31 October 2017

QUARTERLY REPORT

For the Period Ending 30 September 2017

HIGHLIGHTS

- A total of 4,377m of RC drilling completed on Redstone's Tollu Copper vein system ("**Tollu**") and the high priority EM conductor Target 1A, approximately 10% more than planned.
- The RC drilling program included 5 holes for 1,143m into EM Target 1A, recently identified by an airborne EM ($VTEM_{max}$) survey, and 19 holes for 3,234m predominantly targeting the Forio vein on Tollu.
- All 5 RC holes completed on EM Target 1A intersected zones of disseminated pyrite and specular hematite, some over 200m (downhole), in a sequence of volcanic rocks.
    - The northern-most hole, RWMEM1_5 intersected disseminated sulphide for over 210m (downhole).
    - The presence of large volumes of sulphides may represent added exploration potential outside of the known Cu mineralisation at Tollu, highlighting the potential for a large mineralised system on the West Musgrave Project.
- Initial multi element geochemical assay results for the Tollu drilling have been received, including 1m at 11.9% (TLC153), the second highest Cu grade ever intersected on the Project (ASX release of 31 October 2017).

Significant Copper Intercepts

- **14m at 3.25% Cu** from 27m (TLC153), which includes:
    - **4m at 6.45% Cu** from 28m**, inclusive of 1m at 11.9%** from 31m; and
    - **5m at 3.2% Cu** from 35m**.**
- **4m at 4.54% Cu** from 58m**, including 1m at 6.56% Cu** from 59m (TLC153).
- **5m at 1.16% Cu** from 114m, **including 1m at 3.12%** from 115m (TLC154).
- **2m at 3.3% Cu** from 57m, **including 1m at 4.2%** from 58m (TLC163).
- **29m at 0.53% Cu** from 219m (TLC164), which includes:
    - **1m at 2.31%** from 221m; and
    - **4m at 1.4%** from 237m.
- **3m at 1.13% Cu** from 146m, **including 1m at 2.58%** from 147m (TLC165).
- **6m at 1.1% Cu** from 58m (TLC148).

- The Tollu assay results will be assessed to establish the next phase of exploration. Assay results for EM Target 1A are still pending.
- Completion of detailed analysis of final airborne electromagnetic (**VTEM$_{max}$**) data confirmed another 10 conductive targets for follow-up exploration on the Project.
- Two of these conductive targets have been upgraded and prioritised for immediate drill testing.
- The intersection of sulphides at Target EM1A validates all other identified EM targets on the Project as potential large sulphide mineralisation systems.

Redstone Resources Limited (**ASX Code: RDS**) ("**Redstone**" or the "**Company**") presents its quarterly report for the period ending 30 September 2017 ("**the Quarter**").

Redstone's primary focus is the advancement of the West Musgrave Project (the **"Project**"), which includes the Tollu Copper vein project ("**Tollu**"), located in the southeast portion of the West Musgrave region of Western Australia.

Tollu hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km^2. Copper mineralisation is exposed at the surface and forms part of a dilation system between two major shears.

Redstone expects the initial JORC 2012 resource at Tollu of **3.8 million tonnes at 1% Cu, containing 38,000 tonnes of copper, and 0.01% cobalt, which equates to 535 tonnes of contained cobalt** (ASX release 15 June 2016 and 1 May 2017), the mineralised area, and the volume of hydrothermal mineralisation to increase significantly with further drilling.

The Company recently completed a detailed ground-up review of the project geology incorporating the historic geological, geochemical and geophysical dataset. This review identified the suitability of the electromagnetic (EM) geophysical method for identifying potential targets and the company subsequently completed an airborne EM (**VTEM$_{max}$**) survey in April 2017. This survey identified 11 priority targets, with the recently drilled high priority EM1A target, located approximately 3km east of Tollu, identifying sulphide rich volcanoclastics.

Most of the tenement remains underexplored.

WEST MUSGRAVE PROJECT

During the Quarter the Company completed 4,377m of Reverse Circulation (**RC**) drilling on Redstone's 100% owned Project.

