



REDSTONE RESOURCES LIMITED  
ABN: 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY MEMORANDUM

For the Annual General Meeting of the Shareholders

of

Redstone Resources Limited

to be held on

Tuesday 28 November 2017 at 11.00am (WST) at

Country Women's Association WA (Inc) House

1176 Hay Street

Perth, Western Australia

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**  
**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Annual General Meeting of Redstone Resources Limited will be held at Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth Western Australia, at 11.00am WST on Tuesday, 28 November 2017.

The attached Explanatory Memorandum is provided to supply Shareholders with information to enable them to make an informed decision regarding the resolutions set out in this Notice. The business of the Annual General Meeting affects your shareholding in the Company and your vote is important.

The Explanatory Memorandum is intended to be read in conjunction with, and forms part of, this Notice. Terms and abbreviations used in this Notice are defined in the Glossary contained in the Explanatory Memorandum.

**AGENDA**

**Financial, Directors' and Auditor's Report**

To receive and consider the 2017 Annual Report and the reports of the Directors and the auditor to the Company thereon.

**Resolution 1 – Re-election of Mr Brett Hodgins**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Brett Hodgins, being a Director who retires in accordance with the Constitution, and being willing and eligible for re-election, is hereby re-elected as a Director."*

**Resolution 2 – Re-election of Mr Edward van Heemst**

To consider and if thought fit, to pass the following as an **ordinary resolution**:

*"That Mr van Heemst, being a Director who retires in accordance with the Constitution, and being willing and eligible for re-election, is hereby re-elected as a Director."*

**Resolution 3 – Adoption of the Remuneration Report (Non-Binding)**

To consider and if thought fit, to pass, with or without amendment, the following resolution as a non-binding **ordinary resolution**:

*"That for the purpose of section 250R(2) of the Corporations Act, and for all other purposes, the Company adopt the Remuneration Report for the year ended 30 June 2017."*

**Note:** The vote on this Resolution is advisory only and does not bind the Board or the Company.

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**Voting Prohibition Statement**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

**Resolution 4 – Approval of Issue of Placement Shares – Equity Capital Raising**

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

*"That, pursuant to and in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment by the Company of up to 200,000,000 Shares by way of private placement, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement**

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 5 – Approval of 10% Placement Capacity**

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the Shares on issue (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statement**

For the purposes of ASX Listing Rule 7.1A the Company will disregard any votes cast on this Resolution by a person who may participate in the placement facility and who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the Resolution is passed and any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Resolution 6 – Re-Insertion of Proportional Takeover Provisions**

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That the proportional takeover provisions in Rule 6 of the Constitution of the Company be re-inserted for a period of three (3) years from the date of this Meeting."*

**Other Business**

To deal with any other business that may be lawfully brought forward.

**BY ORDER OF THE BOARD OF DIRECTORS**



**Miranda Conti**

COMPANY SECRETARY

REDSTONE RESOURCES LIMITED

Dated this 24<sup>th</sup> day of October 2017

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**Attendance and Voting Eligibility**

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the Shares quoted on the ASX at the close of business on 26 November 2017 shall be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

**Proxies**

A Shareholder who is entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through) its representative will not be permitted to act as proxy.

A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

A Proxy Form accompanies this Notice and to be effective the Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting by:

- online vote at [www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login); or
- email to [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au); or
- in person to Advanced Share Registry Limited, 110 Stirling Hwy, Nedlands WA 6009; or
- post to Advanced Share Registry Limited, PO Box 1156, Nedlands, WA 6909; or 110 Stirling Hwy, Nedlands WA 6009; or
- facsimile to Advanced Share Registry Limited on facsimile number (08) 9262 3723 (International: + (61 8) 9262 3723); or
- delivery to the Redstone Resources Limited registered office, 60 Havelock Street, West Perth, WA 6005.

