



28 April 2017

QUARTERLY REPORT

For the Period Ending 31 March 2017

HIGHLIGHTS

- ✓ Completion of an oversubscribed capital raising by private placement to sophisticated and professional investors totaling \$430,000 (before costs) to advance and evaluate the continued expansion of the Tollu Project and in particular to support the proposed follow-up RC drilling program.
- ✓ Receipt in January 2017 of the Research and Development Tax Incentive claim of \$646,000 in relation to the 2016 financial year.
- ✓ Strategic review of the Company's geology, drilling and geophysical data undertaken over the Project area.
- ✓ Cobalt Mineral Resource estimate defined at Tollu of **3.8Mt @ 0.01% cobalt, which equates to 535 tonnes of contained cobalt** following from the strategic review of the Tollu Project geology.
- ✓ Preparation underway for follow-up drilling at Forio and at other prioritised targets, following strategic review of the Tollu geology, drilling and geophysics.
- ✓ Company well funded to complete RC drilling campaign of at least 3,000m in the June quarter.

Redstone Resources Limited (**ASX Code: RDS**) ("**Redstone**" or the "**Company**") presents its quarterly report for the period ending 31 March 2017 ("**the Quarter**").

Redstone's primary focus is the advancement of the Tollu Project ("**Tollu**" or the "**Project**"), located in the southeast portion of the West Musgrave region of Western Australia. This Project hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km². Copper mineralisation is exposed at the surface and forms part of a dilation system between two major shears. A large part of the tenement remains underexplored.



Redstone expects the Project's initial JORC 2012 resource of **3.8 million tonnes at 1% Cu, containing 38,000 tonnes of copper, including 8,000 tonnes of Cu oxide resource and 0.01% cobalt, which equates to 535 tonnes of contained cobalt**, the mineralised area and the volume of hydrothermal mineralisation to increase significantly with further drilling.

TOLLU PROJECT

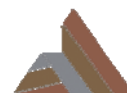
During the Quarter the Company commenced a Tollu project review to advance a number of priority targets following a review of the results generated from the 2015 drilling program at the Tollu Copper Project. As part of this review, the Company has defined a maiden Mineral Resource estimate for cobalt at Tollu.

The Mineral Resource estimate at Tollu is **3.8Mt @ 0.01% cobalt, which equates to 535 tonnes of contained cobalt** (the "Mineral Resource") (Tables 1 and 2). The Tollu Mineral Resource was prepared by BM Geological Services Pty Ltd, a Kalgoorlie based, independent geological consulting group and is reported in line with the guidelines of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition.

The Tollu deposit is located in a large, reverse fault system where hydrothermally remobilised Cu and Co mineralisation is focused into low stress dilatational jog positions along a north-south structural corridor. High grade Cu and Co mineralisation appears to be constrained to late stage veining within the dilatational positions which results in a limited strike length of the mineralisation. Essentially the mineralisation is continuous over the strike extent of the body with internal mineralised shoots. Surface mapping and sampling demonstrate strong continuity of the veins and mineralisation along strike. Drilling at Tollu has proved that these mineralised jogs have a steep plunge competent which has been tested down to 360m vertically. Mineralised jog positions occur at relatively regular intervals of 100 – 300m along the structural corridor.

Tollu Project					
Mineral Resource Estimate by Prospect					
Prospect	Tonnes	Cu%	Contained Copper Tonnes	Co%	Contained Cobalt Tonnes
Chatsworth	798,308	1.6	12,780	0.01	114
Forio	671,898	1.1	7,233	0.01	58
Main Reef	850,210	0.7	5,633	0.01	100
Hamptons	266,576	0.9	2,436	0.02	45
Eastern Reef	1,309,138	0.8	10,047	0.02	218
Total	3,896,130	1.0	38,129	0.01	535

Table 1 Mineral Resource Estimate by Prospect



Tollu Project						
Mineral Resource Estimate by JORC Resource Classification and Prospect						
Resource Classification	Prospect	Tonnes	Cu%	Contained Copper Tonnes	Co%	Contained Cobalt Tonnes
Indicated	Chatsworth	394,607	1.6	6,323	0.02	72
	Forio	69,268	1.1	759	0.01	7
	Sub-Total	463,875	1.5	7,081	0.02	79
Inferred	Chatsworth	403,701	1.6	6,458	0.01	42
	Forio	602,630	1.1	6,474	0.01	51
	Main Reef	850,210	0.7	5,633	0.01	100
	Hamptons	266,576	0.9	2,436	0.02	45
	Eastern Reef	1,309,138	0.8	10,047	0.02	218
	Sub-Total	3,432,255	0.9	31,048	0.01	456
Total Indicated + Inferred	Chatsworth	798,308	1.6	12,780	0.01	114
	Forio	671,898	1.1	7,233	0.01	58
	Main Reef	850,210	0.7	5,633	0.01	100
	Hamptons	266,576	0.9	2,436	0.02	45
	Eastern Reef	1,309,138	0.8	10,047	0.02	218
Total Indicated and Inferred		3,896,130	1.0	38,129	0.01	535