TOLLU

The RC drilling program undertaken in the Quarter included 19 holes for 3,234m on follow-up targets from the 2015 RC drilling program (**Figure 1**). The drilling completed at Tollu focused on the Forio Prospect (**Forio**) and additional Induced Polarity (**IP**) geophysical targets identified as part of the recent project review on Forio analogues. Drill holes at Tollu ranged from 75m to 250m in depth. Geological logging indicated the presence of chalcopyrite associated with quartz veins at Forio in a number of holes.

Initial multi element geochemical assay results for the Tollu drilling have now been received and have returned a number of high grade and broad copper intersections, including 1m at 11.9% (TLC 153), the second highest grade ever intersected at Tollu. These significant assay results include:

Significant Copper Intercepts

- **14m at 3.25% Cu from 27m (TLC153), which includes:**
  - **4m at 6.45% Cu from 28m, inclusive of 1m at 11.9% from 31m; and**
  - **5m at 3.2% Cu from 35m.**
- **4m at 4.54% Cu from 58m, including 1m at 6.56% Cu from 59m (TLC153).**
- **5m at 1.16% from 114m, including 1m at 3.12% from 115m (TLC154).**
- **2m at 3.3% from 57m, including 1m at 4.2% from 58m (TLC163).**
- **29m at 0.53% from 219m (TLC164), which includes:**
  - **1m at 2.31% from 221m; and**
  - **4m at 1.4% from 237m.**
- **3m at 1.13% from 146m, including 1m at 2.58% from 147m (TLC165).**
- **6m at 1.1% from 58m (TLC148).**

These results will be assessed further to establish the next phase of exploration.

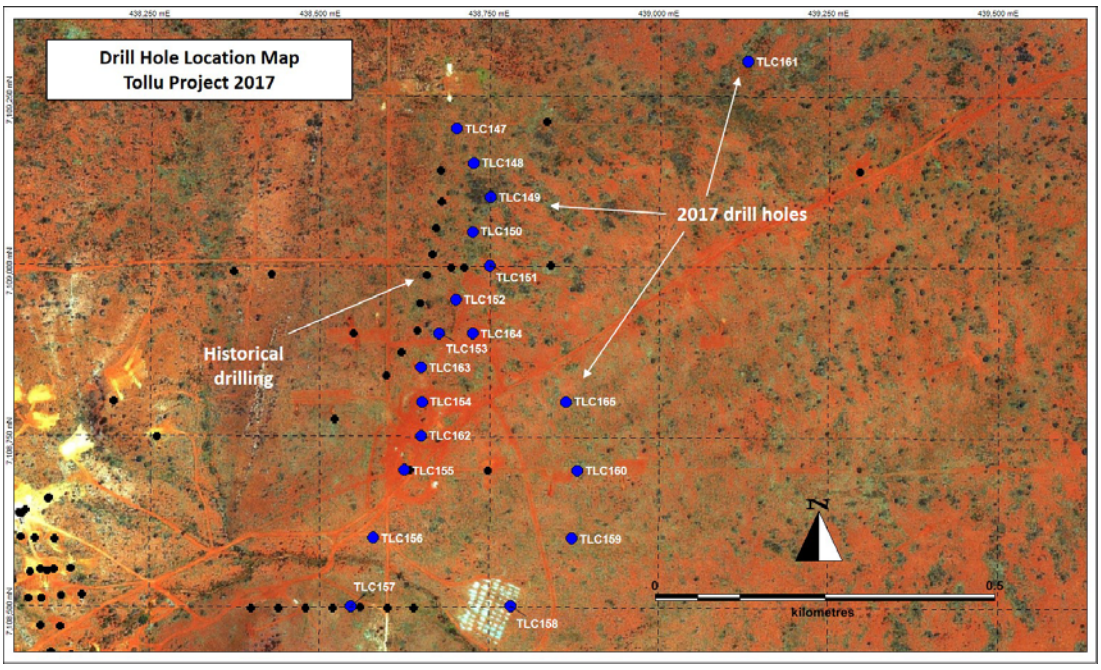

Figure 1 – Tollu Project 2017 Drill Hole Location Map

The drilling has confirmed the Forio prospect as a third mineralised system in proximity to, and as significant as, the previously identified Chatsworth and Eastern Reef prospects (**Figure 2**). The results demonstrate the potential to define additional copper lodes within the Tollu Project area.

