entity during the financial year was mineral exploration in Australia and Canada.

Review of Operations

The net loss after income tax attributable to members of the Entity for the financial year ended 30 June 2023 amounted to $456,941 (2022: $617,589) and net assets were $9,935,014 (2022: $9,285,042).

During Q1 2023 Redstone completed its second phase RC drilling program at its flagship West Musgrave Project. Results from the program continue to deliver outstanding copper (**Cu**) results for the Chatsworth and Forio prospects at the Tollu Cu deposit (**Tollu**). Also significant from this program are the drilling results from the West Cigar Magnetic Target, some 7.5km NE of Tollu, where assays confirmed for the first time the presence of mafic-ultramafic intrusions on the project, which are potential host and/or source rocks for Ni-Cu-PGE ± Co mineralisation. This confirmation of the prospectivity for Ni-Cu-PGE ± Co mineralisation on the Project is significant for Redstone especially considering the western boundary of the project area is only 40km east of the now BHP owned world class Nebo Babel Ni-Cu-Co-PGE deposit and may also be a potential explanation for a source of the high grade Cu at Tollu.

In addition to the continued West Musgrave exploration success has been the introduction in late 2023 of a suite of high-quality Canadian lithium assets into the Company. This signifies a transformational period for the Company, with Redstone securing two highly favourable option agreements for lithium projects. The first option agreement secured in May 2023 was for the Attwood Lake Lithium Project located in Ontario, Canada – a region boasting several Tier-1 lithium projects. This was soon followed by a second option agreement entered into in early July 2023 for the Radisson East and Sakami lithium Projects located in the world-class James Bay Lithium District, Québec, Canada.

The decision to increase the Company's exposure to lithium aligns very closely with plans for the West Musgrave Copper Project in Western Australia, as Redstone strengthens its position as an emerging battery metals exploration business.

Further information on the activities undertaken on the Company's projects during the year are outlined below.

ATTWOOD LAKE LITHIUM PROJECT- NORTHWESTERN ONTARIO, CANADA

On 4 May 2023 the Company announced it had entered into an exclusive agreement to acquire a 100% legal and beneficial interest in the Attwood Lake Lithium properties (the Attwood Lake Project) which are considered highly prospective for Lithium (Li) and/or rare element pegmatites. The Attwood Lake Project is located in Northwestern Ontario, Canada where numerous lithium deposits and advanced lithium projects have documented to host significant resources of Li2O.

DIRECTORS' REPORT

The Attwood Lake Project, which initially consisted of two claim groups, namely the Witchwood and Greenside Lithium properties comprising 3,026 hectares (7 claims) and 2,546 hectares (6 claims) respectively, was expanded by a further 1,821 hectares to merge the two original group claims to comprise a single contiguous project tenure of 7,393 hectares (17 claims) (**Figure 1**).

Access to the Attwood Lake Project properties can be made by good all-weather road as well as current and near-future logging road access.

Shortly after securing the Attwood Lake Project Redstone commenced a Phase 1 reconnaissance exploration program (**Phase 1 Program**), which comprised a helicopter-supported geological mapping and sampling program for Li and REE bearing pegmatites.

The Phase 1 Program consisted of a team of four geologists who undertook mapping and sampling at Attwood Lake and was completed by the end of June 2023. Numerous pegmatite showings were discovered on the project with a total of 209 rock grab samples collected from various pegmatitic bodies.

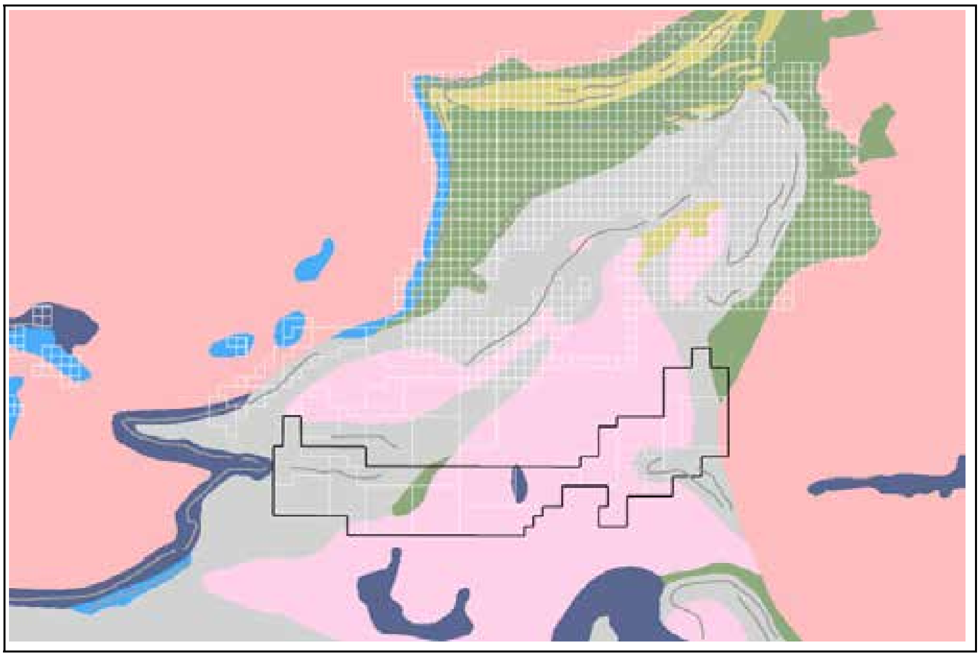


Figure 1: *The expanded Attwood Lake Lithium Project Tenure in Nakina, Ontario in Canada.*

Mapped geology for the Attwood Lake Project consists of muscovite-bearing granites, metasediments, migmatized supercrustal rocks, and mafic to intermediate meta-volcanics, and foliated tonalite. Lithologies sampled during exploration included quartz dolerite (4 rocks), amphibolites (5 rocks), metasediments (8 rocks), medium- to coarse-grained granites (107 rocks), pegmatitic-grained granites to pegmatites (83 rocks) and other (2 rocks) (**Figure 2**). The outcrops vary in size from a few meters and up to 10s of meters wide by 50m long. Outcrops can occur in clusters or as a single body.

Two broad categories of medium-to coarse-grained granitic rocks were sampled: dominantly quartz and potassium-feldspar, with accessory minerals of biotite and more rarely garnet and apatite; and dominantly muscovite quartz and white-feldspar. The pegmatites had similar mineralogy with some instances of tourmaline, light, blue-coloured apatite, and rarely large grains of biotite of up to 30 cm.

Final analysis of results from the 209 samples are pending.

DIRECTORS' REPORT

ATTWOOD LAKE PROJECT - REGIONAL GEOLOGY

The Attwood Lake Project is hosted within the English River Subprovince in northwestern Ontario. The English River Subprovince is an 800 km long by 35– 190 km wide Neoarchean metasedimentary belt. Two intrusive suites predominate the English River Subprovince. province. The first is a suite of diorite–tonalite–granodiorite that has been dated at ca. 2698 Ma. The second intrusive suite is a peraluminous granite suite that has been dated at ca. 2691 Ma. These intrusions are related to the migmatization of the metasedimentary rocks and range from in situ leucosome to large peraluminous two-mica or cordierite–biotite granite intrusions (Breaks 1991)[1].

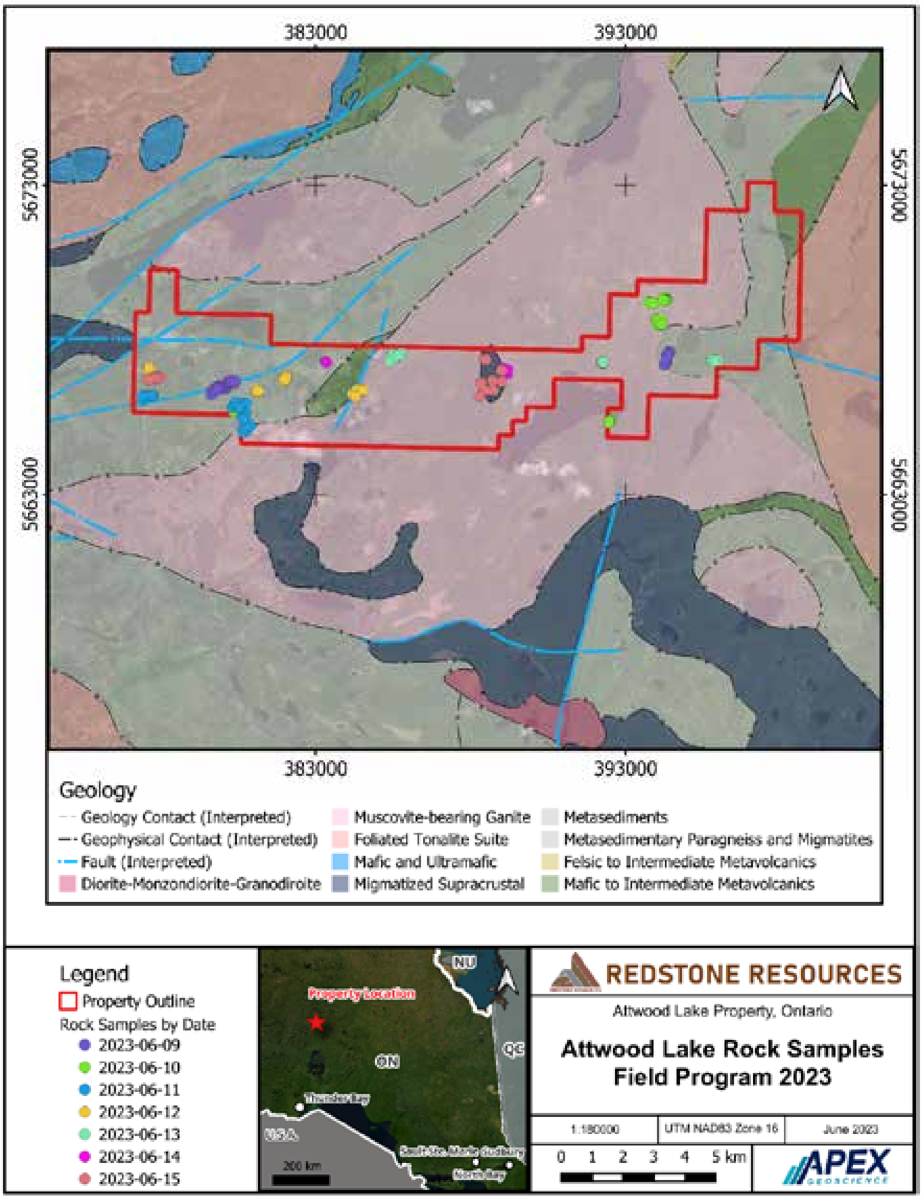


***Figure 2**: Location and geology of Attwood Lake Phase 1 Program rock samples.*

1 **Breaks, F.W. 1991**. English River subprovince. In Geology of Ontario. Special Vol. 4, Part 1. Edited by P.C. Thurston, H.R. Williams, R.H. Sutcliffe and G.M. Stott. Ontario Geological Survey, pp. 239–277.

DIRECTORS' REPORT

The location of Attwood Lake Project is geologically significant in that the properties straddle or are located within 5km north of the Uchi-English River terrane boundary. Numerous Li-deposits/projects of northwestern Ontario are located within 20km of this same terrane boundary. Terrane boundaries represent deep seated sutures that divide accreted Archean terranes and likely acted as conduits for fertile peraluminous granites and therefore have an integral relationship between lithium deposits and structure (Breaks et al., 2003)[2] (**Figure 3**).

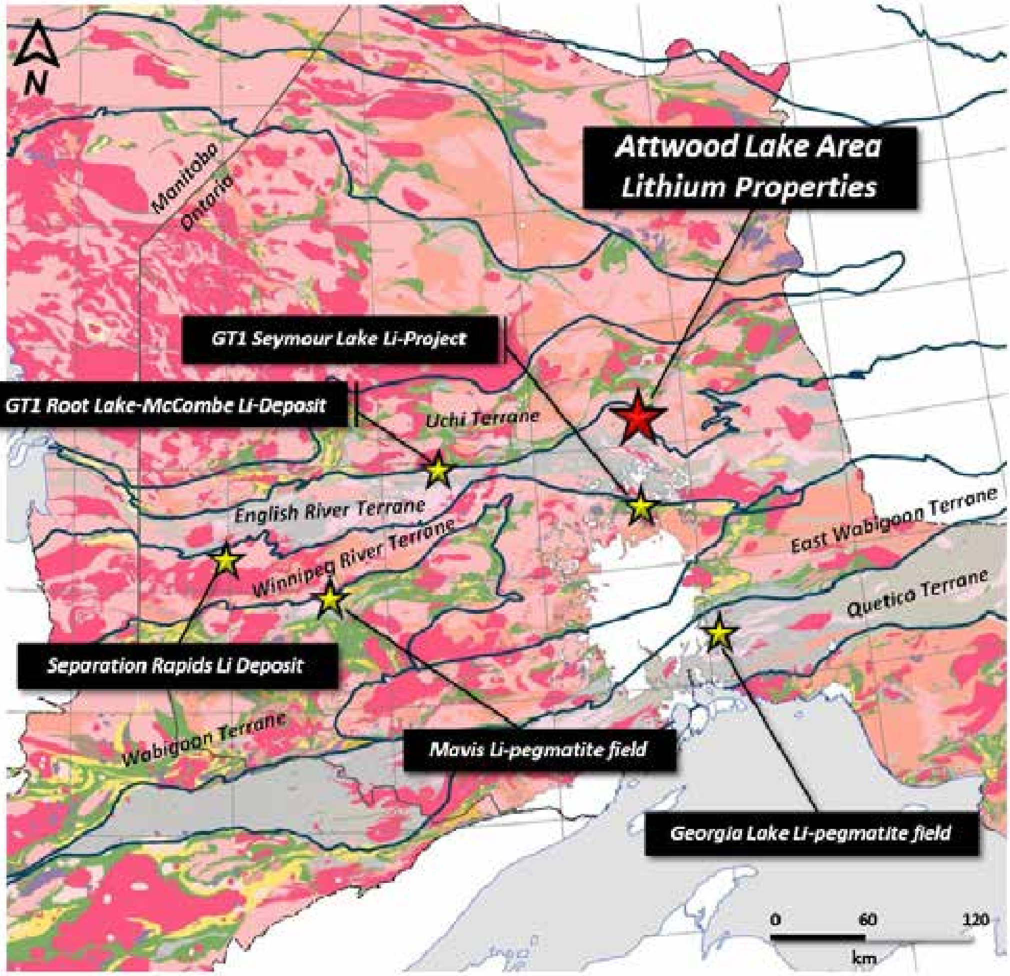


Figure 3: *Location of the Attwood Lake Lithium Properties and proximity to other northwestern Ontario Li-Deposits/Projects, including GT1's Seymour Lake Li-Deposit and GT1's Root-Lake McCombe Lithium Deposit. The Attwood Properties are located within 5km north of the Uchi-English River terrane boundary.*

The Attwood Lake Project properties are hosted within a folded sequence of gneissic metasediments and greenstone that contain muscovite-bearing granitic rocks (including a peraluminous S-type fertile granite in contact with the metasediments. The metasediments make excellent exo-contact hosts for fractionating parental fertile granites that could potentially yield fluids to create Li- and REE-bearing pegamites (Breaks et al., 2003)[2]. The Attwood Lake Project is located proximal to a subprovince boundary with numerous structural faults and synforms as mapped by the OGS, that could provide excellent conduits and pathways for parental melts and late stage pegmatite forming fluids (**Figure 4**).

2 **Breaks, F.W., Selway, J.B. and Tindle, A.G. 2003.** Fertile peraluminous granites and related rare-element mineralization in pegmatites, Superior Province, northwest and northeast Ontario: Operation Treasure hunt; Ontario Geological Survey, Open File Report 6099, 179p.

DIRECTORS' REPORT

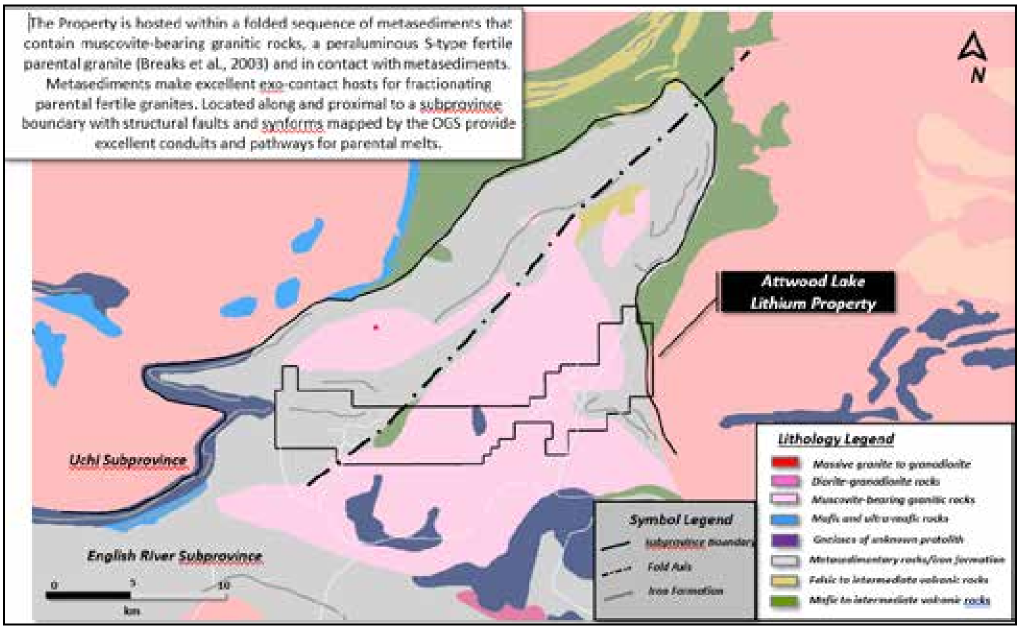


Figure 4: *Regional structural features of the Attwood Properties.*

Reconnaissance mapping undertaken by the OGS in 2016 (M3800), mostly along lakeshores, have identified numerous muscovite-bearing pegmatites in the Attwood Lake area. These pegmatites occur in metasediments and along the peraluminous granite contacts suggesting fractionation of the parental plutons (**Figure 5**). A compilation of assessment reports has also yielded a number of pegmatites identified in historical drilling near to the Attwood Lake Properties. All of these occurrences indicate that there is a strong likelihood for the discovery of pegmatites on the Attwood Lake Project and potentially the discovery of Li and REEs.

