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The Manager
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Electronic Lodgement

A FURTHER 10 EM TARGETS IDENTIFIED AT WEST MUSGRAVE PROJECT
DRILLING TO COMMENCE MID-AUGUST

HIGHLIGHTS

- **Detailed analysis of final airborne electromagnetic ($VTEM_{max}$) data has confirmed another 10 conductive targets for follow-up exploration at Redstone's 100% owned West Musgrave Project in WA.**
- **Redstone has now selected three high priority targets and eight lower priority targets for follow-up exploration. This includes the highest priority target (1A) that has been selected for immediate drill testing.**
- **Conductivity target 1A, identified as a high priority nickel-copper (Ni-Cu) sulphide target, has now been modelled, ready for drilling – the target is north dipping at a shallow angle, at least 120m deep with a strike extent of 685m.**
- **Planning and permitting for follow-up exploration completed.**
- **Drilling at highest priority 1A target is expected to commence mid-August 2017.**

Redstone Resources Limited (**ASX: RDS**)("**Redstone**" or "**the Company**") is pleased to announce it has completed the analysis of the final airborne EM (**$VTEM_{max}$**) data at its 100% owned Tollu tenement in the West Musgrave region, Western Australia (**West Musgrave Project**). Three high priority targets and eight lower priority targets have been selected for follow-up exploration (**Figure 1**). The highest priority target (1A), which is to be tested in the upcoming drill program, as previously stated, has now been modelled in detail ready for drilling.

TARGET 1A

Conductivity feature 1A is a high priority magmatic nickel-copper (Ni-Cu) sulphide exploration target. The target has been modelled as a 25° north dipping plate with a depth extent of 145m and strike extent of 685m (**Figure 2**). The depth to the top of the plate is ~120m. The conductance (from the airborne data) is ~195 S/m. The EM anomaly occurs in an embayment in the interpreted ultramafic rocks. Magmatic nickel sulphide deposits are usually highly conductive, and are hosted by mafic and ultramafic rocks.

The location of the priority conductive geophysical target is approximately 2.5 km to the north west of the Tollu Cu Prospect (**Figure 1**). It is positioned on the south east margin of a magnetic feature, interpreted to be ultramafic rocks proximal to a regional east-west oriented fault. Most of the EM targets are also positioned proximal to structural features. Two of these targets are along strike, north and south, of the Tollu Prospect area.