The drilling has also confirmed mineralisation in the parallel Killruddery prospect and revealed anomalous Pb-Zn-Ag-Au values from another mineralised vein located further to the east. This highlights the potential of the Tollu mineralising system in conjunction with the recently identified EM targets in the broader Project area.

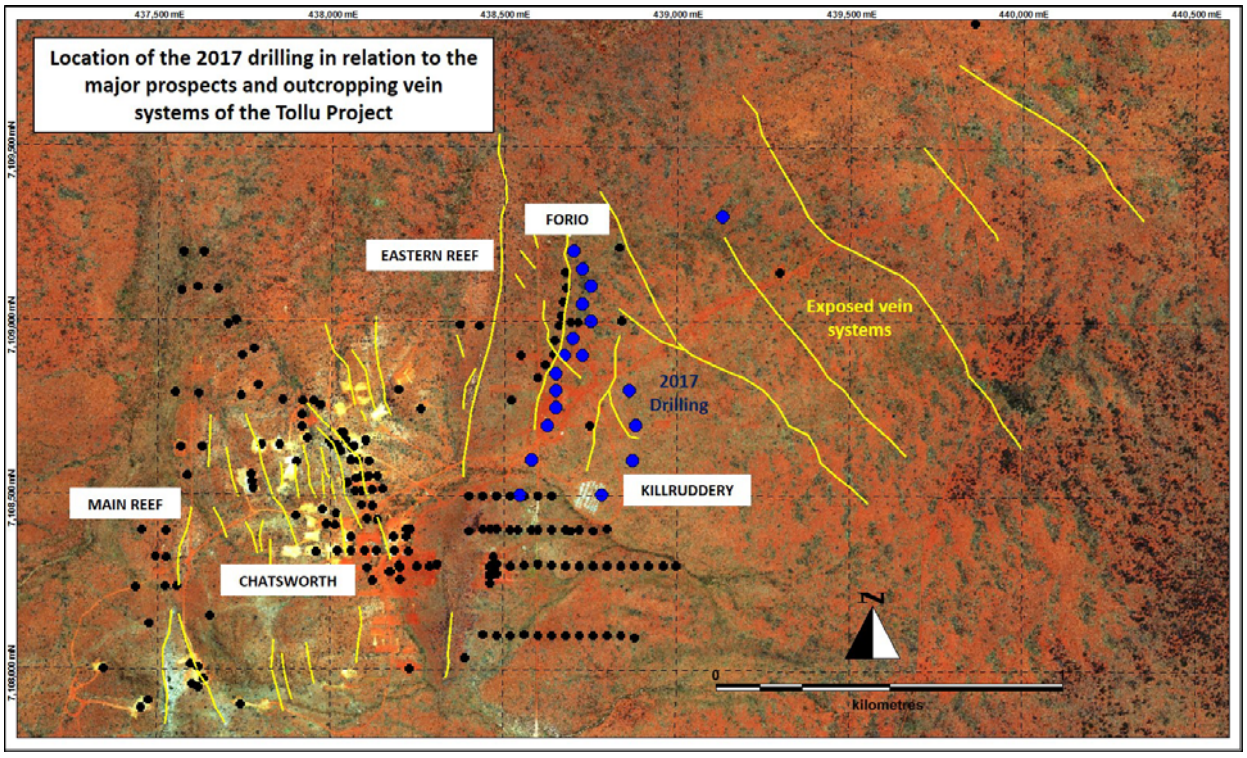

Figure 2 – Location of the 2017 drilling in relation to the major prospects and outcropping vein systems of the Tollu Project

EM TARGET 1A

Five holes for 1,184m were also drilled into the EM Target 1A ("**EM1A**"), a high priority electromagnetic (**EM**) conductor anomaly identified from a recently completed EM (**VTEM$_{max}$**) survey (ASX release of 29 June 2017). Drill holes into EM1A ranged from 199m to 300m in depth.

