



REDSTONE RESOURCES LIMITED
ACN 090 169 154

CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Redstone Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

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Competent Persons Statement

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

Forward-Looking Statements

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

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CORPORATE DIRECTORY

DIRECTORS:	Mr Richard Homsany (Chairman) Mr Brett Hodgins (Technical Director) Mr Edward van Heemst (Non-Executive Director)
COMPANY SECRETARY:	Ms Miranda Conti
REGISTERED AND PRINCIPAL OFFICE:	60 Havelock Street WEST PERTH WA 6005 Tel: (08) 9328 2552 Fax: (08) 9328 2660 Internet: www.redstone.com.au email: contact@redstone.com.au
SHARE REGISTRY:	Advanced Share Registry Services 110 Stirling Highway NEDLANDS WA 6009 PO Box 1156 NEDLANDS WA 6909 Tel: +61 8 9389 8033 Fax: +61 8 9262 3723 Level 6, 225 Clarence Street SYDNEY NSW 2000 PO Box Q1736 QUEEN VICTORIA BUILDING NSW 1230 Website: www.advancedshare.com.au
HOME STOCK EXCHANGE:	Australian Stock Exchange Limited Level 40 Central Park 152-158 Ste Georges Terrace PERTH WA 6000 ASX Code: RDS, RDSOA
AUDITOR:	Butler Settineri (Audit) Pty Ltd Unit 16, First Floor 100 Railway Road (Cnr Hay Street) SUBIACO WA 6008

REDSTONE RESOURCES LIMITED

ACN 090 169 154

DIRECTORS' REPORT

Your directors submit the financial report of the Redstone Resources Limited and its controlled entities ("Redstone" or the "Entity") for the half-year ended 31 December 2016 ("Half-year"). In order to comply with the provisions of the Corporations Act 2001, the directors' report follows:

The Board of Directors

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

Richard Homsany
Brett Hodgins
Edward van Heemst

(Chairman)
(Technical Director)
(Non-Executive Director)

Review of Operations

The consolidated loss after income tax for the half-year is \$89,020 (2015: \$380,890).

WEST MUSGRAVE

PROJECT LOCATION

During the period Redstone held an interest in one exploration licence E69/2450 in the West Musgrave region of Western Australia and includes the Company's 100% owned Tollu Copper Project ("Tollu" or the "Project"). The Project is prospective for major copper and nickel-copper mineralisation. The tenement and Project location is shown on **Figures 1 and 2**.



Figure 1 – West Musgrave - Location Map

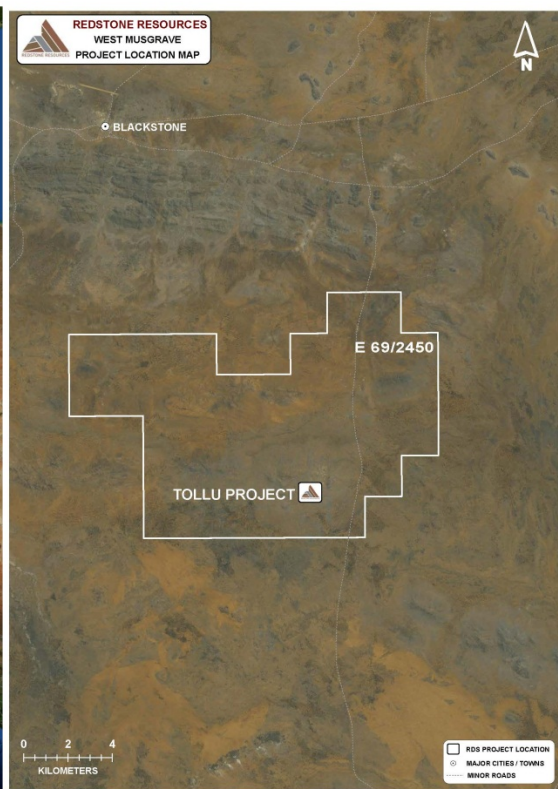


Figure 2– Tollu Project – Location Map

DIRECTORS' REPORT

TOLLU PROJECT (REDSTONE 100%)

Redstone's primary focus is the advancement of its 100% owned Tollu Project located in the southeast portion of the West Musgrave region of Western Australia (**Figure 1**). The Project is approximately 20km south east of the Blackstone Community on Company's 100% owned tenement E69/2450 (**Figure 2**). This Project hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km². Copper mineralisation is exposed at the surface and forms part of a dilation system between two major shears.