Proxies must be received by the Company no later than 48 hours prior to the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

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The **enclosed** Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

**Proxy Restrictions**

Shareholders (who are not a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of that member) appointing a proxy for Resolution 3 should note the following:

***If you appoint a member of the Key Management Personnel as your proxy***

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, you must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be included in any vote on Resolution 3.

***If you appoint the Chair as your proxy***

If you elect to appoint the Chair as your proxy, you do not need to direct the Chair how you wish them to exercise your vote on Resolution 3, however if you do not direct the Chair how to vote, you acknowledge that the Chair may exercise his or her discretion in exercising your proxy even though Resolution 3 is connected directly or indirectly with the remuneration of Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for that entity.

The Chair intends to vote all undirected proxies in favour of Resolution 3.

***If you appoint any other person as your proxy***

You do not need to direct your proxy how to vote.

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This Explanatory Memorandum and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

### **General Information**

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Annual General Meeting to be held on 28 November 2017.

The purpose of the Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the above resolutions in the Notice (of which this Explanatory Memorandum forms a part).

## **AGENDA**

### **Financial Report, Directors' and Auditor's Report**

The Corporations Act requires:

- the reports of the Directors and auditors; and
- the 2017 Annual Report,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders at the Meeting will be given reasonable opportunity to raise questions or comments.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

The Company will not provide a hard copy of the 2017 Annual Report to Shareholders unless specifically requested to do so. The 2017 Annual Report is available on the Company's website at [www.redstone.com.au](http://www.redstone.com.au).

### **Resolutions 1 & 2 – Re-election of Messrs Brett Hodgins and Edward van Heemst**

Rule 8.1(d) of the Constitution requires that at every annual general meeting of the Company, one third of Directors (after excluding a Director who is the Managing Director or any Director appointed by the Board since the date of the last annual general meeting of the Company), or if this number of Directors is 5 or less, then 2 of the remaining Directors, must retire from office and if eligible seek re-election in accordance with Rule 8.1(i) of the Constitution.

Accordingly, Messrs Hodgins and van Heemst retire by rotation and, being willing and eligible, offers themselves for re-election.

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The experience and qualifications of, and other information about, Messrs Hodgins and van Heemst can be found in the 2017 Annual Report.

**The Directors (excluding Mr Hodgins) recommend that Shareholders vote in favour of Resolution 1.**

**The Directors (excluding Mr van Heemst) recommend that Shareholders vote in favour of Resolution 2.**

### **Resolution 3 – Adoption of the Remuneration Report (Non-Binding)**

#### **General**

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Board or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the 2017 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

#### **Voting consequences**

While the vote does not bind the Company or the Directors, there are important consequences if there is a material 'against' vote on Resolution 3. Changes to the Corporations Act that came into effect on 1 July 2011 introduced what is referred to as the 'two strikes' rule, whereby if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, a company will be required to put to its shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the company (the **Spill Resolution**) at the second annual general meeting.

If at least 25% of the votes cast on Resolution 3 at the Annual General Meeting are voted against adoption of the Remuneration Report, this will constitute a 'first strike', and if at least 25% of the votes are cast against the 2018 Remuneration Report resolution at the Company's 2018 annual general meeting, constituting a 'second strike', then the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider a Spill Resolution.

The Board considers that the Company's remuneration arrangements as set out in the Remuneration Report are fair, reasonable and appropriate, in line with industry standards and structured in a way that the Company can attract and retain suitably qualified and experienced employees to manage the Company.

**The Directors unanimously recommend the Shareholders vote in favour of Resolution 3.**

**The Chair intends to vote all undirected proxies in favour of Resolution 3.**

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**Resolution 4: Approval of Issue of Placement Shares**

**ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of shareholders.

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue and allotment of up to 200,000,000 Shares to sophisticated and professional investors under a proposed private placement (**Placement Shares**).