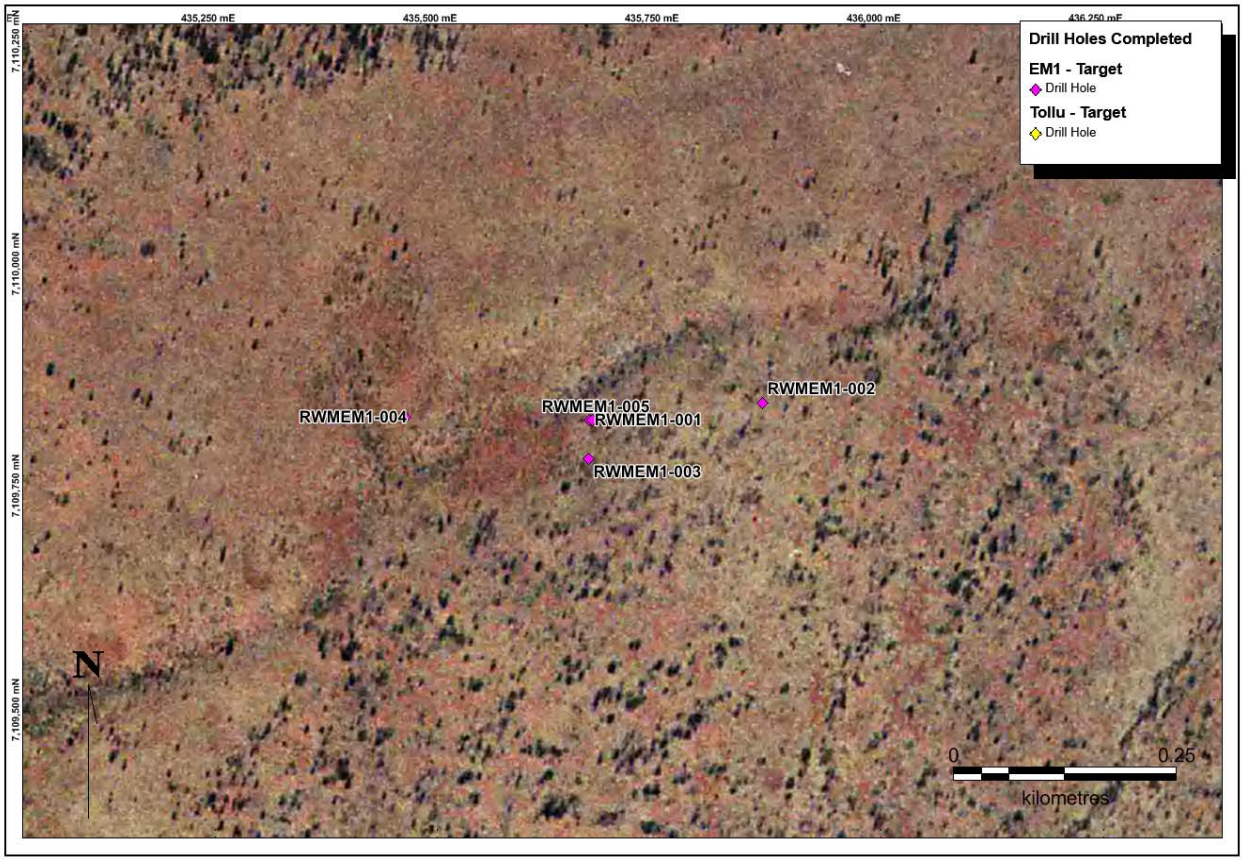

Figure 3 – EM Target 1A Drill Location Map

The EM1A target is situated approximately 3km to the north west of Redstone's Tollu Copper Project. The initial 5 hole drill program defined an extensive occurrence of disseminated sulphide mineralisation (predominantly pyrite) including specular haematite of at least 100m thick and over 400m in strike length and remains open (**Figure 4**). EM1A was defined by an isolated late time electromagnetic (EM) anomaly and was modelled as a 25^{o} north dipping plate with a depth extent of 145m and strike extent of 685m (refer ASX release of 2 August 2017 for further information and Table 1).