Table 2 Indicated and Inferred Mineral Resource Estimate by Prospect

Drilling is a combination of reverse circulation and diamond coring. Drill hole spacing varies at each prospect and is 40m x 40m at some deposits. Typically, the Tollu deposits have been drilled on a 50m x 50m spacing. The Mineral Resource has used both reverse circulation and diamond core drilling techniques. One metre RC samples were collected to obtain a 3 to 4 Kg sample. Diamond core sampling was typically a half core sample on a one metre interval or to geological intervals if less than one metre in length.

All samples were pulverised to typically 90% passing -75µm. Samples were digested by a 4 acid digest and analysed by Inductively Coupled Plasma Optical Emission Spectrometry (ICP-OES) or Inductively Coupled Plasma Mass Spectrometry (ICP-MS).

A drill hole database was constructed capturing all early phase Redstone drilling and data collected from the December 2015 drilling campaign. A 3D wireframe of the mineralised zones from each prospect was constructed in the mining package Surpac. In general, intercepts >0.5% Cu were targeted for modelling. Considerations were also given where modelling of 1m intercepts of between 0.25% Cu and 0.50% Cu would enable geological continuity. In all cases, the intercept margin was taken to 0.25% Cu. In a few situations, discrete low grade intercepts were observed, however nearby adjacent drill holes indicated that geological continuity could not be established. In such situations the intercepts were not modelled.



Copper and cobalt mineralisation was modelled in various orientations (335 deg – 010 deg) and dips ranging from vertical to minus 70. The mineralisation appears to be controlled by regional structures, and is hosted by quartz veining. Mineralised lodes vary in strike length from 10's of meters to in excess of 300m. Lode thicknesses range from 0.5m – 4m in true thickness. Cut-off reporting grades are nominally based on the 0.25% Cu criteria for mineralisation interpretation. Tonnes and grades were reported inside mineralised domains. There was no Co cutoff applied.

Grade estimation was completed using Inverse Distance Power 2 (ID2). The Mineral Resource was classified as Indicated where the drill density was 40 m x 40 m or less and surface geology demonstrated sufficient continuity to provide geological confidence. If the drill spacing was greater than 40m x 40m the resource was classified as Inferred. It must be noted that the Inferred Mineral Resource at Tollu is an estimate only and further infill drilling is required to improve the confidence of this mineralisation.

The mining method considered at this early stage is conventional drill and blast and load and haul with an excavator and large open pit mining equipment. No metallurgical factors or assumptions are made during the resource estimation process as this will be addressed during the conversion to Ore Reserve.

The evaluation of the cobalt potential at Tollu followed from a strategic review of the Company's geology, drilling and geophysical data over the Project area, which estimated 535 tonnes of contained cobalt being a by-product of the copper mineralisation envelope within the Tollu Mineral Resource. The cobalt opportunity for the Project represents a significant addition of value which has the potential to be improved with further targeted exploration.

The overall Project review has also identified priority targets to be included in the 3,000m plus RC drilling campaign, which is planned to commence in the June quarter.

CORPORATE

During the December quarter 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 (the **"Placement"**). The Placement was oversubscribed by approximately 45%, driven from strong support by a number of new sophisticated and professional investors introduced by Westar Capital Pty Ltd, the Lead Manager to the offer.



The funds from the R&D Rebate and Placement will make a significant contribution to the Company's capital requirements over the next 12 months, in particular for follow up RC drilling to advance and further evaluate the Tollu Project.

TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenement at the end of the 31 March 2017 quarter.

TENEMENT SUMMARY AS AT 31 MARCH 2017

West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date (Application Date)	Expiry	Blocks	Area km ²
Tollu	E 69/2450	Redstone Resources Limited	100%	100%	19/09/2008	18/09/2018	41	125.0
Milyuga	E 69/3456	Redstone Resources Limited			(18/07/2016)		36	110.0
							77	235.0

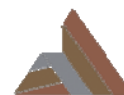
The Company did not acquire or dispose of any interests in any joint ventures, farm-in or farm out arrangements during the Quarter.

Competent Persons Statement

The information in this announcement 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.



ABOUT REDSTONE RESOURCES

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

Redstone's 100% owned Tollu Project, which contains a copper and cobalt resource estimate delineated in accordance with JORC, is located in the southeast portion of the West Musgrave region of Western Australia. The Project is approximately 20km south east of the Blackstone Community on the Company's 100% owned tenement E69/2450 (**Figure 1**). The Company has now identified 24 prospects within the Tollu Project (**Figure 2**).

The Company has also identified the potential for a number of other projects on the Tollu tenement (E69/2450) in addition to the Tollu Project (**Figure 1**).