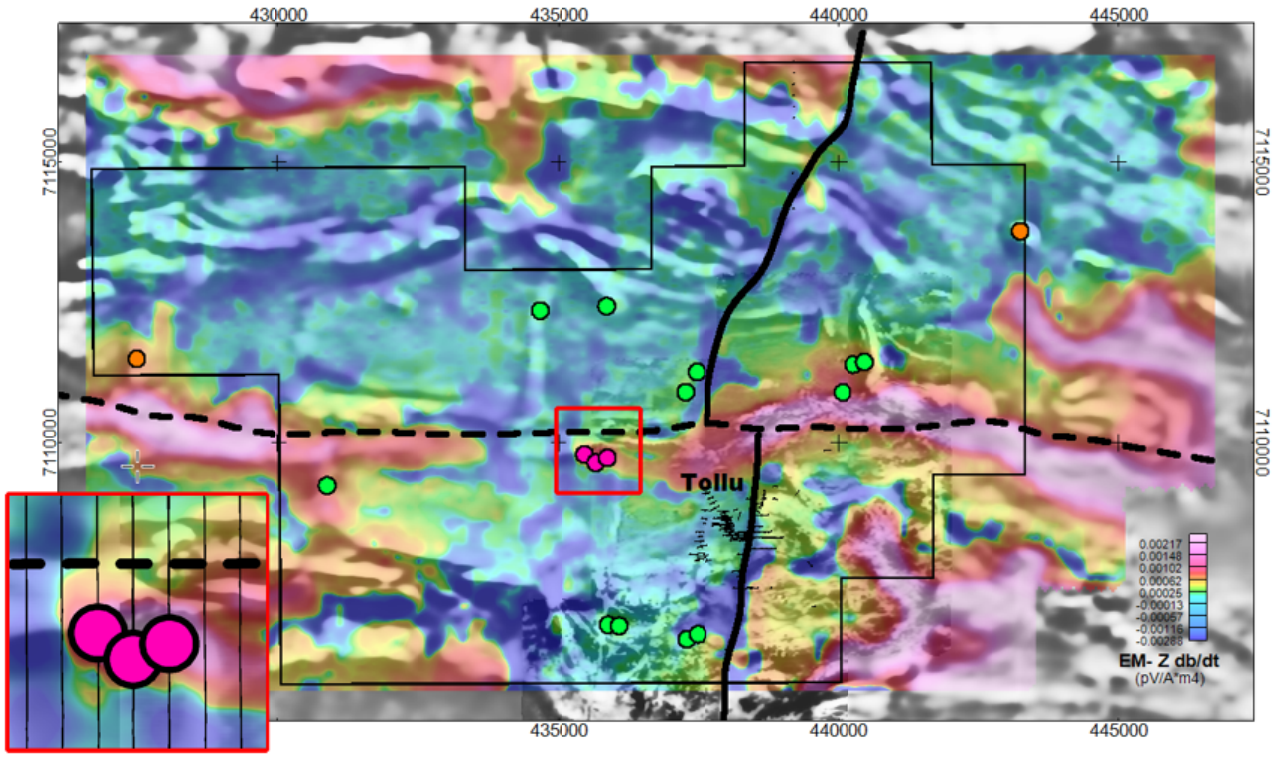

Figure 1 – Tenement E69/2450 airborne magnetic image (grey) with late time Z component channel 48 (10.667 msec after turn off) as the colour image. Historical drilling and prospects shown in black. High priority conductive targets shown in pink and orange. Lower priority targets shown in green. 1A target area within red square, inset on left showing conductor with flight lines (200m apart).

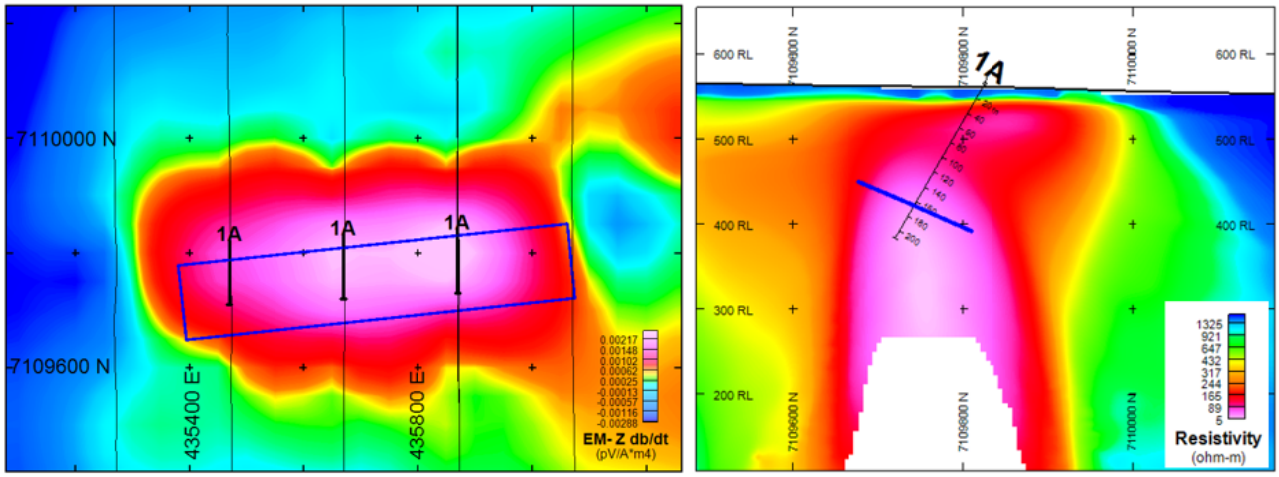

Figure 2 – Left is a plan view of target 1A showing north south oriented VTEM lines (200m apart) with drilling proposed (black) to test the conductive plate model (blue). The image is channel 40 Z component. On the right is cross section 435670mE looking west through the plate model 1A (blue). The image is resistivity derived from a conductivity depth transform of the Z component data.

Commenting on the results of the survey, Redstone Resources Chairman Richard Homsany said

> *"In addition to the continued evaluation of the prospective Tollu copper targets, Redstone has identified the potential to host another large Ni-Cu sulphide deposit such as the nearby Nebo- Babel deposit."*
>
> *"The VTEM results represent a significant step forward in assessing the broader potential of the Tollu project for large-scale Ni-Cu sulphide targets and we are keen to expand our current exploration initiative to include these targets."*

Redstone has completed heritage surveys and applied for all Program of Works and Native Vegetation Clearing permit approvals required for its upcoming drilling program, including for drilling of the area over the highest priority 1A target. Drilling is expected to commence mid-August.

ENDS

Competent Persons Statement

The information in this report that relates to Geophysical Exploration Results is based on information compiled by Mr Barry Bourne, who is employed as a Consultant to the Company through geophysical consultancy Terra Resources Pty Ltd. Mr Bourne is a fellow of the Australian Institute of Geoscientists and a member of the Australian Society of Exploration Geophysicists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, 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 Bourne consents to the inclusion in the report of matters based on information in the form and context in which it appears.

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 tenement (E69/2450) is located in the southeast portion of the West Musgrave region of Western Australia. The Company has also identified the potential for a number of other prospects on the Tollu tenement in addition to the Tollu Project.

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