2 August 2017

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW, 2000

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 of 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.

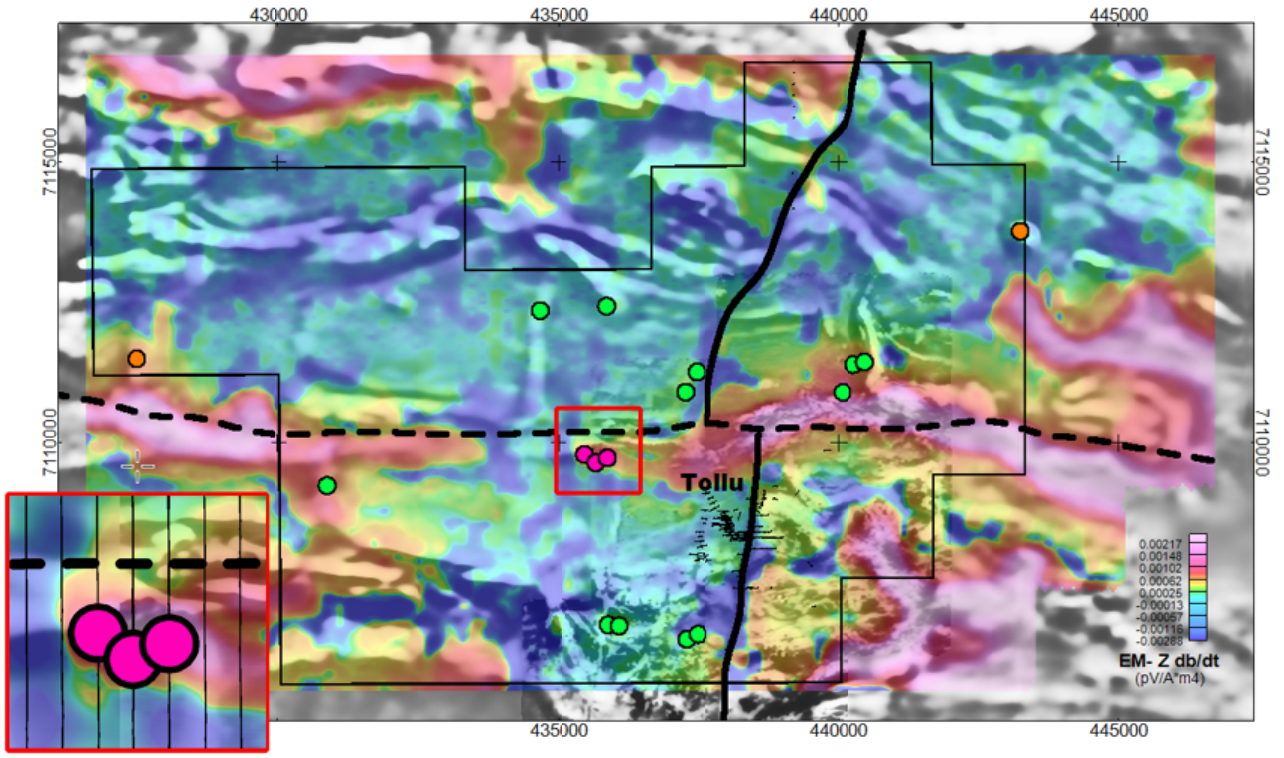

Figure 1 – Tenement E69/2450 airborne magnetic image (grey) with late time Z component channel 48 (10.667 msec after turn off) as the colour image. Historical drilling and prospects shown in black. High priority conductive targets shown in pink and orange. Lower priority targets shown in green. 1A target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

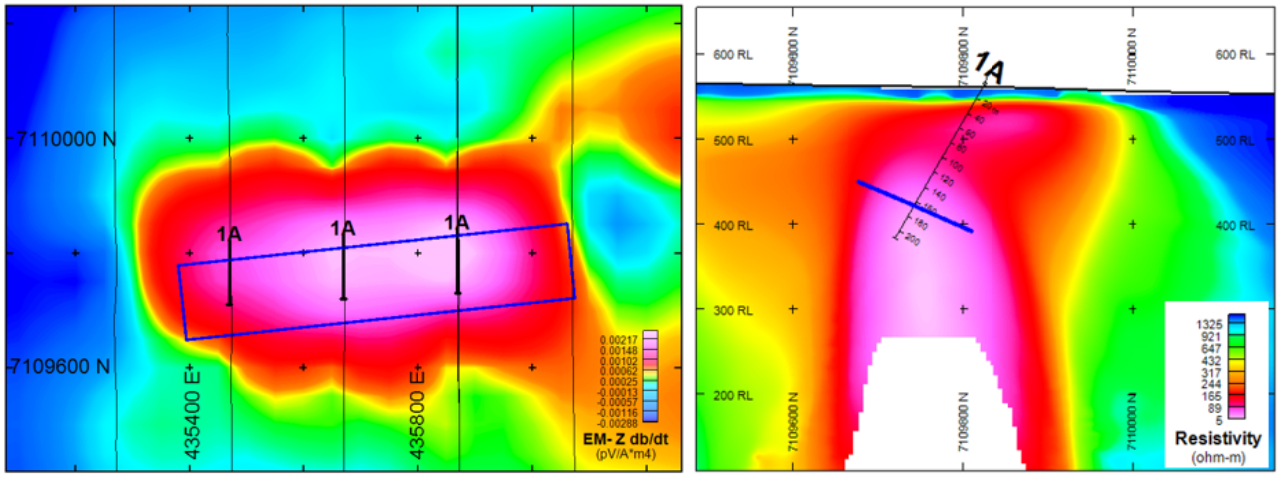

Figure 2 – Left is a plan view of target 1A showing north south oriented VTEM lines (200m apart) with drilling proposed (black) to test the conductive plate model (blue). The image is channel 40 Z component. On the right is cross section 435670mE looking west through the plate model 1A (blue). The image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