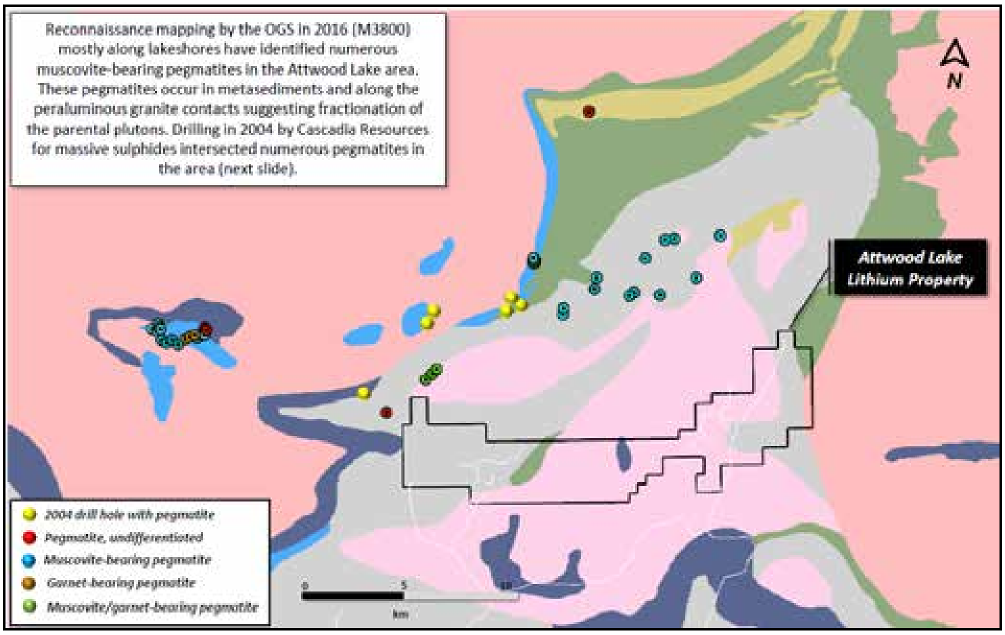


Figure 5: *Pegmatites of Attwood Lake Area*

DIRECTORS' REPORT

NORTHWESTERN ONTARIO LITHIUM DEPOSITS AND MINING DISTRICT

Northwest Ontario has a long mining history with mining suppliers and contractors regionally available. Planning and development of further mining and processing of lithium projects by companies operating in the region demonstrates the significance and prospectivity of this area.

Some of the significant Li deposits already delineated in the northwestern Ontario region proximal to the Attwood Lake Project include GT1's Seymour Lake Lithium Deposit (**Seymour**) situated approximately 75km's south of the Project and the Root-Lake McCombe Lithium Deposit (**Root**), situated approximately 215km west of the Project (**Figure 3**).

Seymour has an existing Mineral Resource estimate of 9.9 Mt @ 1.04% Li_2O (comprised of 5.2 Mt at 1.29% Li_2O Indicated and 4.7 Mt at 0.76% Li_2O Inferred (refer GT1 ASX Announcement of 23 June 2022)[3] at their North and South Aubry Deposit areas. In April 2023 GT1 also announced a maiden mineral resource for the Root Project, at the advanced McCombe deposit area with an estimate of 4.5 million tonnes at 1.01 per cent lithium and 110 parts per million (ppm) Ta_2O_5 (inferred) (refer GT1 ASX Announcement of 19 April 2023)[4]. The Root Deposit has supplemented GT1's total mineral resources to 14.4Mt (refer GT1 ASX Announcement of 19 April 2023)[4].

Other significant Li deposits in the region include the Georgia Lake Li deposit owned by Rock Tech Lithium, located 160km north of the Thunder Bay Mining District, Infinite Ore's Jackpot Lithium Project, both of which are located in the Georgia Lake pegmatite field area, and also the Separation Rapids Lithium deposit owned by Avalon Advanced Materials (**Figure 3**).

3 Green Technology Metals (ASX:GT1) ASX Announcement 23 June 2022 – INTERIM SEYMOUR MINERAL RESOURCE DOUBLES TO 9.9MT

4 Green Technology Metals (ASX:GT1) ASX Announcement 19 April 2023 - GT1 MINERAL RESOURCES INCREASED TO 14.4MT

ATTWOOD LAKE PROJECT - KEY ACQUISITION TERMS

The key acquisition terms of the Attwood Lake Lithium Option agreement executed by Redstone with Gravel Ridge Resources Ltd and 1544230 Ontario Inc. (the **Vendors**) to acquire a sole and exclusive option for a 100% legal and beneficial interest in the Attwood Lake Project (the **Agreement**) include:

- Upon signing the Agreement, a payment of C$30,000 in cash and C$50,000 worth of Shares based on the 5 day VWAP Share price preceding the date of the signing of the Agreement (the **Initial Payment**). The Company had paid an initial C$6,000 exclusivity payment which has been applied against the Initial Payment.
- On the date that is 30 days from the date of signing the Agreement, an additional cash payment of C$20,000 (the **Second Payment**).
- On the 1st anniversary of the date of signing the Agreement, an additional C$50,000 cash payment and C$50,000 of Shares based on the 5 day VWAP Share price preceding the 1st anniversary of the date of signing this Agreement;
- On the 2nd anniversary of the date of signing the Agreement an additional C$50,000 cash payment and $50,000 of Shares based on the 5 day VWAP Share price preceding the 2nd anniversary of the date of signing this Agreement.
- A 1.5% Net Smelter Returns Royalty.

The exercise of the option is subject to customary terms and conditions.

If the Agreement is terminated by the Company then, except for the Initial Payment and the Second Payment, the Company will not have any obligation to incur any additional Share issues or cash payments to the Vendors pursuant to the Agreement. The Vendors will retain all Shares issued, and cash payments made to them, and the Company will not retain any interest in the Attwood Lake Project.

DIRECTORS' REPORT

Upon completion of the total payments above, Redstone will acquire a 100% ownership interest in the Attwood Lake Project, when 100% legal and beneficial interest in the Attwood Lake Project tenements will be transferred to Redstone. The Company shall also have the right at any time to acquire back from the Vendors a 0.5% net smelter return royalty (one-third of the Net Smelter Returns Royalty) by a one-off payment of C$600,000.

RADISSON EAST AND SAKAMI LITHIUM PROJECTS - JAMES BAY, QUÉBEC, CANADA

During the year, the Company continued to assess new project opportunities, both in Australia and abroad, to complement the Company's asset portfolio and its strategy to increase exposure to the growing global battery minerals markets. As a result, in early July 2023 Redstone secured another option to acquire a 100% interest over the highly prospective Radisson East and Sakami Lithium Projects and consequently a significant position in the prolific James Bay Lithium district in Québec, Canada, a Tier 1 mining jurisdiction.

The Radisson East and Sakami projects cover over 50km of greenstone belt strike length, which is geology that is known to host spodumene-bearing pegmatites throughout the world class James Bay Lithium district. Greenstone belts are the key host geology at each high-grade lithium project nearby including Corvette, Cancet and the Mia Lithium Project (**Figure 6**).

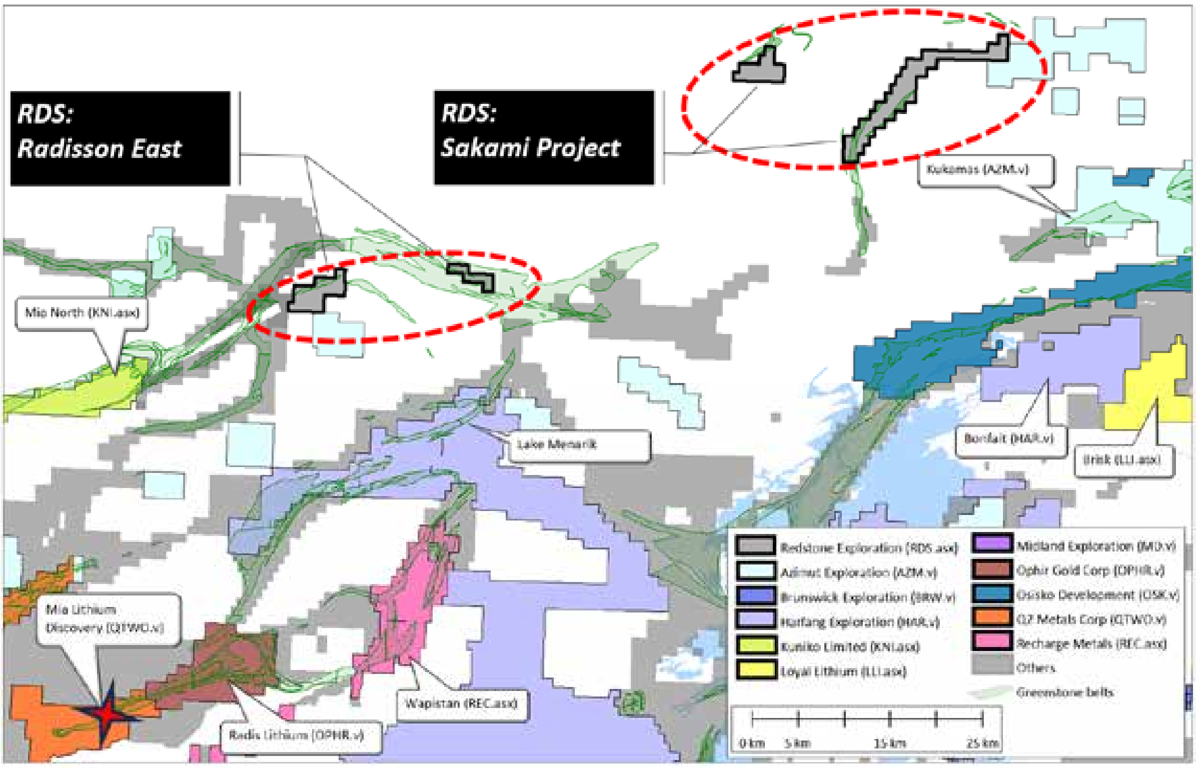


Figure 6 *– Location of Radisson East and Sakami Lithium Projects relative to other nearby major lithium explorers.*

DIRECTORS' REPORT

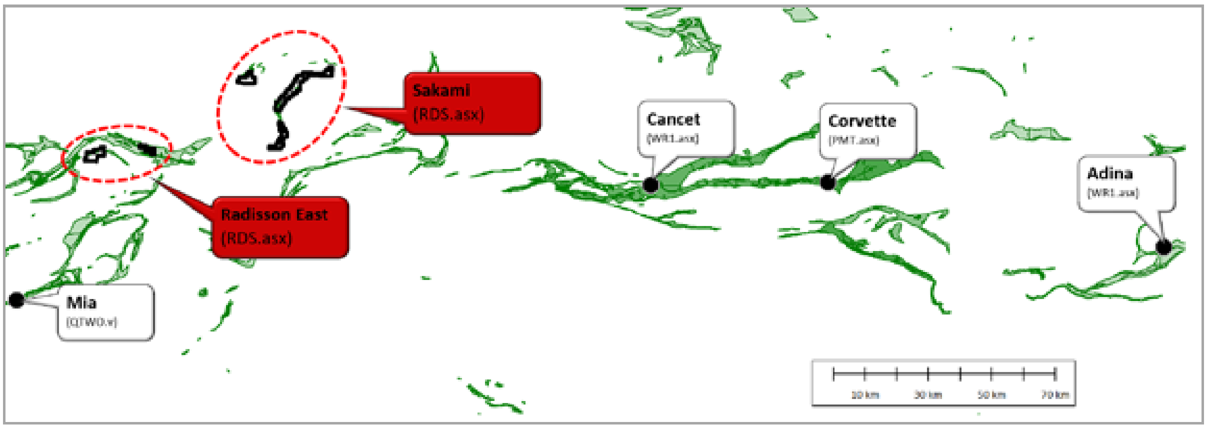


Figure 7 *– Regional location of Radisson East and Sakami Lithium Projects relative to other nearby major lithium explorers. Major greenstone belts mapped in green.*

RADISSON EAST LITHIUM PROJECT OVERVIEW

The Radisson East Lithium Project (**Radisson East**) comprises two claim packages covering 43 individual mineral claims totalling 21.9km^2 located in the James Bay Region of west-central, Québec.

Radisson East was identified due to its prospective nature for hosting hard-rock, pegmatite-hosted lithium mineralisation with appropriate indicator-mineralogy for hosting spodumene-bearing pegmatites, within favourable host-rocks. In particular, Radisson East sits along the east Duncan Range, and covers geology described as east-west trending interbedded volcanic and sedimentary strata of pre-Cambrian age. The Project is less than 300m from a major Provincial highway and is in close proximity to power providing ideal access during planned field programs.

Radisson East shares its western border with Québec focused Azimut Exploration Inc. (TSXV: AZM) and Century Duncan Mining.

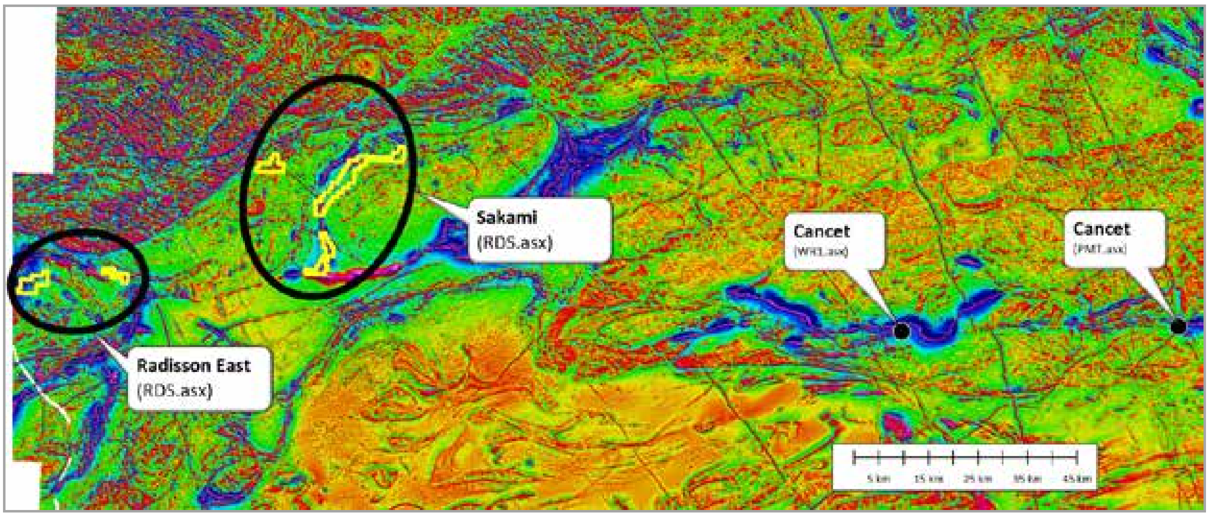


Figure 8 *– Location of Sakami and Radisson East with DV1 provincial magnetics in the background. Major discoveries have been focused along magnetic low (dark blue/purple) features.*

DIRECTORS' REPORT

Provincial 1st derivative (DV1) magnetic products made available to the public highlight the presence of a significant north to northeast trending magnetic feature (believed to be representative of greenstones) which runs through the centre of the project with a circular feature, interpreted as a possible intrusion, located near to the northeastern project border. Sakami shares its northeastern border with Québec focused Azimut Exploration Inc. (TSXV: AZM) which is also focused on lithium exploration within the prolific James Bay lithium district.