The Directors are seeking approval for this issue of Placement Shares as it will preserve the Company's ability to issue up to 15% of its issued capital in the next 12 months. That is, the Placement Shares will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

**ASX Listing Rule 7.3 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) A maximum of 200,000,000 Placement Shares will be issued.
- (b) The Placement Shares will be issued by no later than 3 months after the date of this Meeting (or such later date as may be approved by ASX (including such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (c) The issue price of the Placement Shares will be no less than 80% of the volume weighted average price of Shares on the ASX for the 5 Trading Days immediately before the Placement Shares are issued.
- (e) The identity of the persons to whom the Placement Shares will be issued and allotted is not yet known, however they will be sophisticated and/or professional investors who are not related parties of the Company or their associates.
- (d) The Placement Shares issued will rank equally in all respects with all other ordinary shares in the capital of the Company.
- (f) The funds raised from the Placement Share issue will be used to advance exploration at the Company's flagship Tollu Project, in Western Australia and to provide further working capital.
- (g) Allotment of the Placement Shares will occur progressively.

**The Directors recommend that Shareholders vote in favour of Resolution 4 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period pursuant to Listing Rule 7.1 without Shareholder approval.**

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**Resolution 5 – Approval of 10% Placement Capacity**

**Background**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an eligible entity to issue equity securities up to 10% of its issued share capital over a 12 month period after the eligible entity's annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity for the purposes of ASX Listing Rule 7.1A. As at the date of this Notice the market capitalisation of the Company is \$4,559,211.

If Shareholders approve Resolution 5, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in the Summary of ASX Listing Rule 7.1A (b) below).

The effect of Resolution 5 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period of 12 months after the Meeting without subsequent Shareholder approval and without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

**Summary of ASX Listing Rule 7.1A**

(a) Equity Securities

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities. At the date of this Notice, the Company has one class of quoted Equity Securities, being its Shares.

(b) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;

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(c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;

(d) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

D is 10%

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

### **Information required by ASX Listing Rule 7.3A**

Under ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) Minimum Price at which Equity Securities may be issued

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a)(i) above, the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice assuming the full 10% dilution.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

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Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.006 (50% decrease in issue price)	\$0.012 (Issue price)	\$0.018 (50% increase in issue price)
379,934,261 (As at date of Notice)	Shares issued	37,993,426	37,993,426	37,993,426
	Funds Raised	\$227,961	\$455,921	\$683,882
569,901,392 (50% increase)*	Shares issued	56,990,139	56,990,139	56,990,139
	Funds Raised	\$341,941	\$683,882	\$1,025,823
759,868,522 (100% increase)*	Shares issued	75,986,852	75,986,852	75,986,852
	Funds Raised	\$455,921	\$911,842	\$1,367,763

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. The current Shares on issue are as at the date of the Notice.
2. The issue price set out above is the closing price of the Shares on 16 October 2017 of \$0.012.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity hence the voting dilution is shown in each example as 10%.
4. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances, and if necessary seek advice from their professional advisers.
5. No Options are exercised into Shares before the date of issue of the Equity Securities.
6. The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
7. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

Shareholders should note that there is a risk that:

- (i) the market price for the Equity Securities to be issued may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.

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(c) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

**(10% Placement Capacity Period).**

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for continued exploration expenditure primarily on the Company's flagship Tolu project; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) Allocation policy for issues under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities will be current Shareholders or new investors (or both), but in either case will not be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) Previous Approval under ASX Listing Rule 7.1A

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The Company has previously obtained approval from Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 29 November 2016 (**2016 Previous Approval**), its annual general meeting held on 27 November 2015 (**2015 Previous Approval**), its annual general meeting held on 28 November 2014 (**2014 Previous Approval**), its annual general meeting held on 29 November 2013 (**2013 Previous Approval**) and also at its general meeting held on 29 November 2012 (**2012 Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 29 November 2016 the Company did not issue any Equity Securities pursuant to the 2016 Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 29 November 2016, the Company has issued 53,887,016 Shares and 20,000,000 unlisted Options, which represent approximately 22.7% of the total diluted number of Equity Securities on issue in the Company on 29 November 2016, which number was 326,047,245.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting as required by Listing Rule 7.3A.6 is set out in Schedule 1.