Redstone expects the Project's initial JORC 2012 resource defined in June 2016, of **3.8 million tonnes at 1% Cu, containing 38,000 tonnes of copper, including 8,000 tonnes of Cu oxide resource**, the mineralised area and the volume of hydrothermal mineralisation to increase significantly with further drilling.

Accordingly, during the Half-year the Company progressed plans, subject to funding, for a systematic follow-up RC drilling program at Tollu, focusing on the Forio and Forio Deeps Prospect ("**Forio**") and the identified Forio analogues (**Figure 3**).

The aim of the RC drilling program will be to test veins hosting near surface copper mineralisation on Tollu prospects displaying minimal surface expression analogous to the mineralisation identified at the Forio Prospect from the 2015 drilling campaign in addition to further evaluation of the potential for sulphide at depth. Previous first pass drilling at Forio identified a mineralised strike over 250m coincident with an historic Induced Polarity (IP) geophysical anomaly and open in all directions. It is envisaged that further drilling will increase the Cu oxide potential at the Tollu Project.

Significant intersections received in the first pass drilling at Forio included:

- 9m at 2.27% Cu from 27m downhole (TLC130)
- 8m at 2.08% Cu from 17m downhole (TLC131)
- 5m at 1.50% Cu from 19m downhole (TLC132)

Please refer to the ASX announcement of 22 February 2016.

The Forio prospect has displayed limited surface expression however is associated with a coincident geophysical anomaly and remains to be effectively drilled out below 50m. The results at Forio display the widest and strongest copper mineralisation discovered at this depth to date at the Project.

The Company's exploration strategy includes increasing the Cu oxide resource to enable a near term development pathway for the Tollu Project and evaluation of the deeper high grade sulphide resources. As such, during the Half-year the Company commenced evaluation of low cost processing options for the oxide ores including by cementation, precipitation by sodium hydrosulphide or glycine leach. This evaluation also included discussions with potential JV partners.

FUNDING

During the Half-year the Company completed and lodged a Research and Development Incentive claim (the "**R&D Rebate**") along with its FY2016 tax return. The Company determined the R&D Rebate amount under the Australian Taxation Office's self-assessment system with the final amount of \$646,000 received by Redstone on 30 January 2017.

On 28 February 2017 the Company also completed a capital raising of \$430,000 (before costs) by placement of 53,750,000 fully paid ordinary shares in the Company at \$0.008 per share ("**Shares**"), which was strongly supported by a number of new sophisticated and professional investors.

DIRECTORS' REPORT

The funds from the recent capital raising along with the R&D Rebate will make a significant contribution to the Company's capital requirements over the next 12 months and for planned RC drilling during the first half of 2017.