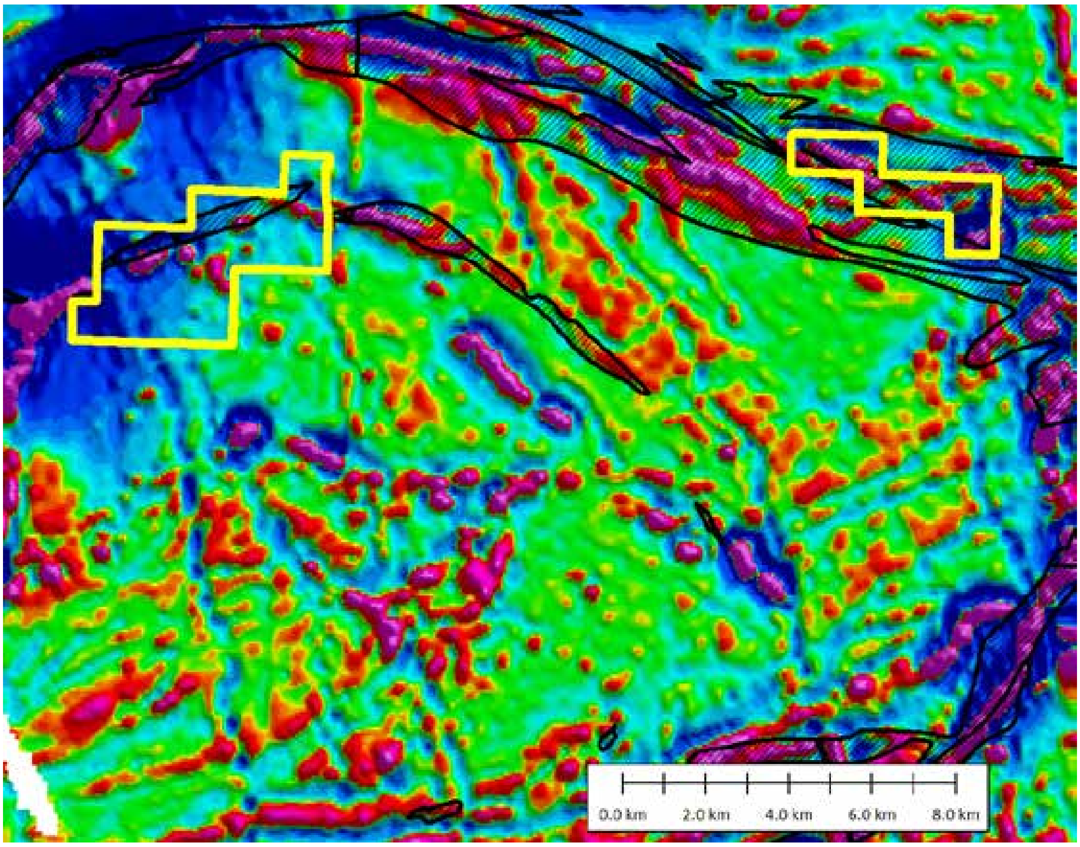


***Figure 9** – Location of Raddison East (yellow boxes) with DV1 provincial magnetics in the background. Major discoveries have been focused along magnetic low (dark blue/purple) features. Dark hashed features represent mapped greenstone belts.*

SAKAMI LITHIUM PROJECT OVERVIEW

The Sakami Lithium Project (**Sakami**) comprises three claim packages covering 134 individual mineral claims totalling 67.8km^2) located in the James Bay Region of west-central, Québec.

Sakami was identified due to the extensive prolific greenstone belts it covered which are coincident with a belt of strongly elevated Li-in-lake anomalism with the majority of samples proximal to Sakami returning >95% percentile for the entire over 500,000 provincial sediment sampling database. Publicly availably provincial data indicate the presence of coarse grained pegmatites within the project area.

DIRECTORS' REPORT

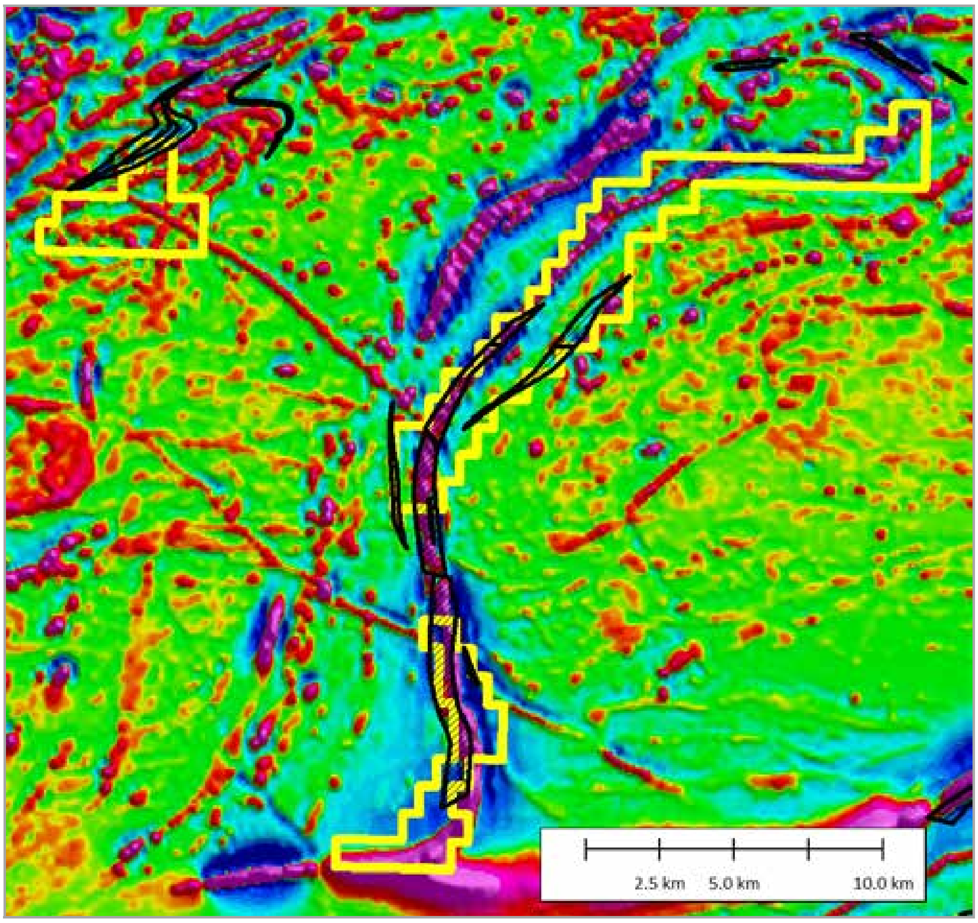


***Figure 10** – Location of Sakami (yellow boxes) with DV1 provincial magnetics in the background. Major discoveries have been focused along magnetic low (dark blue/purple) features. Dark hashed features represent mapped greenstone belts.*

JAMES BAY LITHIUM DISTRICT, QUÉBEC

Québec is a highly attractive investment destination for lithium production due to its supportive resource development sector, access to skilled labour and its proximity to the emerging European and North American electric vehicle markets. Importantly, Canada has free trade agreements with the United States and the European Union. The James Bay Lithium District is home to a number of world-class Lithium Projects (**Figure 11**), including:

- *Patriot Battery Metals Inc. (ASX:PMT, TSXV:PMET) Corvette Project (~170km east)*
- *Winsome Resources Ltd (ASX:WR1) Cancet Project (100km east)*
- *Q2 Metals Corp (TSXV: QTWO) Mia Lithium Property (~40km southwest)*

DIRECTORS' REPORT

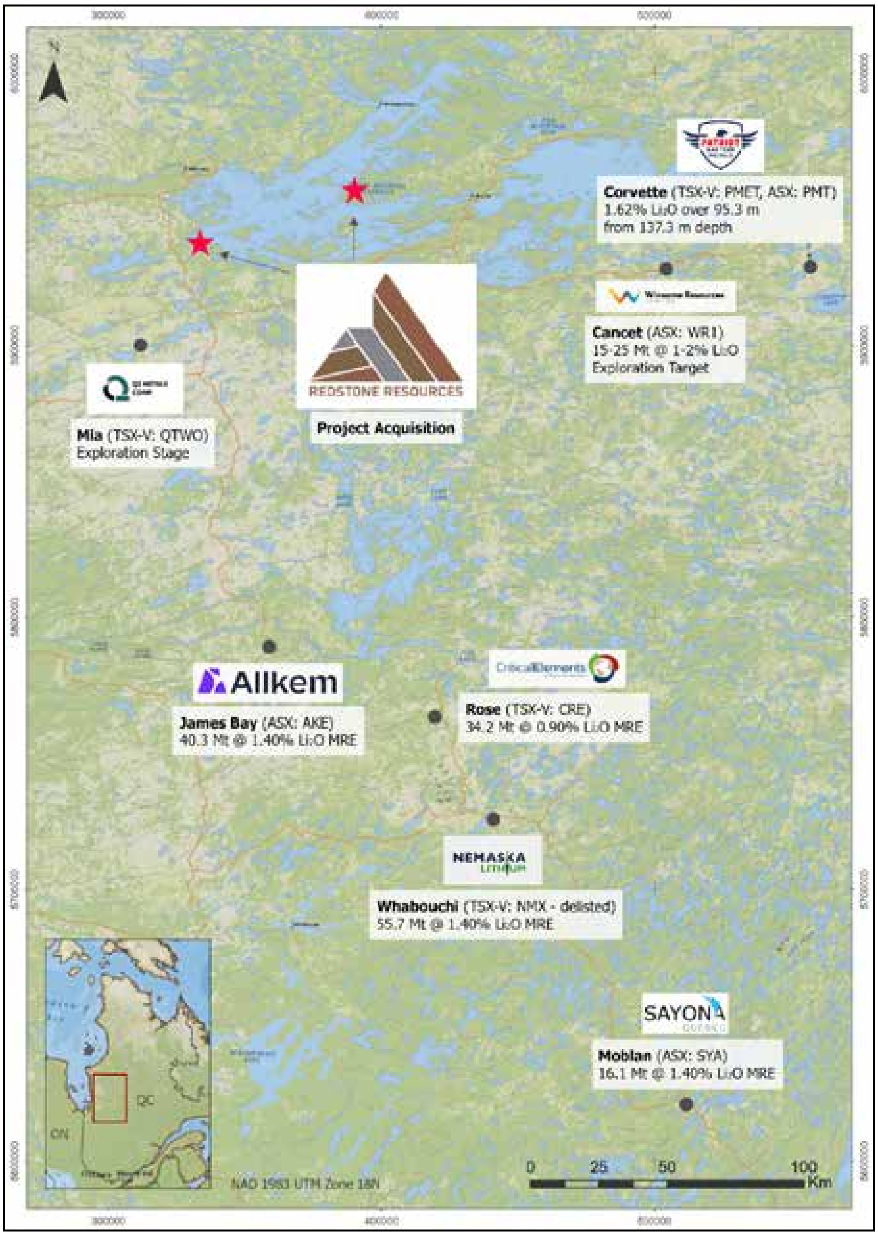


***Figure 11** – James Bay Lithium Projects[5].*

[5]James Bay Lithium Projects:

- James Bay - 40.3Mt @ 1.4% Li_2O Mineral Resource Estimate operated by Allkem Ltd (ASX: AKE) (Refer to Allkem Ltd ASX Announcement dated 21 December 2021);
- Cancet - 15-25Mt @ 1-2% Li_2O Exploration Target, operated by Winsome Resources Ltd (ASX: WR1) (Refer to Winsome Resources Ltd ASX Presentation dated 29 June 2022);
- Whabouchi - 55.7Mt @ 1.4% Li_2O Mineral Resource Estimate, operated by Nemaska Lithium Inc (TSX-V: NMX - delisted) (Refer to Nemaska Lithium NI 43-101 dated 31 May 2019);
- Rose - 34.2Mt @ 0.9% Li_2O Mineral Resource Estimate, operated by Critical Elements Lithium Corp (TSX-V: CRE) (Refer to Critical Elements' TSX-V Presentation dated 9 June 2023);
- Moblan - 16.1Mt @ 1.4% Li_2O Mineral Resource Estimate, operated by Sayona Mining Ltd (ASX: SYA): 60%/SOQUEM Inc: 40% (Refer to Sayona Mining's ASX Presentation dated 27 May 2022);
- Patriot Battery Metals' (TSX-V: PMET, ASX: PMT) Corvette Project – 1.62% Li_2O over 95.3m from 137.3m depth (Refer to Patriot Battery Metals' TSX Announcement dated 14 June 2023); and
- Q2 Metals Corp. (TSX-V: QTWO) Mia Lithium Project – Exploration Stage.

The Mineral Resource Estimates (MRE) listed above are a combination of Indicated, Measured and Inferred.

DIRECTORS' REPORT

INAUGURAL EXPLORATION PROGRAM

The Projects are known to host several pegmatite outcrops, but no lithium-focused work has been conducted to date, and thus no lithium-bearing occurrences have yet been noted. Multiple target areas have been identified based on the aforementioned targeting criteria and confirmed using aerial imagery. In addition to the indicator mineralogy, the Project is located along trend of the Cancet Project (Winsome Resources Ltd (ASX:WR1)) and Corvette (Patriot Battery Metals Inc.(TSXV:PMET)).

An inaugural field program is planned to be conducted with the aim to test and confirm several of the targets for their potential to contain lithium.

RADISSON EAST AND SAKAMI PROJECTS - KEY ACQUISITION TERMS

The Company has executed an agreement (**Agreement**) with Oliver Friesen (the **Optionor**), for an option to acquire a 100% undivided legal and beneficial interest in 177 unpatented mining claims which are filed with the Ministère des Ressources Naturelles et des Forêts (the **MENR**); situated within the Province of Québec (the **Project**).

The material terms of the Agreement include:

- Upon signing the Agreement, 25,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) to be issued to the Optionor and other named persons (the **Holders**) (being the **Initial Payment**). The Optionor will also enter into, and must procure each of the other Holders to enter into, an escrow agreement in respect of at least 50% of the Shares comprising the Initial Payment for a period of six (6) months from the date of issue of the Escrowed Shares.
- On the date that is 45 days from the date of signing the Agreement, a cash payment of A$75,000 (the **Second Payment**).
- On the 1st anniversary of the date of signing the Agreement, A$250,000 worth of Shares based on the 5 day VWAP Share price preceding the 1st anniversary of the date of signing this Agreement;
- On the 2nd anniversary of the date of signing the Agreement an additional A$250,000 worth of Shares based on the 5 day VWAP Share price preceding the 2nd anniversary of the date of signing this Agreement.

The exercise of the option is subject to customary terms and conditions.

If the Agreement is terminated by the Company then, except for the Initial Payment and the Second Payment, the Company will not have any obligation to incur any additional Share issues to the Optionor and Holders pursuant to the Agreement. Upon completion of the total payments above, Redstone will acquire a 100% ownership interest in the Project, when 100% legal and beneficial interest in the Project tenements will be transferred to Redstone.

WEST MUSGRAVE PROJECT (E69/2450, E69/3456) – 100% REDSTONE

During the year Redstone focused on completing its 2022/2023 exploration program (the **Program**) for the advancement of the Entity's West Musgrave Project (**West Musgrave Project** or the **Project**), which includes the Tollu Cu Vein deposit (**Tollu**).

WEST MUSGRAVE PROJECT OVERVIEW

Redstone's 100% owned West Musgrave Project 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 BHP's world-class Nebo-Babel Ni-Cu-Co-PGE deposit, which is estimated to have a resource of 390 million tonnes grading 0.33% copper and 0.30% nickel, for 1.2 million tonnes of contained nickel metal and 1.3 million tonnes of contained copper metal (Mea + Ind + Inf – 2012 JORC) (see **Figure 12**).

***Figure 12** – Location of the West Musgrave Project in relation to the Nebo-Babel Ni-Cu-PGE deposit.*

Tollu hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km^2. Copper mineralisation is exposed at the surface and forms part of a dilation system within and between two major shears. Previous drilling and research have confirmed an extension of the high grade Cu mineralisation to the east of the main dilation zone, which also extends to and is open at depth. This work has also confirmed not only the potential of Tollu to host a significant Cu orebody within itself and its extensions but also the extent of the hydrothermal mineralising systems that may be operating elsewhere on the West Musgrave Project area.

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 releases 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).

Furthermore, assay results returned from the second phase RC drilling campaign completed in September 2022 have for the first time confirmed the presence of a potential Ni-Cu-Co-PGE host or source rocks on the West Musgrave Project. This significantly upgrades the West Musgrave Project for Ni-Cu-Co-PGE prospectivity, especially considering the western boundary of the project area is only 40km east of the now BHP owned world class Nebo Babel Ni-Cu-Co-PGE deposit (see **Figure 12**).

2022 SECOND PHASE RC DRILLING AND RESULTS

The second phase program which follows on from the first phase completed in late 2021, comprised 14 RC drill holes for approximately 4,294m of drilling (including deep drilling at 300m+ depths). Significant delays in commencing the Program were experienced due to the increased demand for drill rigs and state-wide staffing shortages arising from COVID-19 related issues. In particular, the demand for large RC drill rigs capable of drilling to the target depths needed in some of the planned drill holes (to 450m downhole depth) meant that such a rig could not be secured for the Company's particular scope and Project location until late June 2022.

The deeper drilling campaign concentrated on the EM5 Target and two other EM5 'look-a-like' magnetic anomalies, the Hiding Maggie Target Area, and the Forio, Chatsworth and Eastern Reef prospects at Tollu. The drilling targeted copper mineralisation but also tested for rock types that may have the potential to host nickel-cobalt-copper mineralisation.

The significant results from the second phase program completed in September 2022 are detailed below.

TOLLU COPPER VEIN DEPOSIT – CHATSWORTH PROSPECT

The Chatsworth Prospect (**Chatsworth**) is part of the Tollu Cu deposit within the West Musgrave Project.

Geochemical assays returned for RC drilling at Chatsworth confirmed that RC drill hole TLC205 has extended the thick (downhole) lens of Cu mineralisation proven in the previous drilling program at Chatsworth, towards the surface (see **Figure 13**).

RC drill hole TLC205 was positioned to test for extension of the Cu mineralisation previously intersected in RC drill holes TLC188, TLC34, TLC33 and TLC189 to shallow depths near the surface. The previous drilling in 2021 (RC drill holes TLC188 and TLC189) proved that a high-grade Cu lens intersected in early historical drilling at Tollu (in RC drill holes TLC33 and TLC34) extended shallower and deeper whilst still holding significant volume and grade (refer to ASX announcement of 21 November 2022).

RC drill hole TLC205 intersected **11m at 1.2% Cu from only 29m** downhole, successfully extending the previously intersected high-grade Cu lens a further 20m towards the surface. As is shown in **Figure 13**, together with the previous drilling, TLC205 has shown that the targeted high grade Cu lens at Chatsworth is up to 26m thick (downhole), has a Cu grade always over 1% Cu and extends over 140m vertical from TLC205 to its deepest intersection to date in TLC188 at 174m-184m downhole.

No drilling has tested beneath the intersection in TLC188 and so this significant, up to 26m thick (downhole) vertically long high-grade Cu lens, remains open at depth. It is likely that the thick high grade Cu lens intersected in TLC205 extends further to just below the surface as there is very little transported cover at Tollu.