The five RC holes were drilled into the modelled plate at a 60 degree angle to the south, three central to the plate along strike 200m apart, and two targeting the plate approximately 50m to the north and south of the central drill hole. All drill holes intersected sulphides, continuously for at least 100m downhole, starting from between 79-92m downhole depth. The northern-most hole, RWMEM1_5 intersected disseminated pyrite over 210m downhole, from 87m through to the end of hole at 300m. The zone of alteration and sulphide mineralisation identified remains open in all strike directions.

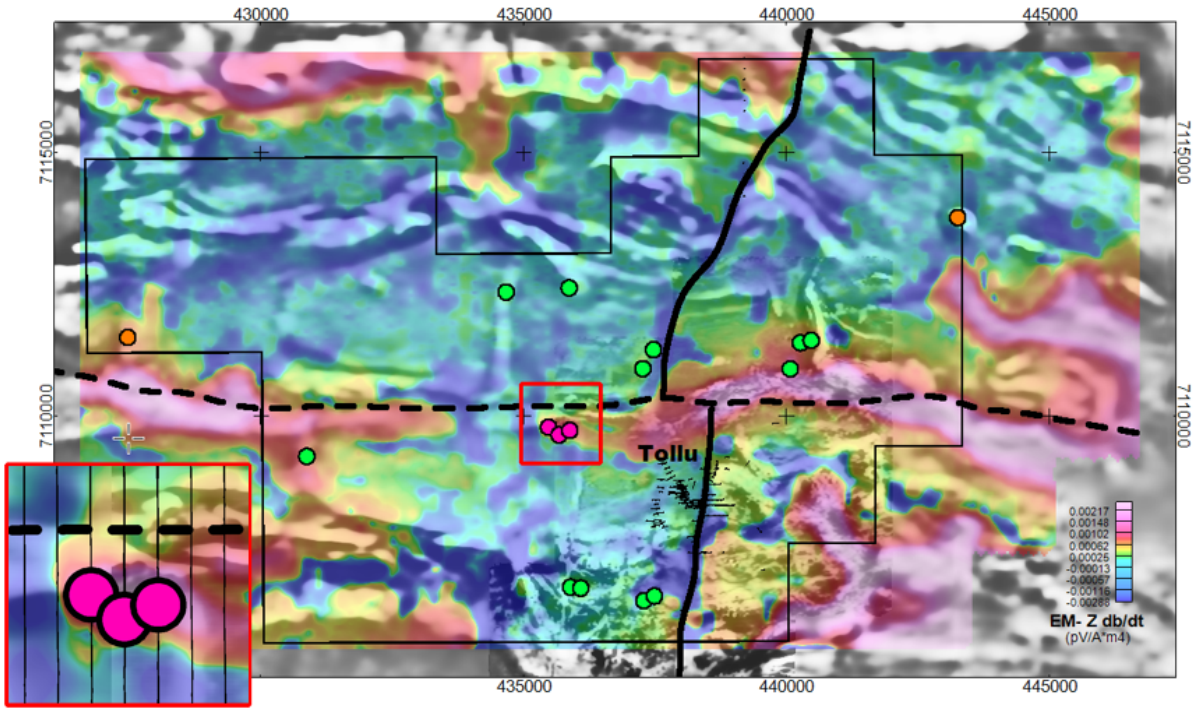

Figure 4 – Tenement E69/2450 airborne magnetic image (grey) with late time Z component channel 48 (10.667 msec after turn off) as the colour image. Historical drilling and prospects shown in black. High priority conductive targets shown in pink and orange. Lower priority targets shown in green. 1A target area within red square, inset on left showing conductor with flight lines (200m apart).

Geological logging indicates a pile of alternating mafic and felsic volcanic rock with occasional feldspar porphyry intercalated with layers of volcaniclastic breccia of mixed mafic and felsic clasts (**Figure 5**). There is an increase in concentration of sulphides related to the breccia unit. The sulphides occur as disseminations in breccia matrix, as stringer veinlets and as minor stockwork in the zones of highest sulphide concentrations which were visually estimated at up to 7% pyrite (outside this zone <1% pyrite).