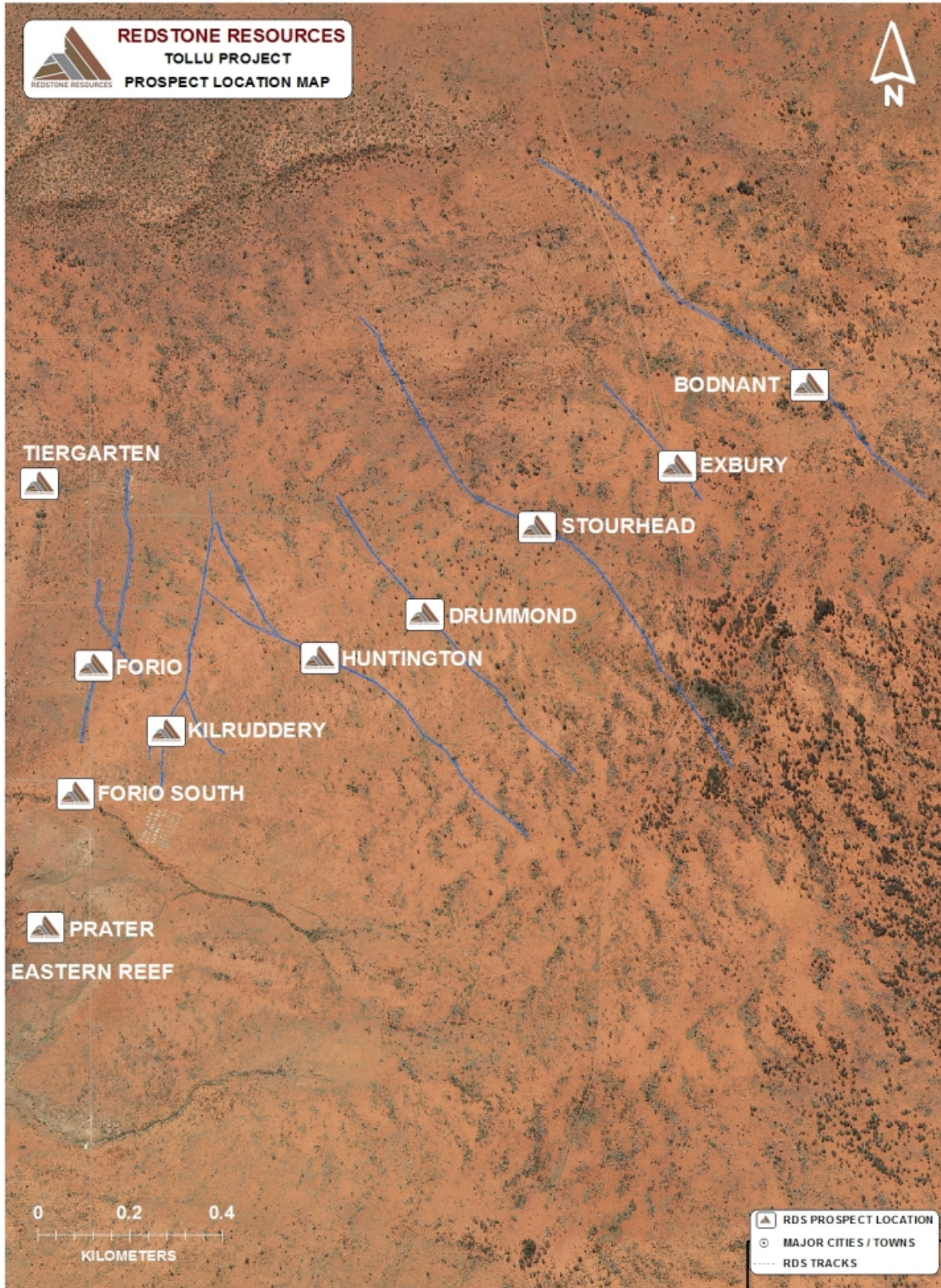


Figure 3 Tollar Prospects to the east of Eastern Reef - Forio analogue

REDSTONE RESOURCES LIMITED

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DIRECTORS' REPORT

CORPORATE

Research and Development Tax Concession

In December 2016 the Company completed and lodged a Research and Development Incentive claim along with its FY2016 tax return. The Company determined the R&D Rebate amount under the Australian Taxation Office's self-assessment system with the final amount of \$646,000 received by Redstone on 30 January 2017.

Share Options

During the Period no options were issued and no options expired.

Subsequent Events

Capital Raising

Subsequent to the Period the Company successfully completed an oversubscribed placement to sophisticated investors of 53,750,000 fully paid ordinary shares (the "**Shares**") at an issue price of \$0.008 per Share, raising \$430,000 (before costs) (the "**Placement**").

The Placement was made in accordance with the Company's existing placement capacity under Listing Rules 7.1 and pursuant to shareholder approval at the 29 November 2016 AGM. The Placement Shares will rank equally with the existing Redstone shares quoted on ASX.

Issue of Options to Consultants and Employee

On 28 February 2017 10,000,000 Options exercisable at \$0.015 and 10,000,000 Options exercisable at \$0.02 (collectively the "**Options**") were issued to consultants and employee of the Company.