DIRECTORS' REPORT

As shown in **Figure 13** the targeted Cu lens has now been intersected in five drill holes as follows:

- **TLC205 – 11m at 1.2% Cu from 29m downhole;**
- **TLC189 - 26m at 1.46% Cu from 61m downhole including;**
    - **1m at 5.1% Cu from 84m downhole;**
- **TLC033 - 5m at 2.21% Cu from 100m downhole;**
- **TLC034 - 15m at 1.39% Cu from 136m downhole including:**
    - **3m at 3.67% Cu from 122m downhole; and**
- **TLC188 - 10m at 2.51% Cu from 174m downhole including:**
    - **3m at 4.71% Cu from 175m downhole;**

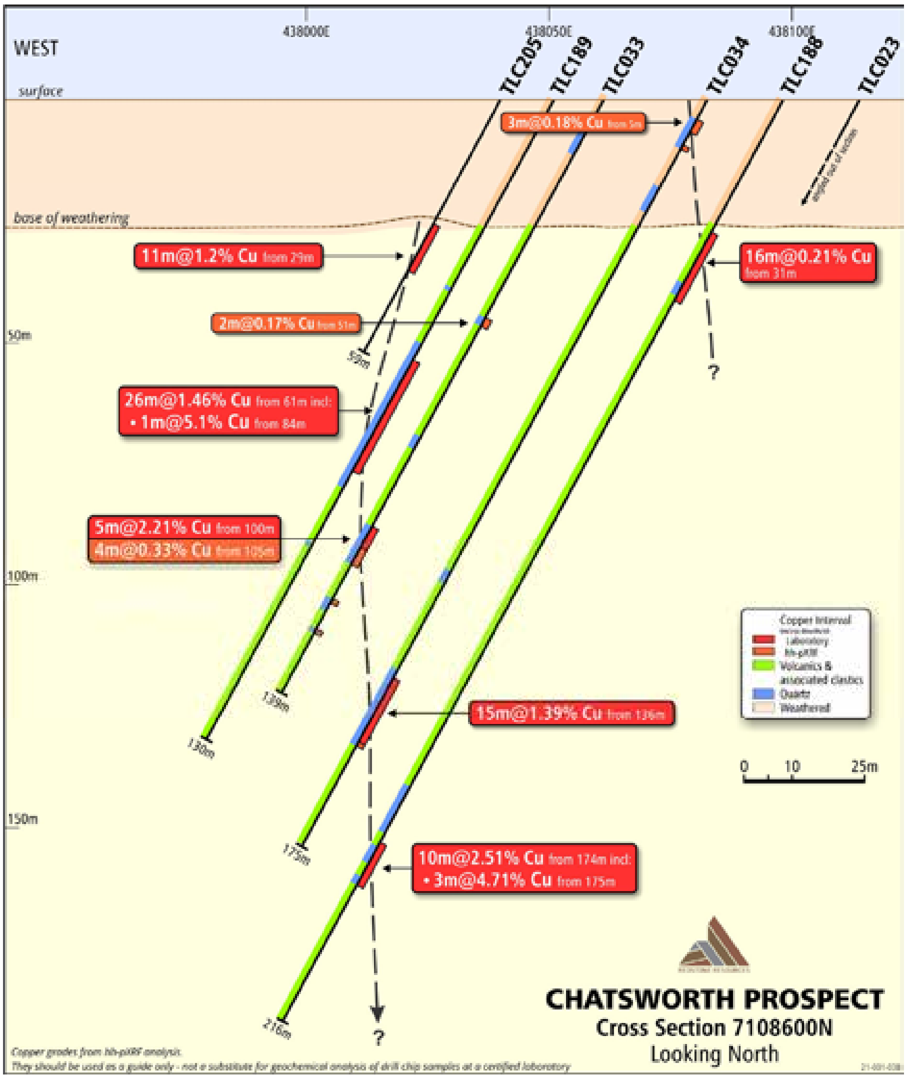


***Figure 13 –** E-W Cross-section across targeted high grade Cu lens at Chatsworth Prospect, Tollu Cu Deposit. Recent intersection in RC drill hole TLC205 is shown along with intersections from 2021 drilling in TLC188 and TLC189 as well as intersections in historical drilling, RC drill holes TLC033 and TLC034.*

DIRECTORS' REPORT

The significant drilling intersections of high-grade Cu mineralisation at Chatsworth (dating back to 2017) are yet to be included in the existing JORC 2012 resource estimate and suggests that there may be opportunities in the Tollu resource yet to be realised.

TOLLU COPPER VEIN DEPOSIT – FORIO PROSPECT

Assay results have confirmed that Q1 2023 drilling campaign has extended the high grade Cu lens zone at the Forio Prospect within the Tollu Cu deposit. Significantly, in one of the drill holes, TLC203, the highest Cu grade ever to be encountered at the Project was intersected with **1m at 18.5% Cu from only 18m** downhole.

Three of the RC drill holes completed at Tollu were aimed at testing the continuity along strike of a zone of high grade copper lenses at Forio identified in previous drilling. This high grade Cu zone was first targeted because of visible malachite (Cu carbonate in oxide zone) in an isolated quartz vein outcrop at the surface.

Drill hole TLC201 was positioned to intersect any potential continuity some 15m to the south of the previous intersect in TLC173. Drill hole TLC202 was positioned approximately a further 22m to the south of TLC201. Drill hole TLC203 was positioned approximately 18m to the north of the previous intersect in TLC181.

The high grade Cu lenses intersected in the high grade Cu zone at Forio were intersected in both TLC201 and TLC203 and low grade Cu mineralisation was intersected in TLC202. The high grade Cu intersections (see **Figure 14**) include:

- **8m at 4.1% Cu from 13m downhole depth (TLC203), including:**
    - **1m at 18.5% Cu from 18m downhole.**
- **4m at 1.2% Cu from 45m downhole (TLC203)**
- **6m at 1.47% Cu from 80m downhole (TLC201).**

The high grade Cu intersections in RC drill holes TLC201 and TLC203 extend the zone of high grade Cu lenses at Forio along strike north and south for at least 60m continuous (see the long section in **Figure 14**). The lenses probably interconnect and individual lenses thicken to at least 34m thick downhole yet still maintain high average grades of over 1% Cu (TLC181, ASX announcement 10 November 2021). The drilling has proven the potential for extreme high grades of Cu within the mineralised lenses, such as the **1m at 18.5% Cu from 18m** downhole in TLC203 and **1m at 11.9% Cu from 31m** downhole in TLC153 (ASX announcement 31 October 2017). On-ground observations and the Redstone drilling shows the zone extends to the surface to at least 86m deep downhole (see **Figure 14**).

Most of the drilling intersections of Cu mineralisation at Forio (dating back to 2017), including the at least 60m long, 86m deep (downhole) and up to 34m thick high grade Cu lens zone described here, have yet to be included in the existing JORC 2012 resource estimation of the Tollu Cu Deposit, which includes Forio, highlighting the continued potential to add to the Company's Tollu copper resource **of 3.8 million tonnes at 1% Cu, containing 38,000 tonnes of copper** (ASX announcement of 15 June 2016).

DIRECTORS' REPORT

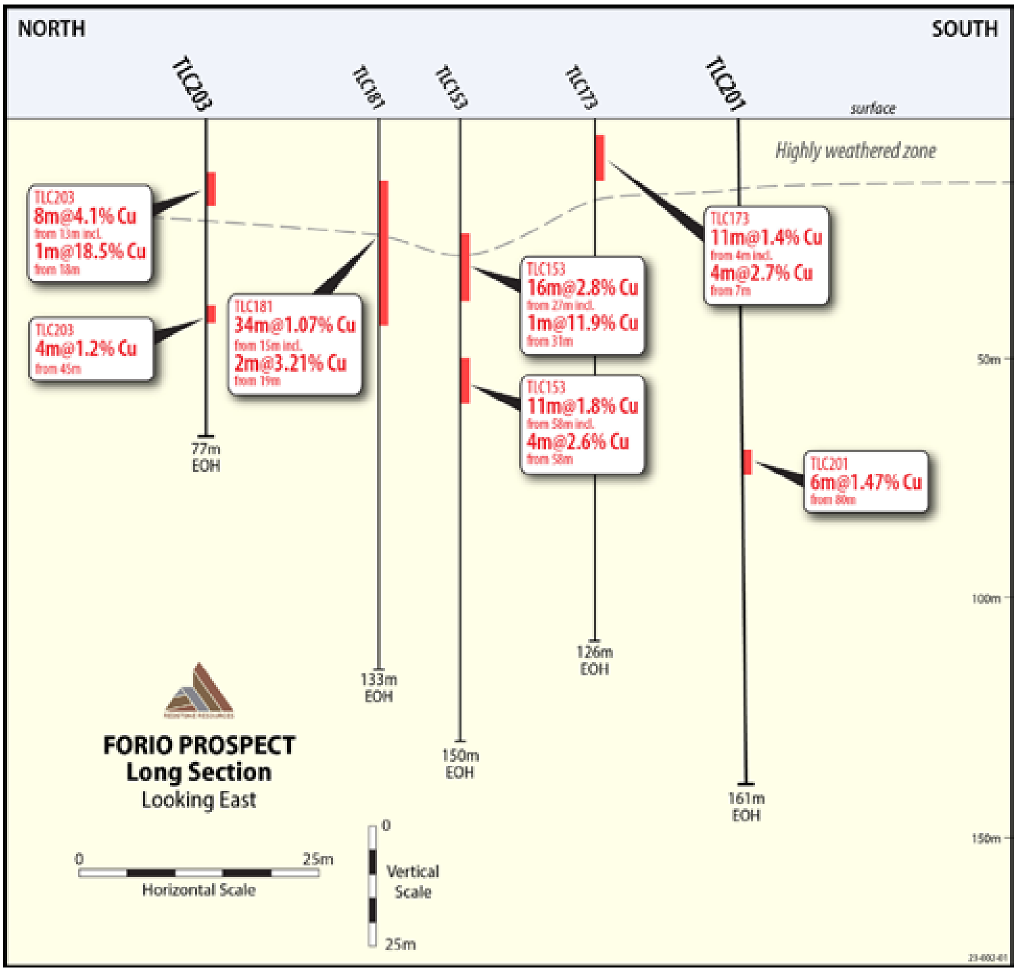


Figure 14 *– Long-section of RC drill holes TLC201 and TLC203 recently drilled to test for extension of the high grade Cu mineralisation intersected in TLC181, TLC153 and TLC173 in previous drilling. Cross-section is drawn along strike N-S of the Forio vein system and looking towards the east.*

NICKEL SOURCE ROCK POTENTIAL

The returned geochemical assays from the Q1 2022 RC campaign have also confirmed for the first time the presence of mafic-ultramafic intrusions on the Project, which are potential host and/or source rocks for Ni-Cu-PGE ± Co mineralisation.

Analysis of geochemistry showed that RC drill holes TLC183 and TLC196 have intersected a Hi-Mg mafic-ultramafic intrusion with elevated Ni and Cr at the West Cigar Magnetic Target, some 7.5km NE of the Tollu Cu Deposit (see **Figure 15**). The intrusion was intersected from just beneath the surface cover at approximately 5m downhole (in both TLC183 and TLC196) to approximately 83m downhole (in TLC196) (see **Figure 16**). It is probable that the intrusion is, or at least was originally, thicker than the 83m (downhole) thickness indicated by the intersections in the two drill holes.

DIRECTORS' REPORT

The mafic-ultramafic intrusion consists of a Hi-Mg Gabbro at the top of the intersection and transitions into a more Gabbro-Norite composition at its base where Magnesium Oxide (MgO) concentration ranges between approximately 12-18% MgO, Cr concentration ranges between approximately 0.09-0.16% and Ni concentration ranges between 0.06-0.136% from around 55m downhole (in TLC183).

Further research and analysis will be undertaken to confirm the Gabbro-Norite classification and whether any of the Ni is in a sulphide phase.

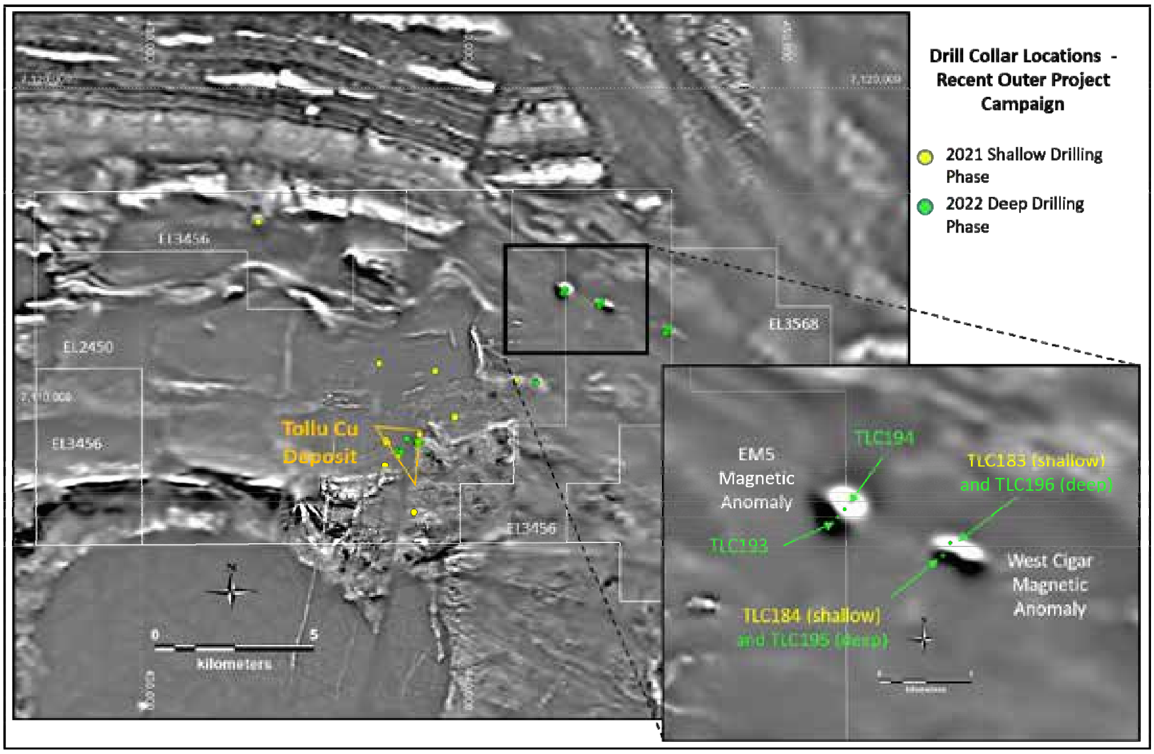


Figure 15 *- Location of TLC183 and TLC196 relative to the West Cigar Magnetic Target and the Tollu Cu Deposit.*

DIRECTORS' REPORT

Redstone have been targeting mafic-ultramafic intrusions with Norite affinity outside the area of their Tollu Cu vein deposit, being the specific purpose of much of the 2021-22 RC drilling campaigns. The reason for targeting such rock type is that they are some of the main host rocks affiliated with Ni-Cu-PGE +- Co mineralisation around the world, including the Nova-Bollinger Deposit in the Fraser Range some 900km to the southwest, the giant Jinchuan Ni-Cu-(PGE) deposit in China, the large Kabanga Deposit in Tanzania, the Voiseys Bay Deposit in Canada and those of the Bushveld Complex in South Africa and the Greenland Norite Belt (GNB). Importantly, BHP's world class Ni-Cu-Co-PGE Nebo Babel deposit is also associated with Gabbro-Norite intrusions, which is located in the same geological province only 40km from the western boundary of Redstone's West Musgrave Project (See **Figure 12**).

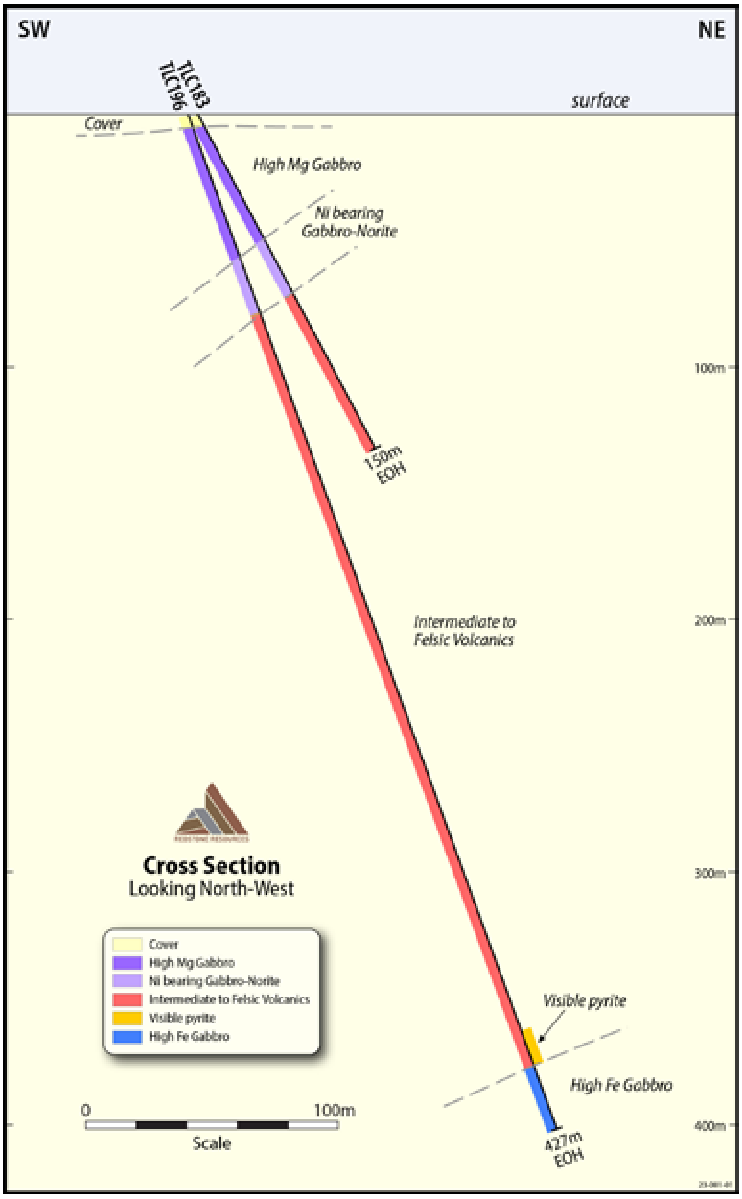


***Figure 16** - Geological cross-section looking NW through RC drill holes TLC183 and TLC196 showing the intersection of the high Mg-Ni-Cr layered mafic-ultramafic intrusion. See text for further details.*

DIRECTORS' REPORT

The Musgrave Region in Western Australia is interpreted as an ancient intracontinental rift, the ideal setting for mantle related mafic-ultramafic igneous intrusions that may host Ni-Cu-PGE ± Co mineralisation. Due to its remoteness, the region has been relatively underexplored to date despite the discovery of the world class Nebo Babel Deposit. Redstone's West Musgrave Project is also underexplored, with very limited exploration beyond the high grade Tollu Cu deposit within the approximately 210 square km Project area. It is therefore significant that Redstone have successfully proven the presence of the mafic-ultramafic target rocks on their project early in their exploration efforts beyond Tollu. Not only is this confirmation of the prospectivity for Ni-Cu-PGE ± Co mineralisation on the Project but also a potential explanation for a source of the high grade Cu at Tollu.