(g) Voting exclusion statement

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder or security holder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

**Compliance with ASX Listing Rules 7.1A.4 and 3.105A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

**The Directors consider that the approval of the issue of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the Notice, the Company has no plans to use the 10% Placement Capacity should it be approved.**

**Resolution 6 – Re-Insertion of Proportional Takeover Provisions**

Previously, the Constitution of the Company contained proportional takeover approval provisions requiring Shareholders to approve any takeover offer for only a proportion of each Shareholder's Shares (Rule 6). These provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.

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In accordance with the Corporations Act and the Constitution, the proportional takeover approval provisions expire three years from their adoption, or if renewed, from the date of renewal.

The Company has not renewed its proportional takeover provisions since adoption of the Constitution on 18 December 2003, and accordingly Rule 6 of the Constitution ceased to apply on 18 December 2006.

If re-inserted, the proportional takeover provisions will continue to apply on the same terms as the provisions which currently exist in the Constitution immediately prior to the date of the Meeting and will have effect for a period of three years, commencing on 28 November 2017.

The proportional takeover provisions are set out in full in Annexure "A" to this Notice.

### **Effect**

If a proportional takeover bid is made, the Directors must:

- convene a general meeting no less than 14 days before the end of the bid period; and
- allow Shareholders to vote on a resolution to approve the proportional takeover bid.

The bidder and its associates are not allowed to vote on the resolution.

If the resolution is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

If the bid is approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the Corporations Act and the Constitution.

If no resolution is voted on by the above deadline, a resolution approving the bid is taken to have been passed.

The proportional takeover provisions do not apply to full takeover bids and will only apply until 28 November 2020, unless again renewed by Shareholders.

### **Reasons for re-inserting proportional takeover provisions**

As a proportional takeover bid involves an offer for only a proportion of each Shareholder's Shares, a bidder may acquire control of the Company:

- without Shareholders having the chance to sell all their Shares, leaving them as part of a minority interest in the Company; and
- without payment of an adequate control premium.

The Board considers that the proportional takeover provisions should be re-inserted as they lessen the risk of a bidder obtaining control without adequately compensating existing Shareholders as they allow Shareholders to decide collectively whether a proportional takeover bid is acceptable and appropriately priced.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**  
**EXPLANATORY MEMORANDUM**

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## **Advantages and disadvantages**

### **Advantages**

Re-insertion of the proportional takeover provisions provide Shareholders:

- the right to decide whether a proportional takeover bid should proceed;
- protection from being locked in as a minority Shareholder;
- increased bargaining power; and
- the view of majority of Shareholders which may assist individual Shareholders to decide whether to accept or reject an offer under proportional takeover bid.

### **Disadvantages**

Re-insertion of the proportional takeover provisions may:

- discourage proportional takeover bids;
- reduce Shareholders' opportunities to sell Shares at a premium;
- restrict the ability of individual Shareholders to deal with their Shares as they see fit; and
- reduce the likelihood of a proportional takeover bid succeeding.

The Board considers that the potential advantages for Shareholders of the proportional takeover approval provisions outweigh the potential disadvantages.

## **Knowledge of acquisition proposals**

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

**The Directors unanimously recommend the Shareholders vote in favour of Resolution 6.**

## **Enquiries**

Shareholders are invited to contact the Company Secretary, Miranda Conti on (08) 9328 2552 if they have any queries in respect of the matters set out in this Notice.

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**GLOSSARY**

In this Explanatory Memorandum and Notice of Annual General Meeting:

**2017 Remuneration Report** means that section of the Directors' report contained in the 2017 Annual Report, under the heading 'Remuneration Report', prepared in accordance with Section 300A of the Corporations Act.

**2017 Annual Report** means the annual report of the Company including the reports of the Directors and auditor and the financial statements of the Company for the financial year ended 30 June 2017, which can be downloaded from the Company's website at [www.redstone.com.au](http://www.redstone.com.au).