The Options are exercisable within 3 years from date of grant, being 28 February 2020.

The Options issue was made in accordance with the Company's existing placement capacity under Listing Rules 7.1 and pursuant to shareholder approval at the 29 November 2016 AGM.

REDSTONE RESOURCES LIMITED

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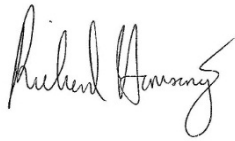
DIRECTORS' REPORT

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settineri (Audit) Pty Ltd, to provide the directors of Redstone with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2016.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Richard Homsany', with a stylized flourish at the end.

R Homsany
Chairman
Perth, Western Australia
15 March 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Redstone Resources Limited for the half year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Redstone Resources Limited and its controlled entities during the half year ended 31 December 2016.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 15 March 2017

REDSTONE RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Half-year ended 31 December 2016 \$	Half-year ended 31 December 2015 \$
<i>Revenue</i>			
Other Income		164,070	-
Total revenue		-	-
<i>Expenses</i>			
Administration and other expenses from ordinary activities		(105,177)	(137,447)
Employee benefit expense		(129,307)	(121,652)
Depreciation and amortisation expense		(2,361)	(4,771)
Finance costs		(950)	(1,226)
Write off of Investment		-	(6,000)
Exploration expenditure		(15,556)	(111,649)
Total expenses		(89,282)	(382,745)
Loss before interest and taxes		(89,282)	(382,745)
Interest revenue		261	1,855
Loss before income tax		(89,020)	(380,890)
Income tax expense		-	-
Loss after income tax for the period		(89,020)	(380,890)
Other comprehensive income		-	-
Movement in foreign exchange translation reserve		-	-
Total comprehensive income for the period		(89,020)	(380,890)
Earnings per share (cents per share)		Cents	Cents
- Basic and diluted loss for the half-year	10(c)	(0.03)	(0.20)

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

REDSTONE RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	At 31 December 2016 \$	At 30 June 2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents		71,971	293,443
Trade and Other Receivables		652,322	11,482
Other Assets		20,383	7,487
TOTAL CURRENT ASSETS		744,676	312,412
NON-CURRENT ASSETS			
Deferred Exploration Expenditure	5	5,653,925	6,022,434
Property, Plant and Equipment		13,876	16,237
TOTAL NON-CURRENT ASSETS		5,667,801	6,038,671
TOTAL ASSETS		6,412,477	6,351,083
CURRENT LIABILITIES			
Trade and Other Payables		652,237	497,317
Provisions		18,220	22,726
TOTAL CURRENT LIABILITIES		670,457	520,043
TOTAL LIABILITIES		670,457	520,043
NET ASSETS		5,742,020	5,831,040
EQUITY			
Issued Capital	10	23,336,849	23,336,849
Reserves		156,999	156,998
Accumulated Losses		(17,751,828)	(17,662,807)
TOTAL EQUITY		5,742,020	5,831,040

The above Consolidated Statement of Financial Position should be read
in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Six months ended 31 December 2016

	Issued Capital	Accumulated Losses	Share based Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2016	23,336,849	(17,662,807)	156,998	5,831,040
Total comprehensive income attributable to members	-	(89,020)	-	(89,020)
At 31 December 2016	23,336,849	(17,751,827)	156,998	5,742,020

Six months ended 31 December 2015

	Issued Capital	Accumulated Losses	Share based Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2015	22,214,645	(17,465,497)	397,749	5,146,897
Total comprehensive income attributable to members	-	(380,890)	-	(380,890)
Share capital issued	1,251,701	-	-	1,251,701
Equity raising costs	(129,497)	-	-	(129,497)
Share-based payments expiring	-	240,750	(240,750)	-
At 31 December 2015	23,336,849	(17,605,637)	156,999	5,888,211

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

REDSTONE RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Half-year ended 31 December 2016 \$	Half-year ended 31 December 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(117,616)	(576,765)
Interest received	261	56,631
Interest paid	-	-
Net R&D tax concession	(14,393)	186,052
Net cash flows used in operating activities	(131,748)	(334,082)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(64,149)	(587,087)
Tenement application fees paid	(6,000)	-
Net R&D tax concession received	(19,575)	647,029
Net cash flows from/(used in) investing activities	(89,724)	59,942
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,251,701
Payment of share issue costs	-	(113,900)
Net cash flows from financing activities	-	1,137,801
Net increase/(decrease) in cash held	(221,472)	863,661
Cash at the beginning of the half-year	293,443	60,726
CASH AT THE END OF THE HALF-YEAR	71,971	924,387

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. Corporate Information

The financial report of Redstone Resources Limited (the "Company") for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 15 March 2017.