WEST MUSGRAVE PROJECT EXTENSION OF TERM APPLICATIONS – E69/3456 AND E69/2450

The Company's West Musgrave Project tenements, E69/3456 and E69/2450 were due to expire on 13 August 2022 and 18 September 2022 respectively, however the Company applied for and was granted Extension of Term applications for both E69/3456, for a further five (5) year term to 13 August 2027, and E69/2450, for a further two (2) year term to 18 September 2024.

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

In the 2021 financial year Redstone entered into an agreement to farm-in to an 80% interest in the HanTails Gold Project (**HanTails** or the **Project**) (Prospecting licence 26/4308 and P26/4465) (the **Agreement**).

HanTails is a 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 (**Figure 17**). The HanTails Project contains many years of gold tailings deposition material from its original operations during 1986 to 2006, primarily undertaken by then owners Croesus Mining Limited.

During the year Redstone completed Stage 2 of the HanTails Farmin and Joint Venture to acquire a further 29% interest in the HanTails Gold Project (P26/4308 and P26/4465) for a total 80% interest.

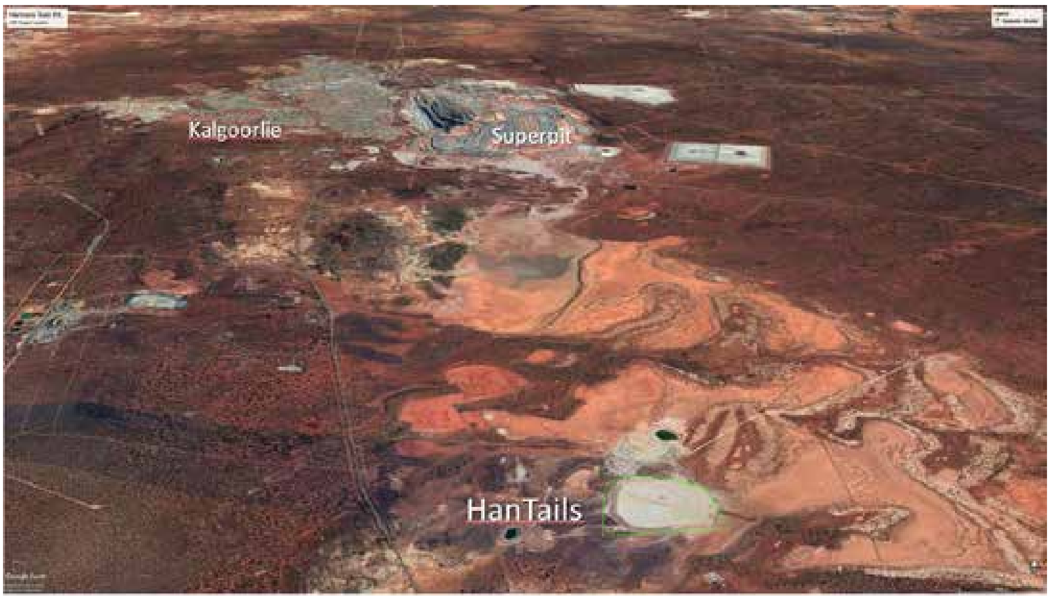


Figure 17 *- Location of the HanTails Project TSF 15kms south of Kalgoorlie, Western Australia and 10kms south of the Super Pit.*

DIRECTORS' REPORT

A small scale RC-drilling program comprising two RC drill holes for 426m was completed in 2023 to test for a potential gold bearing structure beneath the tailings dam. The first drill hole targeted a contact between the eastern edge of a NW-SE trending magnetic rock unit and a mapped NE-SW oriented potential cross-structure. The second drill hole targeted the projected possible extension of the Cray Zone cross-structure to the east, which is itself a southern extension of the NW-SE trending structure that hosted the already mined Hannan South Gold Deposit.

The drilling intersected greenstone metasediments with a number of significant sulphide intervals associated with quartz veining. However, out of the 156 drill chip samples selected for geochemical analysis (inclusive of 85 x 4m composites), the returned assays showed that no significant gold (Au) mineralisation or concentrations of Au pathfinder elements were intersected in either of the two drill holes.

An extension of term application for prospecting licence P26/4308 for a further four (4) year term to 2 April 2027 was granted during the year.

CORPORATE

Capital Raising

In May 2023 Redstone undertook a well-supported capital raising to raise $1.03M (before costs) by placement to professional and sophisticated investors of 103,000,000 million fully paid ordinary shares (**Shares**) in the Company at $0.010 per share with a 1:3 free attaching unlisted $0.025 option exercisable on or before 31 December 2025 (the **Placement**).

The Directors of the Company have also committed to participate for up to a further $250,000 in the Placement for a total raising of $1.28M (before costs). The Directors participation in the Placement will be subject to, inter alia, shareholder approval under ASX Listing Rule 10.11.

A further 1,500,000 Shares were issued to GBA Capital Pty Ltd, the Lead Manager to the Placement at a deemed issue price of $0.010 per Share pursuant to the terms of a mandate.

On 5 May 2023 the Company issued 5,046,064 Shares to the vendors of the Attwood Lake Project at a deemed issue price of $0.0109 per Share. The Shares were issued as consideration for the Initial Payment pursuant to the terms of the Attwood Lake Option Agreement.

Issue of Unlisted Options to Directors, Employee and Consultant

On 23 December 2022 the Company issued 17,000,000 unlisted options exercisable at $0.0164 on or before 23 November 2027 to the Directors, employee and consultant of the Company pursuant to shareholder approval.

Dividends

No dividends were paid during the year and the directors recommend that no dividends be paid or declared for the financial year ended 30 June 2023.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Entity to the date of this report.

DIRECTORS' REPORT

Significant Events after Reporting Date

Option Agreement – Radisson East and Sakami Projects, James Bay, Québec, Canada

On 7 July 2023, Redstone announced that it had entered into an exclusive option agreement to acquire 100% of the Radisson East and Sakami Lithium Projects (collectively the "**Projects**") comprising 177 unpatented mining claims. The Projects are located in the world-class and prolific James Bay Lithium District, host to several advanced lithium projects and new lithium discoveries in Québec, Canada.

Subsequently on 10 July 2023, upon signing of the Option Agreement the Company issued 25,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) to the vendor of the Projects, in consideration of the Initial Payment pursuant to the Agreement.

An escrow agreement has also been entered into with the holders of the Shares in respect of at least 50% of the Shares comprising the Initial Payment for a period of six (6) months from the date of issue of the Escrowed Shares, being 10 July 2023.

The Second Payment of $75,000 cash was also paid to the vendors in August 2023.

Further details of the Projects and the Key Terms of Acquisition are outlined on pages 10-16 of the Review of Operations.

Extension of Term Applications

HanTails Project - Extension of Term Application P26/4465
Prospecting licence P26/4465 was due to expire on 4 August 2023. An extension of term application for a further four (4) year term to 4 August 2027 has been lodged with the Department of Mining, Industry, Regulation and Safety. The status of the extension of term application remains pending at the date of this report.

Compulsory Surrender

West Musgrave Project – E69/3456
In August 2023, a Compulsory Reduction of 9 blocks was required for the West Musgrave tenement E69/3456 due to being in its 6th anniversary since grant. A total of 19 blocks for E69/3456 has been retained.

Other than as stated above there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial periods.

Likely Developments

Likely developments in the operations of the Entity and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Entity.

DIRECTORS' REPORT

Environmental Issues

The Entity's operations are subject to significant environmental regulation under the law of the Commonwealth and State. The Directors of the Company monitor compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this Report.

Share Options

As at the date of this report, 64,000,000 (2022:47,000,000) options over unissued ordinary shares in the Company have been granted.

During the period to the date of this report 17,000,000 unlisted options were issued and no options expired or were exercised.

	Number	Exercise Price	Listed/Unlisted	Expiry Date
	15,000,000	$0.0204	Unlisted	20 November 2025
	32,000,000	$0.0188	Unlisted	23 January 2027
	17,000,000	$0.0164	Unlisted	23 November 2027
TOTAL 64,000,000				

The options do not entitle the holder to participate in any new share issue of the Company.

Directors' Interests

The relevant interests of directors held, directly, indirectly or beneficially, by each specified director including their personally-related entities, in the share capital and unissued shares of the Company as at the date of this report is as follows:

Director	Fully Paid Ordinary Shares		Listed Share Options		Unlisted Share Options	
	Directly	**Indirectly**	**Directly**	**Indirectly**	**Directly**	**Indirectly**
Richard Homsany	200,000	63,614,778	-	-	-	20,000,000
Edward van Heemst	-	90,083,334	-	-	-	11,500,000
Brett Hodgins	-	7,341,810	-	-	-	11,500,000

DIRECTORS' REPORT

Meetings of Directors

During the financial year, the following meetings of directors were held:

	Directors' meetings	
	Number eligible to attend	**Number attended**
Mr Richard Homsany	2	2
Mr Edward van Heemst	2	2
Mr Brett Hodgins	2	2

There are no board committees.

Remuneration Report (audited)

This report details the nature and amount of remuneration for each director and key management personnel, including their personally-related entities, of the Company.

- ***Remuneration Policy***

The Board of directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Board acts as the Remuneration Committee and assesses the nature and amount of compensation of key management personnel.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and will review their remuneration annually, based on market practice, duties and accountability and to ensure their remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. Independent external advice is sought where required.

The maximum amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are currently fixed at up to $250,000 and are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

All remuneration paid to directors and executives is valued at cost to the Entity and expensed. Options granted to directors are valued using the Black-Scholes option pricing model. Directors are also eligible to participate in the Company's Employee Share Option Plan (**ESOP**) and/or the Securities Incentive Plan (2022) (**2022 Plan**) (collectively **the Plans**). Any such options to be offered to Directors under the terms of the Plans require shareholders' approval. Please refer to note 12(e) for summary terms of the Plans.

Options have been and will be issued to directors of the Company. The purpose of issuing options to directors as part of a remuneration package is to be able to attract, retain and motivate people of the highest calibre to oversee management of the Company's operations by providing them with an opportunity to participate in the company's future growth and give them an incentive to contribute to that growth. The issue of options as a part of remuneration packages is a well-established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the directors.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

- ***Performance based remuneration***

The Board seeks to align the interests of shareholders and executive directors through a performance related incentive package where applicable. No performance based amounts have been paid or determined to be paid to executives at this stage of the Company's development.

- ***Company Performance, Shareholder Wealth and Director/Executive Remuneration***

The Company's policy is to promote company performance and shareholder wealth by issuing options to directors with the purpose of:

- aligning the interests of directors with shareholders;
- rewarding capability and experience;
- providing competitive reward for contribution to shareholder wealth;
- providing a clear structure for earning rewards; and
- providing recognition for contribution.

- ***Details of Remuneration***

Year ended 30 June 2023

Directors	Cash Salary and fees ($)	Other – Motor Vehicle ($)	Superannuation ($)	Share Options ($)	Total ($)	Performance Related ($)
Richard Homsany Non-Executive Chairman	60,000	-	6,300	26,200	92,500	-
Edward van Heemst Non-Executive Director	18,000	-	-	15,720	33,720	-
Brett Hodgins Non-Executive Director	12,000	-	-	15,720	27,720	-

Year ended 30 June 2022

Directors	Cash Salary and fees ($)	Other – Motor Vehicle ($)	Superannuation ($)	Share Options ($)	Total ($)	Performance Related ($)
Richard Homsany Non-Executive Chairman	60,000	-	6,000	82,255	148,255	-
Edward van Heemst Non-Executive Director	18,000	-	-	49,353	67,353	-
Brett Hodgins Non-Executive Director	12,000	-	-	49,353	61,353	-

There are no performance conditions attached to remuneration paid during the current or previous financial year.

- ***Options Granted as Remuneration***

During the financial year 11,000,000 options over ordinary shares in the Company were granted to directors and/or specified executives. 22,000,000 options over ordinary shares were issued in the prior reporting period.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

Share-based payments were valued using Black Scholes methodology. The value of the 11,000,000 options issued to directors for the year ending 30 June 2023 is $57,615 (30 June 2022: $180,961). The total value of options to directors on issue as at 30 June 2023 is as follows:

$	
57,640	11,000,000 Director Options granted on 23 December 2022. Exercise price $0.0164 exercisable from 23 December 2022 and expiring 23 November 2027.
180,961	22,000,000 Director Options granted on 28 January 2022. Exercise price $0.0188 exercisable from 28 January 2022 and expiring 23 January 2027.
95,996	10,000,000 Director Options granted on 27 November 2020. Exercise price $0.0204 exercisable from 27 November 2020 and expiring 20 November 2025.
334,597	Total Options 43,000,000

The option valuation adopted above is calculated using the following assumptions:

Options Granted	***FY2023***	***FY2022***	***FY2021***
Underlying security spot price	$0.008	$0.012	$0.014
Dividend rate	Nil	Nil	Nil
Volatility Factor	100%	100%	100%
Risk free interest rate (%)	3.511%	1.688%	0.31%
The weighted average exercise price	$0.0164	$0.0188	$0.0204
weighted average expiry period	4.92 years	4.99 years	4.98 years
The weighted average value per option	$0.0052	$0.0082	$0.0096

Non-Executive Directors

Mr Homsany was paid an annual director's fee of $66,300 (inclusive of applicable superannuation) for director services for the financial year to 30 June 2023.

Mr van Heemst and his related entity, Troyward Pty Ltd, is entitled to an annual director fee of $18,000 (inclusive of applicable superannuation) for the financial year ended 30 June 2023.

Mr Hodgins and his related entity, Jaybre Consulting Pty Ltd is entitled to $12,000 (inclusive of applicable superannuation) for director services for the financial year to 30 June 2023.

Non-Executive directors may charge consulting fees at commercial rates. Consulting fees paid to directors are separate from any responsibility they may have to the Company or the role they perform as a result of their appointment as a Director of the Company.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

Transactions with Key Management Personnel

During the financial year the Entity occupied the office premises of a director-related entity of Mr Homsany on a monthly tenancy for an agreed gross commercial rent inclusive of car bay of $2,300 per month. The monthly tenancy may be terminated by either party giving at least one month's written notice to the other party.

Option Holdings

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities, is as follows:

	Held 1 July 2022	Granted as remuneration – Unlisted Options	Exercised	Sold	Expired	Held as at 30 June 2023
Director						
Richard Homsany Non-Executive Chairman	15,000,000	5,000,000	-	-	-	20,000,000
Edward van Heemst Non-Executive Director	8,500,000	3,000,000	-	-	-	11,500,000
Brett Hodgins Non-Executive Director	8,500,000	3,000,000	-	-	-	11,500,000

All options are exercisable from the date of issue.

Equity Holdings and Transactions

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

	Held at 1 July 2022	Received on Exercise of Options	Placement	Acquired/ (Disposed) on Market	Other changes	Held as at 30 June 2023
Directors						
Richard Homsany Non-Executive Chairman	63,814,778	-	-	-	-	63,814,778
Edward van Heemst Non-Executive Director	80,583,334	-	-	9.500,000	-	90,083,334
Brett Hodgins Non-Executive Director	7,341,810	-	-	-	-	7,341,810

Exercise of options granted as remuneration

During the period there were no shares issued on the exercise of any options granted as remuneration.

****** End of Remuneration Report ******

DIRECTORS' REPORT

Indemnification and insurance of Officers

The Company currently has Directors and Officers insurance. The Company has entered into deeds with each director indemnifying each director against liabilities arising out of their conduct while acting in the capacity of a director of the Company to the full extent permitted by law.

The insurance premium relates to liabilities that may arise from an Officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The Officers covered by the insurance policies are the Directors and the Company Secretary.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Auditor

Dry Kirkness (Audit) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

There were no non-audit services provided by the Entity's auditor during the financial year.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Legal Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors.