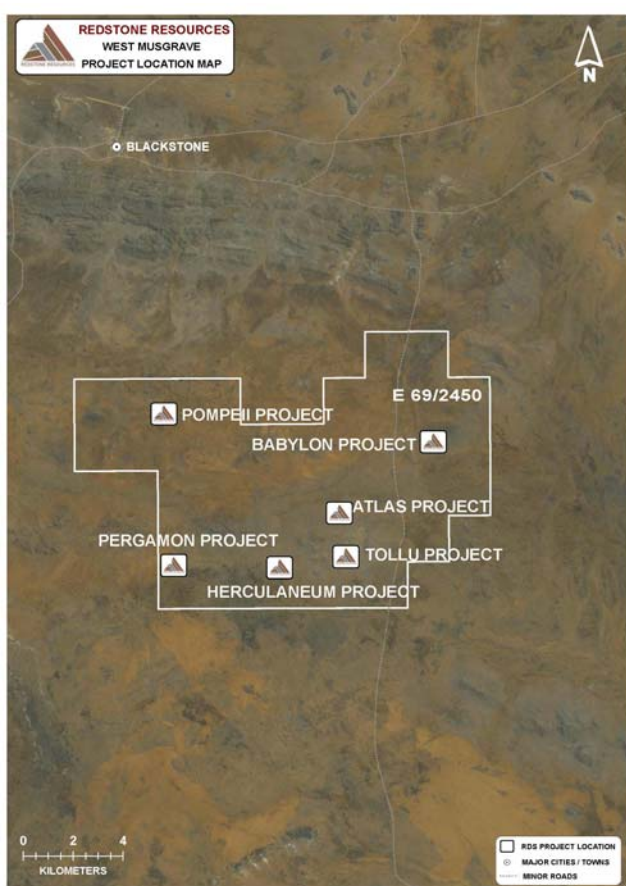


Figure 1– Tollu Project and other Projects– Location Map

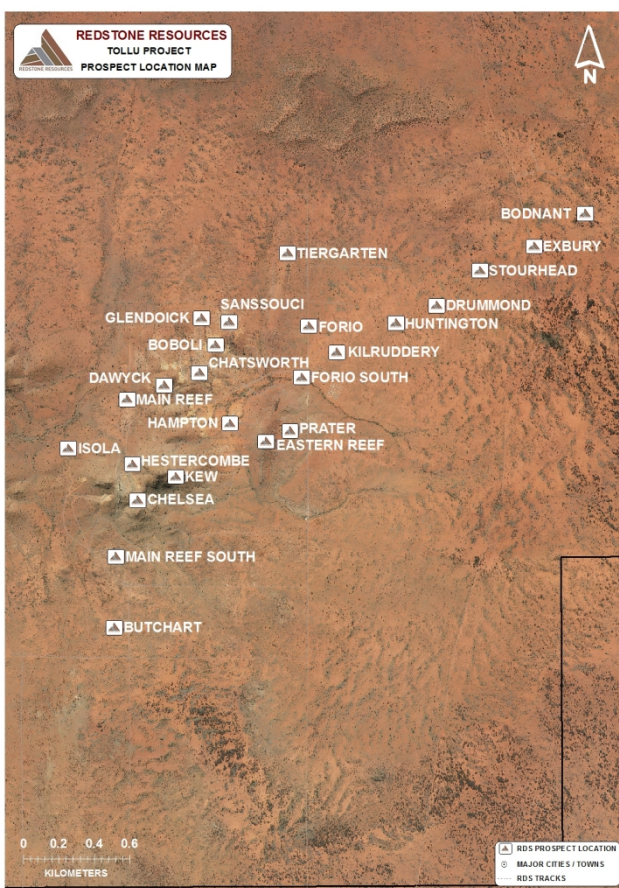


Figure 2 – Tollu Project – Prospect Location Map

For further information please contact:

Richard Homsany
Chairman
Redstone Resources Limited
+61 (08) 9328 2552
contact@redstone.com.au

Andrew Rowell /Warrick Hazeldine
Cannings Purple
+61 8 6314 6304
arowell@canningspurple.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Redstone Resources Limited

ABN

42090169154

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(51)	(115)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(33)	(86)
	(e) administration and corporate costs	(60)	(125)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds*	647	647
1.8	Other (Research & Development fee)	(65)	(99)
1.9	Net cash from / (used in) operating activities	439	223

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	(6)
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(6)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	430	430
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(25)	(25)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	405	405
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	72	294
4.2	Net cash from / (used in) operating activities (item 1.9 above)	439	223
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	405	405
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period *	916	916

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	916	72
5.2 Call deposits	-	-
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	916	72

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
17
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(365)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(35)
9.5 Administration and corporate costs	(50)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(450)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

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



28/04/2017

Sign here:
(Company secretary)

Date:

Miranda Conti

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.