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

The nature of the operations and principal activities of the Company are described on pages 3 to 7 in the Directors' Report.

2. Summary of Significant Accounting Policies

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

This half-year financial report should be read in conjunction with the annual financial report of Redstone Resources Limited for the year ended 30 June 2016.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Redstone Resources Limited and its controlled entities as at 31 December 2016 (the "Entity" or "Group") - refer note 9.

b) Basis of Accounting

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

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

2. Summary of Significant Accounting Policies (continued)

c) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as the annual financial statements for the year ended 30 June 2016.

The Entity has reviewed all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined that there is no impact, material or otherwise, and therefore no change is required to the Entity's accounting policies.

The Entity has also reviewed all new standards and interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore, no change necessary in the Entity's accounting policies.

d) Going Concern

The Entity recorded a loss of \$89,020 for the half-year ended 31 December 2016 and as at 31 December 2016 had net current assets of \$74,219 and exploration and operating commitments for the following 12 months to 31 December 2016 of \$174,117 (note 6). Although these matters are indicative of a material uncertainty, 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. The Directors contemplate continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Subsequent to the end of the half-year ended 31 December 2016 the Entity completed a capital raising of \$430,000 and received its R&D Research and Development Incentive claim. The Company continues to evaluate capital raising and funding opportunities.

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 3: DIVIDENDS

The Entity has not declared or paid a dividend during the half-year ended 31 December 2016.

NOTE 4: SEGMENT INFORMATION

During the 2014 financial year the Entity ceased operations in South America. Therefore the Entity has one operating segment being mineral exploration in Australia.

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

NOTE 5: DEFERRED EXPLORATION EXPENDITURE

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

Of the \$5,653,525 carrying value, \$5,647,525 relates to the net deferred exploration spend incurred on the Tollu Project tenement (E69/2450) to 31 December 2016. The balance of \$6,000 relates to application fees incurred for the Milyuga tenement of 36 blocks (E69/3456), which is located adjacent to and surrounding the E69/2450 tenement.

NOTE 6: CAPITAL AND EXPLORATION EXPENDITURE COMMITMENTS

The future exploration commitment (including access costs) of the Entity relating to currently held and granted tenements to their expiry is as follows:

Cancellable operating lease commitments for exploration tenements	31 December 2016 \$	30 June 2016 \$
Within one year	157,567	122,937
One year or later and no later than five years	112,115	191,794
Later than five years	-	-
	269,682	314,701

Joint venture commitments

As at and during the half-year ended 31 December 2016 the Entity had no joint venture commitments.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 6: CAPITAL AND EXPLORATION EXPENDITURE COMMITMENTS (continued)

Capital Commitments

The Entity does not have any capital commitments as at balance date.

Operating lease – corporate office premises

The Entity is leasing office premises for a gross rent inclusive of car bay of \$4,300 per month. As of 30 June 2015 the Entity is holding over on a monthly tenancy on the same rental terms and conditions, although this is subject to rate review if deemed appropriate. Such rental rate review may not result in an increase of 10% unless otherwise agreed between the parties. The monthly tenancy may be terminated by either party giving at least one month's written notice to the other party.

On 31 July 2015, the Entity entered into a two year operating lease for storage premises at an annual rental of \$21,000 plus variable outgoings plus GST.