R Homsany
Chairman
Perth, Western Australia

Dated this 29th day of September 2023

DRY KIRKNESS

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Redstone Resources Limited for the year ended 30 June 2023, 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 audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

The declaration is in respect of Redstone Resources Limited and the entities it controlled during the year.

DRY KIRKNESS (AUDIT) PTY LTD

ROBERT HALL
Director

Perth
Date: 29 September 2023

CORPORATE GOVERNANCE STATEMENT

Redstone Resources Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council in February 2019.

The 2023 Corporate Governance Statement is dated as at 30 June 2023 and reflects the corporate governance practices in place throughout the 2023 financial year.

In accordance with ASX Listing Rule 4.10.3 the Company has elected to disclose its Corporate Governance Policies and its compliance with them during the 2023 financial year on the Company's website rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance Statement is set out on the Company's website at www.redstone.com.au.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 2023 $	2022 $
Revenue			
Other revenue	3(b)	21,619	-
Expenses			
Administration expenses		108,433	64,633
Employee and directors' benefits expenses	3(d)	206,207	206,038
Share based payments	3(d)/26	89,042	263,215
Depreciation expense	3(e)	1,277	2,931
Asset write-down	3(e)	-	2,229
Finance costs	3(f)	-	274
Other expenses from ordinary activities		73,736	78,326
Loss before interest and taxes		**(457,076)**	**(617,646)**
Interest revenue	3(a)	135	57
Loss before income tax		**(456,941)**	**(617,589)**
Income tax expense	4	-	-
Loss after tax for the year		**(456,941)**	**(617,589)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(456,941)**	**(617,589)**
Basic and Diluted Loss per share (cents per share)	14	(0.06)	(0.09)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Current assets			
Cash and cash equivalents	5	1,019,566	2,073,795
Trade and other receivables	6	203,429	13,996
Other assets	9	30,452	4,328
Total current assets		**1,253,447**	**2,092,119**
Non-current assets			
Deferred exploration expenditure	7	9,156,143	7,708,446
Plant and equipment	8	1,270	2,547
Total non-current assets		**9,157,413**	**7,710,993**
Total assets		**10,410,860**	**9,803,112**
Current liabilities			
Trade and other payables	10	453,663	496,189
Provisions	11	23,182	21,881
Total current liabilities		**476,845**	**518,070**
Total liabilities		**476,845**	**518,070**
Net assets		**9,934,015**	**9,285,042**
Equity			
Issued capital	12(a)	29,303,583	28,286,711
Reserves	13	496,250	407,208
Accumulated losses		(19,865,818)	(19,408,877)
Total equity		**9,934,015**	**9,285,042**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Contributed Equity	Accumulated Losses	Share Option Reserve	Total Equity
	$	$	$	$
At 30 June 2021	**28,074,602**	**(18,791,288)**	**143,993**	**9,427,307**
Total comprehensive income attributable to members	-	(617,589)	-	(617,589)
Share capital issued	214,000	-	-	214,000
Capital issue costs	(1,891)	-	-	(1,891)
Cost of share-based payment	-	-	263,215	263,215
At 30 June 2022	**28,286,711**	**(19,408,877)**	**407,208**	**9,285,042**
Total comprehensive income attributable to members	-	(456,941)	-	(456,941)
Share capital issued	1,100,070	-	-	1,100,070
Capital issue costs	(83,198)	-	-	(83,198)
Cost of share-based payment	-	-	89,042	89,042
At 30 June 2023	**29,303,583**	**(19,865,818)**	**496,250**	**9,934,015**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(419,109)	(341,502)
Interest received		135	57
R&D concession received (net of fees)		-	50,119
Net cash flows used in operating activities	23	(418,974)	(291,326)
Cash flows from investing activities			
Exploration expenditure		(1,535,157)	(605,748)
Payments for project acquisition		(70,098)	-
R&D tax concession received (net of fees)		-	113,189
Net cash flows used in investing activities		(1,605,255)	(492,559)
Cash flows from financing activities			
Proceeds from issue of securities		1,030,000	214,000
Payment of security issue costs		(60,000)	(1,891)
Net cash flows from financing activities		970,000	212,109
Net increase/(decrease) in cash held		(1,054,229)	(571,776)
Cash at the beginning of the financial year		2,073,795	2,645,571
Cash at end of financial year	5	**1,019,566**	**2,073,795**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. Corporate information

The financial report of Redstone Resources Limited and its controlled entities (the **Entity** or **Group**) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors of the Entity's parent entity, Redstone Resources Limited, on 29 September 2023.

Redstone Resources Limited (**Redstone** or the **Company**) 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. The nature of operations and principal activities of the Entity are described in the Directors' Report.

The Group is a for-profit entity for the purpose of preparing financial statements.

2. Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards, Accounting Interpretations and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis and is presented in Australian dollars.

b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2023.

c) Adoption of new and revised standards

The Entity has also reviewed all new Standards and Interpretations applicable to the Entity that have been issued and are effective for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Entity's accounting policies.

d) New accounting standards not yet implemented

The AASB has issued new, revised and amended standards and interpretations applicable to the Entity that have mandatory application dates for future reporting periods. A discussion of those future requirements and their impact on the Entity follows:

- AASB 2014-10*: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for annual reporting periods commencing on or after 1 January 2025). Initial application of this standard is expected to be in the financial year ending 30 June 2026.

d) **New accounting standards not yet implemented (continued)**

This amendment addresses a current inconsistency between AASB10: *Consolidated Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures (2011)*. The amendment clarifies that, on sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3: *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business.

The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2020-1*: Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current* (applicable for annual reporting periods commencing on or after 1 January 2023). Initial application of this standard is expected to be in the financial year ending 30 June 2024.

  AASB 2020-1 makes amendments to AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

  A liability is classified as current for an entity if the entity has no right at the end of the reporting period to defer settlement for the liability for at least 12 months after the reporting period.

  The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2021-2*: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (applicable for annual reporting periods commencing on or after 1 January 2023). Initial application of this standard is expected to be in the financial year ending 30 June 2024.

  AASB 2021-2 amends the following Australian Accounting Standards:
  - AASB 7 *Financial Instruments: Disclosures* (August 2015);
  - AASB 101 *Presentation of Financial Statements* (July 2015):
  - AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (August 2015);
  - AASB 134 *Interim Financial Reporting* (August 2015); and

  The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2022-1: *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information* (applicable for annual reporting periods commencing on or after 1 January 2023). Initial application of this standard is expected to be in the financial year ending 30 June 2024.

  AASB 2022-1 amends AASB 17 to add a transition option referred to as ‘a classification overlay’ relating to comparative information about financial assets presented on initial application of AASB 17 and AASB 9 Financial Instruments at the same time. The amendments relate to financial assets for which comparative information presented on initial application of AASB 17 and AASB 9 has not been restated for AASB 9. Applying the transition option would permit an entity to present comparative information about such a financial asset as if the classification and measurement requirements of AASB 9 had been applied to that financial asset.

  The standard is not expected to have a material impact on the financial statements when first adopted.

The adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Entity’s reported results and financial position as they do not result in any changes to the Entity’s accounting policies. Adoption, may however, result in changes to information currently disclosed in the financial statements. The Entity does not intend to adopt any of these pronouncements before their effective dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

e) **Parent entity information**

The financial information for the Parent Entity, Redstone Resources Limited, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements.

f) **Significant accounting judgments, estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Capitalisation of exploration and evaluation expenditure

Under AASB 6 Exploration for and Evaluation of Mineral Resources the Entity has the option to either expense exploration and evaluation expenditure as incurred or to capitalise such expenditure provided that certain conditions are satisfied. The Entity applies the latter policy as outlined in note 2(n).

Impairment of plant and equipment

Plant and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of ‘value in use’ (being net present value of expected future cash flows of the relevant cash generating unit) and ‘fair value less costs to sell’.

Share based payment transactions

The Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either Black-Scholes or binomial methodology.

g) **Revenue Recognition**

Revenues are recognised to the extent that it is probable that the economic benefit will flow to the Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue can be recognised.

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. Contracts with customers for the provision of exploration equipment are invoiced monthly in arrears for a predetermined rate.

(iii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Dividends

Revenue is recognised when the Entity’s right to receive the payment is established.

(v) R&D Incentive

Research and Development (R&D) Incentive revenue is recognised upon final determination of the R&D Incentive Rebate amount for the annual R&D Incentive application, which is included in the lodgement of the Entity’s annual Company Tax return with the Australian Taxation Office.

h) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

i) **Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

j) **Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less credit loss allowances. Trade receivables are generally due for settlement within 30 days.

Credit loss allowances of trade receivables are continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. A credit loss allowance account is used when there is objective evidence that the Entity will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Entity in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Entity. The credit loss allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the credit loss allowance is recognised in the consolidated statement of comprehensive income within other expenses. When a trade receivable for which a credit loss allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other income in the consolidated statement of comprehensive income.

k) **Financial Assets**

Financial assets in the scope of AASB 9 *Financial Instruments* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

k) **Financial Assets (continued)**

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

l) **Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

m) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. The net amount of GST recoverable or payable is included as a current asset or current liability in the consolidated statement of financial position. Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable or payable are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

n) **Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

o) **Plant and equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing balance basis over their useful lives to the Entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Office furniture & equipment	7.5% to 20%
Exploration & digital equipment	10% to 20%
Computer equipment	25% to 50%

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain of loss arising on derecognition of the asset (calculated as the difference between the net disposal and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

p) **Derecognition of financial assets and liabilities**

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Entity has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset, or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Entity's continuing involvement is the amount of the transferred asset that the Entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

q) **Impairment**

The Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

q) **Impairment (continued)**

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

r) **Goodwill**

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

s) **Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Entity.

t) **Employee benefits**

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Annual leave entitlements are accounted for as a provision.

ii. Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is in accordance with i. above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii. Superannuation

Contributions are made by the Entity to employee superannuation funds and are charged as expenses when incurred.

u) **Interest-Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

w) **Share-based payment transactions**

The Entity provides incentives to employees (including directors) of the Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company has in place an Employee Share Option Plan (**ESOP**) and a Securities Incentive Plan (2022) (**2022 Plan**) (collectively **the Plans**), which provides benefits to directors, senior executives and key employees. Key terms of the Plans are detailed in note 12(e).

The cost of these equity-settled transactions with employees and/or Eligible Participants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using Black-Scholes and binomial methods.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Redstone Resources Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Where the Entity acquires some form of interest in an exploration tenement and the consideration comprises share based payment transactions, the fair value of the equity instruments granted is measured at the grant date. The cost of the equity securities is recognised within capitalised exploration expenditure together with a corresponding increase in equity.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

x) **Share capital**

Ordinary share capital is recognised at the fair value of the consideration received by the Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

y) **Earnings per share**

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Entity, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to potential ordinary shares.

z) **Joint venture arrangements**

Jointly controlled operations

Where the Entity is a venturer (and so has joint control) in a jointly controlled operation the Entity recognises the assets that it controls and the liabilities it incurs, along with the expenses that it incurs and the Entity's share of the income that it earns from the sale of goods and services by the joint venture.

aa) **Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

ab) **Foreign currency**

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of the Entity, and the presentation currency for the consolidated financial statements.

ac) **Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Redstone Resources Ltd and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

ad) **Principles of going concern**

The Entity recorded a loss of $456,941 for the year ended 30 June 2023 and as at 30 June 2023 had net current assets of $776,602 and exploration commitments of $178,075 for the next year (note 21). The financial report has been prepared on a going concern basis, as the Directors are of the opinion that the Entity will be able to pay its debts as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

		Consolidated 2023 $	Consolidated 2022 $
3.	**Revenue and expenses**		
(a)	**Interest**		
	Interest income	135	57
(b)	**Revenue**		
	Other income		
	R&D concession	21,619	-
(c)	**Rent payable under short term leases**	27,600	27,600
(d)	**Employee and directors' benefits expenses**		
	Employee and director benefits	206,207	206,038
	Share option expense	89,042	263,215
		295,249	469,253
(e)	**Depreciation expense and asset write down**		
	Plant and equipment - depreciation	1,277	2,931
	Plant and equipment – asset write down	-	2,229
		1,277	5,160
(f)	**Finance costs**		
	Other third parties	-	274
	Interest is expensed as it accrues.		
(g)	**Dividends**	-	-

No dividends have been paid or are proposed as at 30 June 2023.
As at 30 June 2023 the Company has no franking credits available for use in future years.

4. Income tax

(a)	**The components of tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. Income tax (continued)

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense in the financial statements is as follows:

	Consolidated 2023 $	2022 $
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2021: 30%)	(137,082)	(185,277)
Add/(less) tax effect of:		
- Revenue losses and other deferred balances not recognised	103,744	106,163
- Other non-deductible items	33,338	79,114
- Other non-assessable items	-	-
Income tax expense	-	-

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2023 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

(c) Deferred tax recognised at 30% (2022: 30%):

	2023	2022
Deferred tax liabilities:		
Exploration expenditure	(2,836,515)	(2,406,736)
Plant and equipment	(381)	(646)
Prepayments	(176)	(153)
Deferred tax assets:		
Carry forward revenue losses	2,837,072	2,407,535
Net deferred tax	-	-

(d) Unrecognised deferred tax recognised at 30% (2022: 30%):

	2023	2022
Carry forward revenue losses	4,534,432	4,489,589
Carry forward capital losses	21,692	21,692
Provisions and accruals	57,642	8,182
Capital raising costs	31,756	43,196
Other	26,096	-
	4,671,618	4,562,659

These deferred tax assets will only be obtained if:

a) future assessable income is derived of a nature and of an amount sufficient to enable the benefits to be utilised;

b) the Entity continues to comply with the conditions for deductibility imposed by law; and

c) no changes in the income tax legislation adversely affect the Entity in utilising the benefits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. Income tax (continued)

It is considered that it is not probable that the Entity will utilise all its carry forward tax losses in the foreseeable future, hence it is not expected to pay tax in the foreseeable future. The deferred tax balances noted above have therefore not been accounted for in the consolidated statement of financial position.

Redstone Resources Limited and its controlled entities have not elected to form a tax consolidated group.

	Consolidated	
	2023 $	2022 $
5. Cash and cash equivalents		
Cash at bank	1,009,566	2,063,795
Cash on deposit	10,000	10,000
	1,019,566	2,073,795
6. Trade and other receivables		
Current		
R&D tax concession receivable	185,610	-
GST receivable	17,819	13,996
	203,429	13,996
7. Deferred exploration expenditure		
Exploration costs brought forward	7,708,446	6,847,460
Expenditure incurred on exploration assets	1,487,649	860,986
Project acquisition costs	126,308	-
Reimbursement of capitalised costs	(166,260)	-
Carrying amount at the end of the year	9,156,143	7,708,446

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

		Consolidated 2023 $	Consolidated 2022 $
8.	**Plant and equipment**		
	At cost	8,061	8,061
	Accumulated depreciation	(6,791)	(5,514)
	Total written down value	1,270	2,547

Reconciliation
A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial period.

Plant and equipment

	2023 $	2022 $
Carrying amount at beginning of year	2,547	7,707
Additions	-	-
Depreciation expense	(1,277)	(2,931)
Asset write-downs	-	(2,229)
Total plant and equipment	1,270	2,547

		2023 $	2022 $
9.	**Other assets**		
	Current		
	Prepayments	30,452	4,328

		2023 $	2022 $
10.	**Trade and other payables**		
	Current		
	Trade creditors (i)	104,024	247,148
	Other creditors (ii)	349,639	249,041
	Total current trade and other payables	453,663	496,189

Terms and conditions relating to the above financial instruments:
(i) Trade creditors are non-interest bearing and are normally settled on 14-30 days terms, other than for related party creditors of the Entity totalling $31,604 (2022: $62,404) which, by mutual agreement with the Entity, currently have no set term for payment.

(ii) Other creditors are non-interest bearing and have an average term of 30 days, other than for related party creditors of the Entity totalling $150,400 (2022: $124,300) which, by mutual agreement with the Entity, currently have no set term for payment.

Trade and other payables include $217,890 (2022: $180,875) relating to exploration expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	Consolidated 2023 $	Consolidated 2022 $
11. Provisions		
Employee entitlements		
Opening balance as at 1 July 2022	21,881	19,773
Provision additions	10,095	10,755
Amounts used/paid out	(8,794)	(8,647)
Balance as at 30 June 2023	23,182	21,881
Current	23,182	21,881

Provision for employee entitlements relates to the Group's liability for annual leave and long service leave.

12. Issued Capital

	2023 $	2022 $
(a) Issued and paid up capital 846,378,460 (2022: 736,832,396) ordinary shares fully paid	29,303,583	28,286,711

2023 Financial Year
On 15 May 2023 and 26 June 2023, the Company issued 87,000,000 fully paid ordinary shares (**Shares**) and 16,000,000 Shares respectively at an issue price of $0.010 per Share by placement to sophisticated and professional investors to raise a total of $1,030,000 (before costs). A further 1,500,000 Shares were issued to GBA Capital Pty Ltd, Lead Manager to the placement, at a deemed issue price of $0.010 per Share pursuant to the terms of a mandate.

On 5 May 2023 the Company issued 5,046,064 Shares to the vendors of the Attwood Lake Lithium Project at a deemed issue price of $0.0109 per Share. The Shares were issued as part consideration pursuant to the terms of the Attwood Lake Lithium Option Agreement.

2022 Financial Year
On 28 February 2022 the Company issued 17,833,333 fully paid ordinary shares (Shares) at an issue price of $0.012 per Share to the Directors (and/or their nominee/(s)) of the Company pursuant to shareholder approval. Participation in the private placement by directors raised $214,000 (before costs).