**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, except New Years' Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Chair** means the chairperson of the Meeting.

**Closely Related Party** is defined in respect of a member of Key Management Personnel as:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations that may be made for this purpose.

**Company** or **Redstone** means Redstone Resources Limited (ABN 42 090 169 154).

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001*(Cth) and any regulations made under it, each as amended from time to time.

**Director** means a director of the Company.

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**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an equity security.

**Explanatory Memorandum** means the explanatory memorandum that accompanies and forms part of the Notice.

**Key Management Personnel** has the same meaning given in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

**Meeting or Annual General Meeting** means the meeting convened by this Notice.

**Notice or Notice of Meeting** means the notice of Annual General Meeting accompanying this Explanatory Memorandum.

**Official Quotation** means official quotation by the ASX in accordance with the Listing Rules.

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means that section of the Directors' report contained in the 2017 Annual Report, under the heading 'Remuneration Report', prepared in accordance with Section 300A of the Corporations Act.

**Resolution** means a resolution contained in the Notice.

**Share** means an ordinary fully paid share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Trading Day** means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
  - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
  - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

**WST** means Western Standard Time, as observed in Perth, Western Australia.

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

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**Annexure A – Proportional Takeover Provisions**

**Rule 6 Plebiscite to approve proportional takeover bids**

**6.1 Definitions**

In this rule 6:

- (a) **approving resolution**, in relation to a proportional takeover bid, means a resolution to approve the proportional takeover bid passed in accordance with rule 6.3;
- (b) **approving resolution deadline**, in relation to a proportional takeover bid, means the day that is 14 days before the last day of the bid period, during which the offers under the proportional takeover bid remain open or a later day allowed by the Australian Securities and Investments Commission;
- (c) **proportional takeover bid** means a takeover bid that is made or purports to be made under section 618(l)(b) of the Act in respect of securities included in a class of securities in the company; and
- (d) **relevant class**, in relation to a proportional takeover bid, means the class of securities in the company in respect of which offers are made under the proportional takeover bid.

**6.2 Transfers not to be registered**

Despite rules 5.1(c) and 5.2, a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid must not be registered unless an approving resolution to approve the proportional takeover bid has been passed or is taken to have been passed in accordance with rule 6.3.

**6.3 Approving resolution**

- (a) Where offers have been made under a proportional takeover bid, the directors must:
  - (1) convene a meeting of the persons entitled to vote on the approving resolution for the purpose of considering and, if thought fit, passing a resolution to approve the proportional takeover bid; and
  - (2) ensure that the resolution is voted on in accordance with this rule 6.3, before the approving resolution deadline.
- (b) The provisions of this constitution relating to general meetings apply, with such modification as the circumstances require, to a meeting that is convened under rule 6.3(a), as if that meeting were a general meeting of the company.
- (c) The bidder under a proportional takeover bid and any associates of the bidder are not entitled to vote on the approving resolution and if they do vote, their votes must not be counted.

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- (d) Subject to rule 6.3(c), a person who, as at the end of the day on which the first offer under the proportional takeover bid was made, held securities of the relevant class, is entitled to vote on the approving resolution relating to the proportional takeover bid.
- (e) An approving resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (f) If an approving resolution has not been voted on in accordance with this rule 6.3 as at the end of the day before the approving resolution deadline, an approving resolution will be taken to have been passed in accordance with this rule 6.3 on the approving resolution deadline.

**6.4**

**Sunset**

Rules 6.1, 6.2 and 6.3, cease to have effect at the end of 3 years beginning:

- (a) where those rules have not been renewed in accordance with the Act, on the date that those rules were adopted by the company; or
- (b) where those rules have been renewed in accordance with the Act, on the date those rules were last renewed.