Cancellable operating lease commitments for exploration tenements	31 December 2016 \$	30 June 2016 \$
Within one year	16,550	25,300
One year or later and no later than five years	-	1,750
Later than five years	-	-
	16,550	27,050

NOTE 7: 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 Company had no other contingent assets or liabilities as at 31 December 2016.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 8: EVENTS AFTER BALANCE DATE

Capital Raising

Subsequent to the Period the Company successfully completed an oversubscribed placement to sophisticated investors of 53,750,000 fully paid ordinary shares (the “**Shares**”) at an issue price of \$0.008 per Share, raising \$430,000 (before costs) (the “**Placement**”).

The Placement was made in accordance with the Company’s existing placement capacity under Listing Rules 7.1 and pursuant to shareholder approval at the 29 November 2016 AGM. The Placement Shares will rank equally with the existing Redstone shares quoted on ASX.

Issue of Options to Consultants and Employee

On 28 February 2017 10,000,000 Options exercisable at \$0.015 and 10,000,000 Options exercisable at \$0.02 (collectively the “**Options**”) were issued to consultants and employee of the Company.

The Options are exercisable within 3 years from date of grant, being 28 February 2020.

The Options issue was made in accordance with the Company’s existing placement capacity under Listing Rules 7.1 and pursuant to shareholder approval at the 29 November 2016 AGM.

No other matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Entity in future financial years.

NOTE 9: CONTROLLED ENTITIES

Redstone Resources Limited is the parent entity of the Group.

	At 31 December 2016 %	At 30 June 2016 %
<hr/>		
Particulars in relation to wholly owned entities		
Allhawk Nominees Pty Ltd	100	100
Minex Services Pty Ltd	100	100
Westmin Exploration Pty Ltd	100	100
Rivergold Exploration Pty Ltd	100	100
Redstone Mineracao Do Brasil Ltda*	98	98

**The remaining 2% shareholding is held on trust for Redstone Resources Limited. The Board and shareholding structure is in accordance with Brazilian law.*

REDSTONE RESOURCES LIMITED

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 10: CONTRIBUTED EQUITY

	31 December 2016 \$	30 June 2016 \$
(a) Issued and Paid Up Capital		
Shares issued and fully paid – 326,047,245 (June 2016: 326,047,245 ordinary shares fully paid)	23,336,849	23,336,849
Listed Options issued (ASX: RDSOA) – 55,631,193 (June 2016: 55,631,193)	-	-
Issued and fully paid capital	23,336,849	23,336,849

During the half-year period to 31 December 2016 no options were issued and no options lapsed or were exercised.

Reconciliation of options on issue

Share Options	As at 30 June 2016	Issued/ (Exercised or lapsed)	As at 31 December 2016	Exercise price \$	Exercisable from	Expiry
Unlisted options	2,000,000	-	2,000,000	0.20	5 Dec 12	4 Dec 17
Listed Options - (ASX: RDSOA)	55,631,193	-	55,631,193	0.03	11 Dec 15/ 30 Dec 15	31 Jul 17
Total options	57,631,193	-	57,631,193			

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

There was no movement in the fully paid ordinary shares of the Company during the period.

(c) Earnings per Share

	Half-year ended 31 December 2016	Half-year ended 31 December 2015
Basic loss per share (cents per share)	(0.03)	(0.20)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (number)	326,047,245	195,160,833
Earnings used in the calculation of basic loss per share (\$)	(89,020)	(380,890)

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

REDSTONE RESOURCES LIMITED

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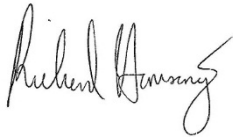
DIRECTORS' DECLARATION

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

In the opinion of the directors:

1. The financial statements and notes of the Entity set out on pages 9 to 18 are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the Entity; and
 - b. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Richard Homsany', with a stylized flourish at the end.

R Homsany
Chairman
Perth, Western Australia
15 March 2017

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

Report on the half year financial report

We have reviewed the accompanying half year financial report of Redstone Resources Limited ("the company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a statement of significant accounting policies and other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half year financial report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Redstone Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

Without qualifying our conclusion above, we wish to draw your attention to the following matter. As a result of matters referred to in note 2(d) of the financial statements "Going Concern", the Group's ability to continue as a going concern is dependent upon the Group raising further working capital. This indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 15 March 2017