12. Issued Capital (continued)

(b) Movements in fully paid ordinary shares during the year were as follows:

	2023		2022	
	No. of Shares	**$**	**No. of Shares**	**$**
Movements in shares on issue				
Opening balance	736,832,396	28,286,711	718,999,063	28,074,602
Placement – 28 February 2022	-	-	17,833,333	214,000
Attwood Lake Vendors – 5 May 2023	5,046,064	55,070	-	-
Placement – 15 May 2023	87,000,000	870,000	-	-
Placement – 26 June 2023	16,000,000	160,000	-	-
GBA Capital Pty Ltd	1,500,000	15,000	-	-
Share issue costs	-	(83,198)	-	(1,891)
Closing balance	846,378,460	29,303,583	736,832,396	28,286,711

(c) Movements in options issued during the year:

Movements in unlisted options on issue

During the financial year 17,000,000 unlisted options over ordinary shares were issued. No unlisted options over ordinary shares expired or were converted into ordinary shares.

Unlisted share options	As at 30 June 2022	Issued/ (lapsed)	As at 30 June 2023	Exercise price	Exercisable from	Expiry
Unlisted options	15,000,000	-	15,000,000	0.0204	27 Nov 20	20 Nov 25
Unlisted options	32,000,000	-	32,000,000	0.0188	28 Jan 22	23 Jan 27
Unlisted options	-	17,000,000	17,000,000	0.0164	23 Dec 22	23 Nov 27
Total options	**47,000,000**	**17,000,000**	**64,000,000**			
Weighted average exercise price (cents/share)	0.0193		0.0185			
Weighted average exercise price of lapsed options (cents/share)		-				
Weighted average exercise price of issued options (cents/share)		0.0164				

The weighted average remaining contractual life of unlisted options on issue as at 30 June 2023 is 3.52 years (2022: 4.19 years). As at 30 June 2023 there are 64,000,000 unlisted options on issue.

12. Issued Capital (continued)

(d) Terms and conditions of contributed equity

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Option holders do not have the right to receive dividends nor are they entitled to vote at a meeting of the company.

(e) Employee Share Option Plan (ESOP) and the Securities Incentive Plan (2022) (2022 Plan)

The Entity has in place an employee share option plan (**ESOP**) for the granting of non-transferable options to certain directors, senior executives and key employees. Key terms of the ESOP are as follows:

- The ESOP is available to eligible persons who will be determined by the Board but must be persons who are Directors or employees of the Entity;
- Options are issued for nil consideration;
- The exercise price is determined by the Board with regard to the market value of the Company's shares at the time it resolves to offer the options;
- Options will be issued subject to certain conditions that must be satisfied for them to be exercised to be determined by the Board when it resolves to offer the Options and in accordance with the purpose of the ESOP;
- The expiry date of the Options will be determined by the Board prior to the offer of the relevant options, subject to any restrictions in the Corporations Act, but in any event no longer than 5 years from the date of issue;
- Options will lapse if the eligible person ceases to be an eligible person for any reason other than retirement, permanent disability, redundancy or death;
- Options are not transferable;
- Any shares issued will rank equally with the Company's then existing issued shares;
- The issue of Options to Directors will require shareholder approval in accordance with the ASX Listing Rules and the Corporations Act.

Additionally, the Entity also now has in place a Securities Incentive Plan (2022) (**2022 Plan**) which was approved by shareholders at the 2022 Annual General Meeting of the Company. Pursuant to the terms of the 2022 Plan, the Board may from time to time determine that an Eligible Participant may participate in the 2022 Plan on such terms and conditions as the Board decides. Key terms of the 2022 Plan are as follows:

- The 2022 Plan is available to Eligible Participants, which means a person that is an "ESS participant" (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company; and has been determined by the Board to be eligible to participate in the Plan.
- An Eligible Participant may nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
- Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

12. Issued Capital (continued)

(e) Employee Share Option Plan (ESOP) and the Securities Incentive Plan (2022) (2022 Plan) (continued):

- Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them.
- Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation to participate.
- To exercise a Convertible Security, the Participant must, subject to a cashless exercise of Convertible Securities, pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.
- Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.
- Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.
- Unless the Board otherwise determines, or as otherwise set out in the Plan rules any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant
  - (i) date, and
  - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (Plan Shares) will rank pari passu in all respects with the Shares of the same class.
- There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- The Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.
- The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

Compliance with Applicable Laws

Notwithstanding the 2022 Plan Rules or any terms of a Security, no Security may be offered, granted, vested or exercised, and no Share may be issued or transferred, if to do so would contravene any Applicable Laws.

12. Issued Capital (continued)

(e) Employee Share Option Plan (ESOP) and the Securities Incentive Plan (2022) (2022 Plan) (continued):

Where monetary consideration is payable by the Eligible Participant for a Security, and in respect of Convertible Securities where the Exercise Price on exercise of those Convertible Securities is greater than zero, the Company must have reasonable grounds to believe, when making an Invitation:

(i) the total number of Plan Shares that are, or are covered by the Securities that may be issued under an Invitation; or

(ii) the total number of Plan Shares that are, or are covered by the Securities that may be issued, or could have been issued in connection with the Plan in reliance on Division 1A of Part 7.12 of the Corporations Act at any time during the previous 3 year period prior to the date the Invitation is made,

does not exceed:

(i) if the Constitution specifies an issue cap percentage, that percentage; or

(ii) 5% (or such other maximum permitted under any Applicable Law),

of the total number of Shares on issue at the date of the Invitation.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

The 2022 Plan reflects the incorporation of the Employee Share Scheme (ESS) Act. The ESS Act replaces the ASIC Class Orders regime, namely [CO 14/1000] Employee incentive schemes: Listed bodies and ASIC Class Order [CO 14/1001] Employee incentive schemes: Unlisted bodies and will provide very similar regulatory relief as the Class Orders.

During the financial year no options were issued to eligible persons (2022: nil) pursuant to the Plans. There are no options currently on issue pursuant to the Plans (2022: nil).

13. Reserves

	Consolidated	
	2023 $	2022 $
Share option reserve (i)	496,250	407,208

(i) This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration and as consideration for other equity settled transactions.

Movements in reserves are set out in the Statement of Changes in Equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

14. Loss per share

	Consolidated	
	2023	2022
Basic loss per share (cents per share)	(0.06)	(0.09)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	748,762,751	724,959,793
Earnings used in the calculation of basic loss per share	(456,941)	(617,589)

As the Entity made a loss for the year, diluted earnings per share is the same as basic earnings per share.

15. Key management personnel disclosures

(a) ***Key management personnel***

The directors of Redstone Resources Limited during the financial year were:

Richard Homsany (BCom, LLB (Hons), CPA, Grad. Dip. FINSIA, F Fin, MAICD) – Non-Executive Chairman
Edward van Heemst *(B Com, MBA, CA, CPA)* – Non-Executive Director
Brett Hodgins (*BSc (Hons), Grad Dip FINSIA*) – Non-Executive Director

(b) ***Remuneration of key management personnel***

Refer to the Remuneration Report included on pages 27 to 30 for details of remuneration paid to directors and the specified executives.

(c) ***Share holdings of key management personnel***

2023	Held as at 1 July 2022	Acquired/ (Disposed) on Market	Acquired/ (Disposed) off Market	Placement	Other Changes	Held as at 30 June 2023
Directors						
R Homsany	63,814,778	-	-	-	-	63,814,778
E van Heemst	80,583,334	-	9,500,000	-	-	90,083,334
B Hodgins	7,341,810	-	-	-	-	7,341,810

2022	Held as at 1 July 2021	Acquired/ (Disposed) on Market	Acquired/ (Disposed) off Market	Placement	Other Changes	Held as at 30 June 2022
Directors						
R Homsany	63,814,778	-	-	-	-	63,814,778
E van Heemst	72,250,001	-	-	8,333,333	-	80,583,334
B Hodgins	6,175,143	-	-	1,166,667	-	7,341,810

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(d) ***Transactions with key management personnel***

Refer to the Remuneration Report included on pages 27 to 30 for details of transactions with key management personnel.

		Consolidated	
		2023	2022
		$	$
16.	**Employee benefits**		
	Aggregate liability for employee benefits		
	Current		
	Trade and other payables	22,247	21,985
	Employee entitlement provision	23,182	21,881
		45,429	43,866
	Non-Current		
	Employee entitlement provision	-	-
		-	-
17.	**Auditors' remuneration**		
	Amounts received or due and receivable by the auditors of the Entity for:		
	- an audit or review of the financial statements of the Entity	20,000	20,000
	- non audit services	-	-
		20,000	20,000

18. Subsequent events

Option Agreement – Radisson East and Sakami Projects, James Bay, Québec, Canada

On 7 July 2023, Redstone announced that it had entered into an exclusive option agreement to acquire 100% of the Radisson East and Sakami Lithium Projects (collectively the "**Projects**") comprising 177 unpatented mining claims. The Projects are located in the world-class and prolific James Bay Lithium District, host to several advanced lithium projects and new lithium discoveries in Québec, Canada.

Subsequently on 10 July 2023, upon signing of the Option Agreement the Company issued 25,000,000 fully paid ordinary shares in the capital of the Company (Shares) to the vendor of the Projects, in consideration of the Initial Payment pursuant to the Agreement.

An escrow agreement has also been entered into with the holders of the Shares in respect of at least 50% of the Shares comprising the Initial Payment for a period of six (6) months from the date of issue of the Escrowed Shares.

The Second Payment of $75,000 cash was also paid to the vendors in August 2023.

Further details on the Projects and the Key Terms of Acquisition are outlined on pages 10 to 15 of the Review of Operations included in the Directors' Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Subsequent events (continued)

Extension of Term Applications

HanTails Project - Extension of Term Application P26/4465
Prospecting licence P26/4465 was due to expire on 4 August 2023. An extension of term application for a further four (4) year term to 4 August 2027 has been lodged with the Department of Mining, Industry, Regulation and Safety. The status of the extension of term application remains pending at the date of this report.

Compulsory Surrender

West Musgrave Project – E69/3456
In August 2023, a Compulsory Reduction of 9 blocks was required for the West Musgrave tenement E69/3456 due to being in its 6th anniversary since grant. A total of 19 blocks for E69/3456 has been retained.

Other than as stated above there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial periods.

19. Segment Reporting

During the financial year the Entity had two operating segments being the distinct geographical location of its Area of Interests in Australia and Canada (the Entity's primary basis of segmentation).

The Entity has identified its operating segment for the current financial year based on the internal reports that are reviewed and used by management and the Board of Directors in determining the allocation of resources. Additionally, as the Entity predominantly operated in Australia for the majority of the financial year ended 30 June 2023 the two segments have been aggregated pursuant to the quantitative threshold criteria in AASB8 *Segment Reporting.*

The accounting policies used by the Entity in reporting segments are the same as those in the prior period.

20. Related Party Transactions

Other than disclosed in note 15 there were no other related party transactions during the financial year.

21. Expenditure commitments

Exploration expenditure commitments

Australian tenements
In order to maintain current rights of tenure over its Australian mineral tenement leases, the Entity will be required to outlay amounts in respect of rent and to meet minimum expenditure requirements of the Department of Mines, Industry, Regulation and Safety (**DMIRS**). Further, those tenements for which access agreements have been signed require annual access payments to be paid to the traditional owners.

The expenditure commitments (including access fees) on granted Australian tenements as at 30 June 2023 amount to $501,084 (2022: $41,110).

HanTails Farmin and Joint Venture Agreement
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 located on the historic Hannans South Gold Mill site, just 15kms south of Kalgoorlie-Boulder, Western Australia.

Pursuant to the terms of the HanTails Farm-in and Joint Venture Agreement (**HanTails Farm-in and JV**) Redstone is 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 is 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.

As at 30 June 2023 Redstone has completed Stage 2 of the HanTails Farm-in and JV and acquired an 80% interest in the HanTails Project.

Canadian Tenements
In May 2023 the Entity secured an option agreement to acquire a 100% legal and beneficial interest in the Attwood Lake Lithium Project comprising 17 mining claims located in Ontario, Canada.

As at 30 June 2023 the minimum expenditure commitment for the first two year term for the Attwood Lake Lithium Project mining claims amount to CAD$146,400 (2022: Nil). The Company has fully expended the minimum expenditure requirement for these claims during the financial year ended 30 June 2023.

The future exploration commitment (including access payments) of the Entity relating to granted tenements that the Entity has an interest in is as follows:

	Consolidated	
Cancellable operating lease commitments for exploration tenements	2023 $	2022 $
Within one year	178,075	40,466
One year or later and no later than five years	220,661	644
Later than five years	102,348	-
	501,084	41,110

21. Expenditure commitments (continued)

These obligations may vary from time to time, are subject to approval and are expected to be fulfilled in the normal course of operations by the relevant entity. Further, these obligations are subject to the possibility of adjustment to the amount and timing of such obligations or extinguished upon any surrender of the tenement.

Capital commitments

The Entity does not have any capital commitments at reporting date.

Operating lease commitments

	Consolidated	
Cancellable operating lease commitments	2023 $	2022 $
Within one year	2,300	2,300
One year or later and no later than five years	-	-
Later than five years	-	-
	2,300	2,300

22. Financial Risk Management

(a) Overview
The Entity has exposure to the following risks from use of their financial instruments

- credit risk
- liquidity risk
- market risk

This note presents information about the Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework.

(b) Credit risk
Credit risk is the risk of financial loss to the Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Entity's receivables from customers and investments.

(c) Liquidity risk
Liquidity risk is the risk that the Entity will not be able to meet its financial obligations as they fall due. The Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Entity's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

It is the Entity's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days (excluding those amounts due to related party creditors of the Entity), including the servicing of financial obligations.

The contractual maturities of the financial liabilities referred to in note 10 to the financial report for the Entity at reporting date are less than 3 months, other than for related party creditors of the Entity ($182,004), which by mutual agreement currently have no set date for payment.

(d) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Entity's income or the value of its holdings of financial instruments.

(i) Price Risk
The Entity has no exposure to price risk.

(ii) Currency risk
The Entity is exposed to currency risk on purchases and investments that are denominated in a currency other than their functional currency, namely the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are the United States dollar (USD) and Canadian dollar (CAD).

To date, currency risk has not been material to the Entity.

22. Financial Risk Management (continued)

(d) Market risk (continued)

(iii) Interest rate risk

The cash balance of $1,019,566 as at 30 June 2023 is sensitive to interest rate risk whereby a 1% per annum movement in interest rates would impact the consolidated statement of comprehensive income and net equity by $10,196 This risk is not considered to be material.

At reporting date the Entity does not have any short term borrowings.

(e) Capital risk management

Management's policy is to control the capital of the Company in order to maintain a strong capital base so as to maintain investor, creditor and market confidence and to ensure that the Entity can fund its operations and continue as a going concern.

The Entity's capital includes ordinary share capital and financial liabilities, comprising trade and other payables totalling $453,633 (2022: $496,189) and financial assets of $1,205,175 (2022: $2,087,791). The financial liabilities of $453,633 include related party creditors of the Entity totalling $182,004, which by mutual agreement currently have no set date for payment.

Financial risk management objectives and policies

The Entity's principal financial instrument is cash. The main purpose of these financial instruments is to provide working capital for operations.

The Entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. The main risks currently arising from the Entity's financial instruments are interest rate risk and credit risk.

It is not expected that the Entity will be undertaking transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations are not expected to arise.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any credit loss allowances of those assets, as disclosed in the statement of financial position and the notes to the consolidated financial statements.

The Entity does not have any material credit risk exposure to debtors under financial instruments it has entered into.

As at 30 June 2023, financial assets primarily comprise cash held with reputable financial institutions and receivables from the Australian Taxation office. These financial assets are therefore not considered to present material credit risk.

Net fair values

The carrying amount of financial assets and financial liabilities approximate their net fair values at balance date.

22. Financial Risk Management (continued)

Interest rate risk
The following table sets out the carrying amount and maturity of the financial instruments exposed to interest rate risk:

Consolidated – 2023 Category	Time Period	Interest Bearing (Floating)	Non-Interest Bearing	Total Carrying Amount as per the consolidated statement of financial position	Weighted Average Effective Interest Rate %
Financial assets:					
Cash	<1 year	10,000	-	10,000	1.34%
Cash	<1 year	-	1,009,566	1,009,566	-
Trade and other receivables		-	185,610	185,610	-
Total financial assets		10,000	1,195,176	1,205,176	
Financial liabilities					
Trade creditors and other payables*	<1 year	-	453,663	453,663	-
Total financial liabilities		-	453,663	453,663	

**Trade creditors and other payables include $182,004 payables or accrued amounts owing to director related parties of the entity which have no set date of repayment.*

Consolidated – 2022 Category	Time Period	Interest Bearing (Floating)	Non-Interest Bearing	Total Carrying Amount as per the consolidated statement of financial position	Weighted Average Effective Interest Rate %
Financial assets:					
Cash	<1 year	10,000	-	10,000	0.51%
Cash	<1 year	-	2,063,795	2,063,795	-
Trade and other receivables					
Total financial assets		10,000	2,063,795	2,073,795	
Financial liabilities					
Trade creditors and other payables*	<1 year	-	496,189	496,189	-
Total financial liabilities		-	496,189	496,189	

**Trade creditors and other payables include $186,704 payables or accrued amounts owing to director related parties of the entity which have no set date of repayment.*

23. Cash flow information

	Consolidated 2023 $	Consolidated 2022 $
Loss from ordinary activities after income tax	(456,941)	(617,589)
Depreciation	1,277	2,931
Asset write-downs	-	2,229
Share based payment	89,042	263,215
Changes in operating assets and liabilities		
Increase in provisions	1,300	2,109
(Decrease)/increase in trade creditors and accruals	(4,355)	15,230
(Increase)/decrease in sundry receivables and prepayments	(49,297)	40,549
Net cash flow used in operating activities	(418,974)	(291,326)

Non-Cash Transactions

Financial year ended 30 June 2023

During the year 5,046,064 fully paid ordinary shares in the Company (**Shares**) were issued to vendors of the Attwood Lake Lithium Project, for a deemed value of $0.0109 per Share as part of the Initial Payment for an Option Agreement to acquire a 100% legal and beneficial interest in the Attwood Lake Lithium mining claims.