For further information please contact:
Richard Homsany
Chairman
Redstone Resources Limited
+61 8 9328 2552
contact@redstone.com.au

JORC Code, 2012 Edition – Table 1 report Tollu Project

Section 1 Sampling Techniques & Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature & quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity & the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Heliborne Electromagnetic (EM) survey carried out at 200 metre line spacing N/S using VTEMmax system by Geotech Airborne Ltd. • Survey carried out at a flight height of 90 metres with sensor at 35 metres. • VTEMmax configuration: 36 m transmitter loop diameter, 865,000 NIA peak dipole moment, 5 ms transmitter pulse width, VTEM receiver Z,X coils • Real-time GPS navigation system provides in-flight accuracy of 3 metres, and up to 1.2 metres depending on satellites available. • Altitude measured with accuracy of 1 metre. • VTEMmax system was calibrated prior to the survey at the normal testing sites in the Goldfields.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) & details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented & if so, by what method, etc.).*	• N/A
Drill sample recovery	• *Method of recording & assessing core & chip sample recoveries & results assessed.* • *Measures taken to maximise sample recovery & ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery & grade & whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• N/A

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core & chip samples have been geologically & geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies & metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length & percentage of the relevant intersections logged.*	• N/A
Sub-sampling techniques & sample preparation	• *If core, whether cut or sawn & whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc.& whether sampled wet or dry.* • *For all sample types, the nature, quality & appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• EM measurements taken using VTEMmax system. • VTEMmax system calibrated prior to commencement of survey at testing sites in the Eastern Goldfields of WA. • All digital data is inspected on a daily basis to ensure that bad data is not present and to identify missing data sections. • A preliminary flight path map is plotted and checked against survey specifications. • The data presented here is final data and has undergone processing to reduce noise or base level adjustments.
Quality of assay data & laboratory tests	• *The nature, quality & appropriateness of the assaying & laboratory procedures used & whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make & model, reading times, calibrations factors applied & their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) & whether acceptable levels of accuracy (i.e. lack of bias) & precision have been established.*	• N/A
Verification of sampling & assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.*	• Data is recorded using a Geotech proprietary data acquisition system onto PCMCIA flash cards. • All digital data is inspected on a daily basis to ensure that bad data is

Criteria	JORC Code explanation	Commentary
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical & electronic) protocols.* • *Discuss any adjustment to assay data.*	not present and to identify missing data sections. • A preliminary flight path map is plotted and checked against survey specifications.
Location of data points	• *Accuracy & quality of surveys used to locate drill holes (collar & down-hole surveys), trenches, mine workings & other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality & adequacy of topographic control.*	• Real-time GPS navigation system utilizing the Novatel WAAS enable OEM4-G2-3151W GPS receiver provides in-flight accuracy of 3 metres, and up to 1.2 metres depending on satellites available. • Altitude measured with accuracy of 1 metre. • A flight path map is plotted daily and checked against survey specifications.
Data spacing & distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing & distribution is sufficient to establish the degree of geological & grade continuity appropriate for the Mineral Resource & Ore Reserve estimation procedure(s)& classifications applied.* • *Whether sample compositing has been applied.*	• Readings taken at 2-3m intervals along flight lines 200m apart. • Line spacing is 200 metres as this is believed to be sufficient to identify anomalies for follow up work.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures & the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation & the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed & reported if material.*	• Survey oriented perpendicular to major structural features, lithological trends and/or other features of interest to ensure maximum resolution.
Sample security	• *The measures taken to ensure sample security.*	• All data acquired by Geotech Airborne were reported to the Company's representatives Terra Resources Pty Ltd.
Audits or reviews	• *The results of any audits or reviews of sampling techniques & data.*	• The data acquired by Geotech Airborne were independently reviewed by Terra Resources Pty Ltd.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement&land tenure status	• *Type, reference name/number, location & ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park & environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Tollu project is located within E69/2450 (Western Australia). This exploration license is held by Redstone Resources. • The tenements are in good standing & no known impediments exist.
Exploration done by other parties	• *Acknowledgment & appraisal of exploration by other parties.*	• There has been limited recent exploration undertaken by other parties.
Geology	• *Deposit type, geological setting & style of mineralisation.*	• The likely origin of the Tollu mineralisation is a hydrothermally remobilised Cu and Co system. The primary source is potentially a deep seated magmatic system. Fluids have focused into low stress dilatational jog positions along a north-south structural corridor. High grade Cu and Co mineralised shoots appear to be constrained to late stage veining within the dilatational positions. 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. • The VTEM survey is targeting sulphides associated with magmatic nickel-copper mineralisation.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *Easting & northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in*	• N/A

Criteria	JORC Code explanation	Commentary
	metres) of the drill hole collar o *dip & azimuth of the hole* o *down hole length & interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material & this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades)&cut-off grades are usually Material & should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results & longer lengths of low grade results, the procedure used for such aggregation should be stated & some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N/A
Relationship between mineralisation widths & intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known & only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• N/A
Diagrams	• *Appropriate maps & sections (with scales)&tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations & appropriate sectional views.*	• N/A
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low & high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• N/A

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	• *Other exploration data, if meaningful & material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size&method of treatment; metallurgical test results; bulk density, groundwater, geotechnical & rock characteristics; potential deleterious or contaminating substances.*	• No other exploration data collected is considered material to this announcement.
Further work	• *The nature & scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations & future drilling areas, provided this information is not commercially sensitive.*	• The Company plans to follow up high priority targets arising from the survey.