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**EXPLANATORY MEMORANDUM**

**SCHEDULE 1 – INFORMATION REQUIRED BY LISTING RULE 7.3A.6**

Date of Issue	Number of Equity Securities	Class of Securities and summary of terms	Persons to whom the securities were issued	Issue Price of Equity Securities and discount to Market Price <sup>1</sup> on the trading day prior to the issue	Consideration
28/02/17	53,750,000	Shares (ASX: RDS)	Sophisticated and Professional Investors.	\$0.008 per Share.  27% discount (\$0.003) given the Market Price of the Shares on 28 February 2017 was \$0.011.	Cash consideration of \$430,000.  All cash consideration has been spent on exploration of the Company's Projects and general corporate and administration expenses of the Company <sup>2</sup> .
28/02/17	10,000,000  &  10,000,000	Unlisted Options, each unlisted Option being exercisable at \$0.015 per Option any time on or before 28 February 2020.and  Unlisted Options (each unlisted Option being exercisable at \$0.020 per Option any time on or before 28 February 2020.	Consultants and employee of the Company.	Nil.  Nil.	Cash consideration of nil. The non-cash consideration was for services rendered by consultants and employee of the Company. The value of the Unlisted Options exercisable at \$0.015 per Options is \$0.0062 per Option <sup>3</sup> .  The value of the Unlisted Options exercisable at \$0.020 per Options is \$0.0056 per Option <sup>3</sup> .

**Notes:**

1. **Market Price** means the closing price on ASX on the day prior to issue of the Equity Securities (excluding special crossings, overnight sales and exchange traded option exercises).
2. Expenditure incurred on the Company's Projects from 29 November 2016 to the date of the Meeting include exploration on the Company's West Musgrave Project, including the Tollu Copper Project, such expenditure including an EM (**VTEM<sub>max</sub>**) survey, RC drilling as well for expenses associated with tenement and access costs required to maintain this tenement holding. General administration costs primarily relate to wages, office costs, share registry fees, ASX fees, other compliance costs and general working capital.
3. Unlisted Option valuations are based on the theoretical Black-Scholes Option pricing model using the following assumptions: Valuation date of 28 February 2017, being the grant date, Option expiry of 28 February 2020, being 3 years from date of grant, Closing price of Shares of \$0.011, Risk-free interest rate of 1.969% and average volatility of 100%.



## LODGE YOUR VOTE ONLINE



### ONLINE VOTE

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



### MOBILE DEVICE VOTE

Lodge your proxy by scanning the QR code below, and enter your registered postcode. It is a fast, convenient and a secure way to lodge your vote.

## VOTING/PROXY FORM

I/We being shareholder(s) of Redstone Resources Limited and entitled to attend and vote hereby:

### APPOINT A PROXY

The Chairman of the meeting

OR



**PLEASE NOTE:** If you leave the section blank, the Chairman of the Meeting will be your proxy.

STEP 1

If no individual(s) or body corporate(s) is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth, Western Australia on 28 November 2017 at 11.00am (WST)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 3 (except where I/we have indicated a different voting intention below) even though this Item is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chairman. The Chairman of the Meeting intends to vote all undirected proxies available to them in favour of each Item of Business.

### VOTING DIRECTIONS

#### Agenda Items

		For	Against	Abstain*		For	Against	Abstain*	
1	Re-election of Director – Brett Hodgins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4	Approval of Issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director – Edward van Heemst	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	Re-insertion of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 2

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address



Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

STEP 3

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### CHANGE OF ADDRESS

Your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chairman as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy.

### DEFAULT TO THE CHAIRMAN OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not vote on a poll in accordance with your directions or does not attend the Meeting, then the proxy appointment will automatically default to the Chairman of the Meeting, who is required to vote the proxies as directed.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they choose to the extent they are able. If you mark more than one box on an item, your vote on that item will be invalid.

### PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chairman) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Item 3, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Item 3.

**PLEASE NOTE:** If you appoint the Chairman as your proxy (or if they are appointed by default) but do not direct them how to vote on an item (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that item), you will be expressly authorising the Chairman to vote as they see fit on that item.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, either shareholder may sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR VOTE

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 11am (WST), 26 November 2017, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



#### ONLINE VOTE

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 9262 3723



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033