GBA Capital Pty Ltd, Lead Manager to a placement undertaken by the Company during the year were issued 1,500,000 Shares for a deemed value of $0.010 per Share pursuant to the terms of a mandate.

During the year 17,000,000 options were granted to Directors, Consultants and Employee for nil consideration. Further information on granted options is available at note 26.

Financial year ended 30 June 2022

During the year 32,000,000 options were granted to Directors, Consultants and Employee for nil consideration. Further information on granted options is available at note 26.

24. Contingent Assets and Liabilities

Foreign Subsidiary Obligations

During the 2014 financial year, the Entity recognised a provision for foreign subsidiary obligations relating to estimated amounts that may be required to settle outstanding obligations arising from a winding-up of the Entity's investment in its Brazilian subsidiary, Redstone Mineraco Do Brasil Ltd (**Redstone Brazil**).

However, as at 30 June 2015, the Entity considered that it was more likely that a present obligation no longer existed for any of these amounts and that it was more likely that no economic outflow would be required. Further the timing and amount of any potential economic outflow is uncertain. Accordingly, there may be a contingent liability for potential obligations required to be paid in any eventual winding up of Redstone Brazil for which the timing is uncertain and amount cannot be measured reliably. The Entity considers that its position on these potential foreign subsidiary obligations remains unchanged as at 30 June 2023.

25. Parent Information

	Parent Entity 2023 $	Parent Entity 2022 $
Current assets	1,253,422	2,092,094
Non-current assets	9,159,477	7,713,058
Total Assets	**10,412,899**	**9,805,152**
Current liabilities	476,845	518,071
Total Liabilities	**476,845**	**518,071**
Net Assets	**9,936,054**	**9,287,081**
Equity		
Issued capital	29,303,583	28,286,711
Reserves	496,250	407,208
Accumulated losses	(19,863,779)	(19,406,838)
Total RDS equity	**9,936,054**	**9,287,081**
Net loss for the year before other comprehensive income	(456,941)	(617,589)
Total comprehensive income for the year	(456,941)	(617,589)
Earnings per share (EPS) – (cents per share)	(0.06)	(0.09)

Controlled entities

Redstone Resources Limited is the ultimate parent entity of the controlled entities.

(a) Particulars in relation to controlled entities

Particulars in relation to controlled entities	Country of incorporation	2023 Ownership %	2022 Ownership %
Allhawk Nominees Pty Ltd	Australia	100	100
Minex Services Pty Ltd	Australia	100	100
Westmin Exploration Pty Ltd	Australia	100	100
River Gold Exploration Pty Ltd	Australia	100	100
Earaheedy Resources Pty Ltd	Australia	100	100
Redstone Mineracao Do Brasil Ltda[1]	Brazil	98	98

[1] Redstone Mineraco Do Brasil Ltda is 98% owned by the Company. The remaining 2% shareholding is held by a previous consultant of the Entity, who is a Brazilian citizen and is holding these shares on trust for the Company. The Board and shareholding structure is in accordance with Brazilian law.

25. Parent Information (continued)

(b) Contribution to consolidated result

The results of the controlled entities inclusion in the consolidated statement of comprehensive income is nil (2022: nil).

26. Share based payments

The impact of share based payments on the consolidated statement of comprehensive income for the financial year ended 30 June 2023 is as follows:

	Consolidated	
	2023	2022
	$	$
Net loss after income tax and including share based payments	(456,941)	(617,589)
Add: share based payments expense	89,042	263,215
Net loss after income tax excluding share based payments	(367,899)	(354,374)

During the financial year 17,000,000 unlisted share options were granted for nil consideration (2022: 32,000,000). Share-based payments were valued using either Black Scholes or binomial methodology as detailed in note 2(w). The value of existing options for the year ending 30 June 2023 is $496,250 as follows.

$	
89,042	17,000,000 Director, Consultant and Employee Options granted on 23 December 2023. Exercise price $0.0164 exercisable from 23 December 2022 and expiring 23 November 2027.
263,215	32,000,000 Director, Consultant and Employee Options granted on 28 January 2023. Exercise price $0.0188 exercisable from 28 January 2022 and expiring 23 January 2027.
143,993	15,000,000 Director, Consultant and Employee Options granted on 27 November 2020. Exercise price $0.0204 exercisable from 27 November 2020 and expiring 20 November 2025.
496,250	Total Options 64,000,000

The option valuation adopted above is calculated using the following assumptions:

Options Granted	***FY2023***	***FY2022***	***FY2021***
Underlying security spot price	$0.008	$0.012	$0.014
Dividend rate	Nil	Nil	Nil
Volatility Factor	100%	100%	100%
Risk free interest rate (%)	3.511%	1.688%	0.31%
The weighted average exercise price	$0.0164	$0.0188	$0.0204
weighted average expiry period	4.92 years	4.99 years	4.98 years
The weighted average value per option	$0.0052	$0.0082	$0.0096

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 34 to 67 are in accordance with the Corporations Act 2001, including:
   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the Entity's financial position as at 30 June 2023 and its performance for the financial year ended on that date and

b) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by s295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

R Homsany
Chairman
Perth, Western Australia

Dated this 29th day of September 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REDSTONE RESOURCES LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Redstone Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a while, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Deferred exploration expenditure (*refer note 7)* The Group operates as an exploration entity and as such its primary activities entail expenditure focussed on the exploration for and evaluation of economically viable mineral deposits. These activities are currently focused on the West Musgrave and HanTails Projects in Western Australia and more recently on the Attwood Lake Project in Ontario, Canada. All exploration and evaluation expenditure incurred has been capitalised and recognised as an asset in the Statement of Financial Position. The closing value of this asset is $9,156,143 as at 30 June 2023. The carrying value of deferred exploration assets is subjective and is based on the Group's intention and ability, to continue to explore the asset. The carrying value may also be affected by the results of ongoing exploration activity indicating that the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the asset value included within the financial statements may not be recoverable.	Our audit procedures included the following: • ensuring the Group's continued right to explore for minerals in the relevant project areas including assessing documentation such as exploration and mining licences; • enquiring of management and the directors as to the Group's intentions and strategies for future exploration activity and reviewing budgets and cash flow forecasts; • assessing the results of recent exploration activity to determine whether there are any indicators suggesting a potential impairment of the carrying value of the asset; • assessing the Group's ability to finance the planned exploration and evaluation activity; and • assessing the adequacy of the disclosures made by the Group in the financial report.
Deferred Taxation *(refer note 4)* The Company relies on the use of an expert to prepare the taxation disclosures which are included in the financial statements	In accordance with Australian Auditing Standards, we relied on the work of management's expert with respect to the assumptions used in the calculation of deferred taxes. Our audit procedures included: • examining the qualifications, objectivity and experience of management's expert; • evaluating the assumptions, methodologies and conclusions used by the Group in preparing their estimate of deferred taxes; and • assessing the adequacy of the disclosures made by the Group in the financial report

Equity Structure and Share Options *(refer note 12 and 26)* During the year, the Group issued fully paid ordinary shares as well as share options**.**	Our audit procedures included an examination of each issue of fully paid ordinary shares during the year as disclosed in note 12. We reconciled the third-party share registry to information announced to the public. Our audit procedures also included an examination of share options issued during the year as disclosed in note 26. We assessed whether share-based payments should have been recognised and assessed the assumptions used in the calculation and disclosure of share-based payments.
Research and Development Tax Incentive *(refer notes 3 and 6)* Management utilise key assumptions, judgements and estimates in determining the R&D Tax Incentive disclosed in note 3 and 6 which is material to the financial statements. Management have utilised the services of a tax expert to prepare the calculation for the company's eligible R&D spend for inclusion in its submission to the ATO.	Our audit procedures included an evaluation of the assumptions, estimates and methodologies used and conclusions reached by management's expert in preparing the R&D Tax Incentive application. We also focused on the adequacy of financial report disclosures regarding these assumptions as disclosed at note 1.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.

Report on the Remuneration Report
Opinion

We have audited the Remuneration Report included on pages 27 to 30 of the directors' report for the year ended 30 June 2023.

In our opinion the Remuneration Report of Redstone Resources Limited for the year ended 30 June 2023 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DRY KIRKNESS (AUDIT) PTY LTD

ROBERT HALL CA

Director

Perth
Date: 29 September 2023

SHAREHOLDER INFORMATION AS OF 25 SEPTEMBER 2023

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period can be found on the Company's website at www.redstone.com.au/corporate_governance.html.

B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the company's register:

Shareholder	Number
MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST <LYNWARD SUPER FUND A/C>	82,233,334
CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	63,614,778

2. Number of holders in each class of equity securities and the voting rights attached

There are 1,845 holders of ordinary shares. Each shareholder is entitled to one vote per share held. On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

There are 5 holders of unlisted options.

3. Distribution schedule of the number of holders in each class is.

	Holders of Ordinary Shares	Number of Ordinary Shares	%
1 - 1,000	113	48,228	0.01
1,001 - 5,000	275	832,108	0.10
5,001 - 10,000	218	1,801,564	0.20
10,001 - 100,000	679	28,897,914	3.32
100,001 and over	560	839,798,646	96.37
TOTALS	1,845	871,378,460	100.00

4. Marketable Parcel

There are 1,171 shareholders with less than a marketable parcel.

5. Twenty largest holders of each class of quoted equity security.

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds are as follows:

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SHAREHOLDER INFORMATION

Fully Paid Ordinary Shares – ASX: RDS

Rank	Name	No. of Ordinary Shares	%
1	MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST <LYNWARD SUPER F	82,233,334	9.44
2	CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	63,614,778	7.30
3	CARDINALS INVESTMENTS PTY LTD	41,704,918	4.79
4	GREYHOUND INVESTMENTS PTY LTD <GREYHOUND INVESTMENTS A/C>	32,650,136	3.75
5	TORO ENERGY LTD	17,500,000	2.01
6	VYSCARD PTY LTD<LE ROY SUPER FUND A/C>	17,000,000	1.95
7	MR ILIAS LEE RISKAS <RISKAS FAMILY A/C>	14,000,000	1.61
8	THE DUTCHINA INVESTMENTS PTY LTD	11,000,000	1.26
9	MEMPHIS HOLDINGS PTY LTD <SUPER FUND A/C>	10,000,000	1.15
10	BNP PARIBAS NOMINEES PTY LTD	9,624,362	1.10
11	MS CHUNYAN NIU	9,067,817	1.04
12	DJ LUCHT PTY LTD <LUCHT SUPERFUND A/C>	9,036,109	1.04
13	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	9,000,000	1.03
14	OLIVER FRIESEN	8,333,334	0.96
15	PHILLIP HALL <HALL A/C>	8,333,333	0.96
16	TROYWARD PTY LTD	7,850,000	0.90
17	GRAHAM JOHN FISHER PTY LTD <GRAHAM JOHN FISHER S/F A/C>	7,000,000	0.80
18	1215 CAPITAL PTY LTD	6,283,797	0.72
19	ACEDAY INVESTMENTS PTY LTD <THE HOFMANN SUPER FUND A/C>	6,000,000	0.69
20	KINGARTH PTY LTD	6,000,000	0.69
		376,231,918	43.18

6. Details of Restricted Securities

   12,500,0001 fully paid ordinary shares held by the vendors of the Radisson East and Sakami Lithium projects are subject to voluntary escrow for a period of six (6) months from their date of issue of 10 July 2023.

7. Details of Unlisted Options

% or No. holders	No. Options	Name / Class of Option
5	15,000,000	Options Exercise price $0.0204 from 27 November 2020 and expiring 20 November 2025
5	32,000,000	Options Exercise price $0.0188 from 28 January 2022 and expiring 23 January 2027
5	17,000,000	Options Exercise price $0.0164 from 23 December 2022 and expiring 23 November 2027
	64,000,000	Total Unlisted Options

SHAREHOLDER INFORMATION

Unquoted Securities > 20% Holders

Class - Unlisted Options: Exercise price $0.0204 from 27 November 2020 and expiring 20 November 2025

Holder	No. Options
CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	5,000,000

Class - Unlisted Options: Exercise price $0.0188 from 28 January 2023 and expiring 23 January 2027

Holder	No. Options
CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	10,000,000

Class - Unlisted Options: Exercise price $0.0164 from 23 December and expiring 23 November 2027

Holder	No. Options
CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	5,000,000

C. OTHER DETAILS

1. Company Secretary

   The name of the company secretary is Miranda Conti.

2. Address and telephone details of the entity's registered and administrative office

   60 Havelock Street
   West Perth WA 6005
   Tel: + 61 8 9328 2552
   email: contact@redstone.com.au

3. Address and telephone details of the office at which a register of securities is kept.

   Advanced Share Registry Limited
   Website: www.advancedshare.com.au

   Western Australia – Main Office
   110 Stirling Highway, NEDLANDS WA 6009
   PO Box 1156, NEDLANDS WA 6909
   Tel: +61 8 9389 8033
   Fax: +61 8 9262 3723
   email: admin@advancedshare.com.au

   New South Wales - Branch
   Suite 8H
   325 Pitt Street
   SYDNEY NSW 2000

   PO Box Q1736
   Queen Victoria Building
   SYDNEY NSW 1230
   Tel: + 61 2 9056 0813

SHAREHOLDER INFORMATION

4. Stock exchange on which the Company's securities are quoted.

   The Company's listed equity securities are quoted on the Australian Stock Exchange (ASX: RDS).

5. Review of Operations

   A review of operations is contained in the Directors' Report.

D. TENEMENT SUMMARY

Following is a list of the Entity's tenements which are live or active as at the date of this report.

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	18/09/2024	41	126.4
Milyuga	E 69/3456	Redstone Resources Limited	100%	100%	14/08/2017	13/08/2027	19*	58.6
Milyuga	E 69/3568	Redstone Resources Limited	0%	0%	(10/05/2018)	N/A	27	83.2
Milyuga	E 69/3750	Westmin Exploration Pty Ltd	0%	0%	(17/09/2019)	N/A	107	330.0
Milyuga	E 69/4121	Westmin Exploration Pty Ltd	0%	0%	(24/11/2022)	N/A	21	64.7
							215	662.9

** Compulsory surrender of 9BL for tenement E69/3456 was required by 13 August 2023.*

Kalgoorlie, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date/ (Application Date)	Expiry	Blocks	Area km2
HanTails	P26/4308	Hannans Gold Pty Ltd	20%	80%	3/04/2019	2/04/2027	N/A	0.6
HanTails	P26/4465	Hannans Gold Pty Ltd	20%	80%	5/08/2019	4/08/2027*	N/A	1.7
							-	2.3

**An Extension of Term Application (EoT) has been lodged for P26/4465 subsequent to the end of the 2023 financial year for a further four-year term to 4 August 2027. The outcome of the EoT remains pending.*

As at 30 June 2023 Redstone has completed Stage 2 of the HanTails Farm-in and JV and acquired a 80% interest in the HanTails Project.

SHAREHOLDER INFORMATION

Ontario, Canada

Project	Claim #	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date/(Application Date)	Expiry	Area (#)
Attwood Lake	771560	(129617) PERRY ENGLISH	100%	0%	2/01/2023	2/01/2025	25
Attwood Lake	771561	(129617) PERRY ENGLISH	100%	0%	2/01/2023	2/01/2025	17
Attwood Lake	771562	(10002746) Gravel Ridge Resources Ltd.	100%	0%	2/01/2023	2/01/2025	25
Attwood Lake	771563	(10000100) Michael Kilbourne	100%	0%	2/01/2023	2/01/2025	25
Attwood Lake	771564	(129617) PERRY ENGLISH	100%	0%	2/01/2023	2/01/2025	25
Attwood Lake	771565	(10002746) Gravel Ridge Resources Ltd.	100%	0%	2/01/2023	2/01/2025	17
Attwood Lake	771566	(10002746) Gravel Ridge Resources Ltd.	100%	0%	2/01/2023	2/01/2025	24
Attwood Lake	771567	(10000100) Michael Kilbourne	100%	0%	2/01/2023	2/01/2025	17
Attwood Lake	771568	(10002746) Gravel Ridge Resources Ltd.	100%	0%	2/01/2023	2/01/2025	23
Attwood Lake	771569	(129617) PERRY ENGLISH	100%	0%	2/01/2023	2/01/2025	22
Attwood Lake	771570	(10000100) Michael Kilbourne	100%	0%	2/01/2023	2/01/2025	25
Attwood Lake	771571	(10000100) Michael Kilbourne	100%	0%	2/01/2023	2/01/2025	22
Attwood Lake	775728	(10002746) Gravel Ridge Resources Ltd.	100%	0%	12/01/2023	12/01/2025	9
Attwood Lake	830567	(10002746) Gravel Ridge Resources Ltd.	100%	0%	(3/05/2023)	(3/05/2025)	24
Attwood Lake	830568	(10002746) Gravel Ridge Resources Ltd.	100%	0%	(3/05/2023)	(3/05/2025)	24
Attwood Lake	830569	(10002746) Gravel Ridge Resources Ltd.	100%	0%	(3/05/2023)	(3/05/2025)	24
Attwood Lake	830570	(10002746) Gravel Ridge Resources Ltd.	100%	0%	(3/05/2023)	(3/05/2025)	18
							366

REGISTERED AND PRINCIPAL OFFICE

60 Havelock Street
West Perth WA 6005
Tel: +61 8 9328 2552
Email: contact@redstone.com.au

POSTAL ADDRESS

PO Box 8646
Perth Business Centre WA 6849

WEBSITE

www.redstone.com.au