

30 June 2017

Dear Option holder

EXPIRY OF LISTED OPTIONS (ASX: RDSOA)

This letter is to notify you of the impending expiry of your RDSOA Options (**Options**) in Redstone Resources Limited (**ASX: RDS**) at 5:00pm WST on Monday 31 July 2017 (**Expiry Date**).

The number of Options you hold is included in the enclosed option exercise notification.

In accordance with ASX Listing Rules, RDS provides you with the following information:

- (a) each Option entitles you to apply for one fully paid ordinary share in the capital of RDS;
- (b) the exercise price payable to exercise your Options by the Expiry Date is \$0.03 per Option;
- (c) if you fail to exercise your Options prior to the Expiry Date, those Options will lapse and you shall have no further right or entitlement to those Options;
- (d) quotation of the Options on the Australian Securities Exchange (**ASX**) will end at close of trading on Tuesday, 25 July 2017;
- (e) the last available closing price of the listed shares in RDS prior to the date of this letter was \$0.009;
- (f) the last available closing price of the Options prior to the date of this letter was \$0.001;
- (g) the highest and lowest market sale price of RDS shares on ASX during the 3 months immediately preceding the date of this letter and the respective dates of those sales were:

Highest: \$0.029 on 22 March 2017;
Lowest: \$0.009 on 29 June 2017;

- (h) the highest and lowest market sale price of Options on ASX during the 3 months immediately preceding the date of this letter and the respective dates of those sales were:

Highest: \$0.003 on 22 March 2017;
Lowest: \$0.001 on 27 April 2017;

- (i) you can exercise all or part of your Options prior to the Expiry Date by providing to the Company your completed written exercise notice specifying the number of Options being exercised (**Exercise Notice**) (as attached to this letter) and a payment of funds for the total exercise price for the number of Options being exercised. The Exercise Notice will only be effective when the Company has received the full amount of the exercise price.

Instructions regarding the methods of payment are included in the enclosed option exercise notification.

If you have any questions in relation to any of the above, please contact Miranda Conti on +61 8 9228 2552.

Regards



Miranda Conti
Company Secretary
REDSTONE RESOURCES LIMITED

REDSTONE RESOURCES LIMITED

ACN 42 090 169 154
INCORPORATED IN WESTERN AUSTRALIA
APPLICATION FOR SHARES UPON EXERCISE OF OPTIONS

RDSOA

I/We _____

Securityholder Reference Number (S.R.N) / Holder Identification Number (H.I.N) _____

Contact Telephone Number _____

The registered holder(s) of the Options hereby exercise my/our Option for: _____
In figures In words

Ordinary Fully Paid Shares and enclose application money of \$0.03 per share \$._____ (amount payable on exercise)

I/We whose full name(s) and address(es) appear above hereby apply for the number of Shares shown above. I/We agree to be bound by the Constitution of the Company.

Signature Of Option holder(s) (All joint holders must sign)	Companies Only - Executed in accordance with the Company's Constitution and the Corporations Law.
<input checked="" type="checkbox"/> _____ Signature Date	<input checked="" type="checkbox"/> _____ Sole Director and Sole Secretary Date
<input checked="" type="checkbox"/> _____ Signature Date	<input checked="" type="checkbox"/> _____ Director Date <input checked="" type="checkbox"/> _____ Secretary Date
<input checked="" type="checkbox"/> _____ Signature Date	<input checked="" type="checkbox"/> _____ Director Date <input checked="" type="checkbox"/> _____ Director Date

Note: If signed under Power of Attorney, a Certified Copy of the relevant Power of Attorney document must be exhibited to the Registry.
The Attorney declares that he/she has had no notice of revocation of the Power of Attorney.

Terms and Conditions

- (a) Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) The exercise price of the Option is \$0.03.
- (c) Each Option has an expiry date of 5:00pm WST on 31 July 2017.
- (d) Each Option is exercisable at any time on or before 5:00pm WST on 31 July 2017.
- (e) Application for Quotation of Options will be made, subject to the requirements of the Listing Rules and the Corporations Act.
- (f) Each Option may be exercised by notice in writing to the Company together with the payment for the number of Shares in respect of which the Options are exercised at any time during the Exercise Period. Any notice of exercise of Options received by the Company will be deemed to be a notice of the exercise of the Options as at the date of receipt of the notice and accompanying payment (**Exercise Date**).
- (g) Within 15 Business Days after the Exercise Date the Company will:
- A. issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the notice of exercise and for which cleared funds have been received by the Company; and
- B. if admitted to the Official List at the time, apply for quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (h) Shares issued on exercise of the Options rank equally in all respects with the then issued fully paid ordinary shares of the Company.
- (i) Application will be made by the Company to ASX for Quotation of the Shares issued upon the exercise of the Options.
- (j) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four (4) Business Days after the issue is announced. This will give holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (k) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- A. the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- B. no change will be made to the Exercise Price.
- (l) If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of the Option will be reduced according to the following formula:
- $$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$
- O = the old Exercise Price of the Option.
E = the number of underlying Shares into which one Option is exercisable.
P = average market price per Share weighted by reference to volume of the underlying Shares during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.
S = the subscription price of a Share under the pro rata issue.
D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
- (m) If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.
- (n) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office or the Share Registry.

Cheques should be made payable to "REDSTONE RESOURCES LIMITED" and crossed "Not Negotiable" and drawn on an Australian Bank and posted to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia 6909.

NOTE: OPTIONS NOT EXERCISED BY 31 JULY 2017 WILL AUTOMATICALLY EXPIRE.