Results of multi-element geochemical analysis of drill samples at EM1A are pending, and any defined pathfinder elements will be used to assess the potential of this newly defined target.

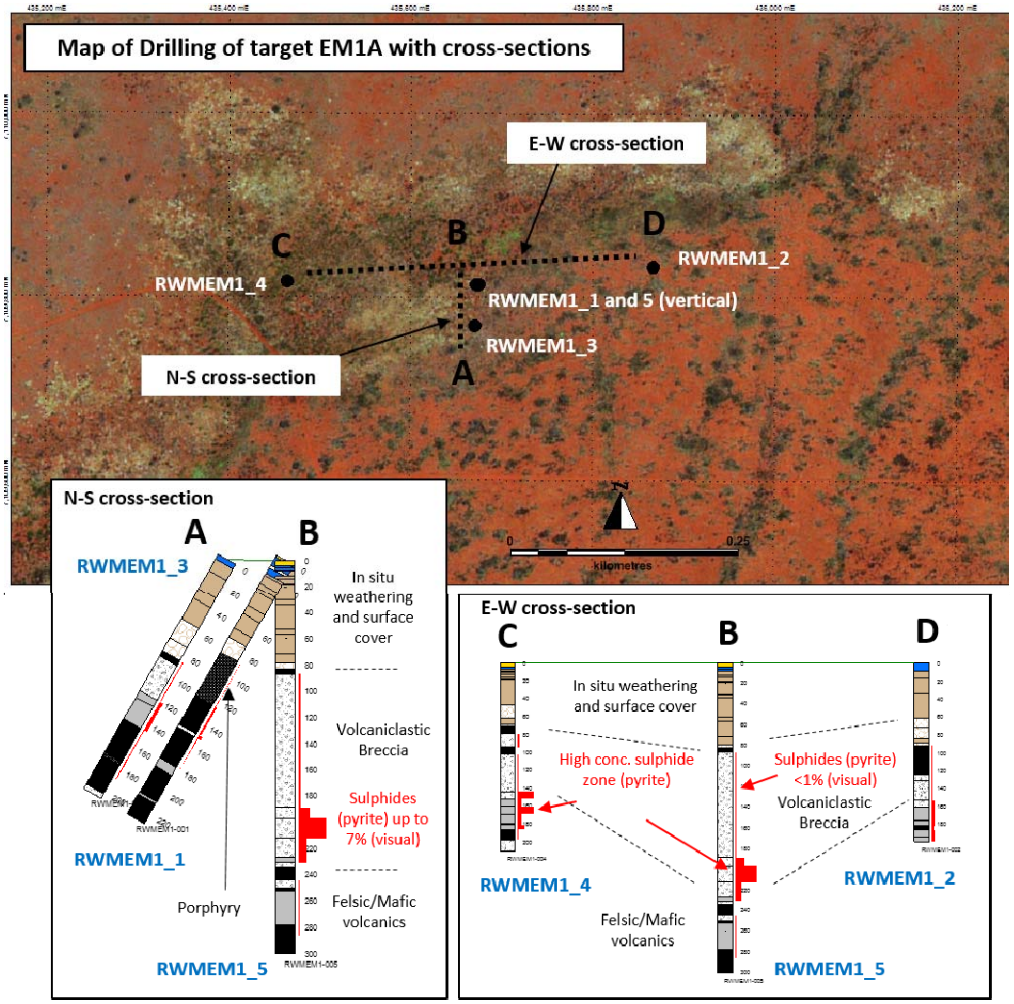

Figure 5 EM1A Cross-sections

Airborne EM ($VTEM_{max}$) Survey Results and Target EM1A

In August 2017, the Company completed analysis of the final data from the airborne EM (**$VTEM_{max}$**) survey previously undertaken on the Project. The results identified three high priority targets and eight lower priority targets requiring follow-up exploration (**Figure 4**). This included the highest priority Target EM1A, which was drill tested in the RC drill program during the Quarter (see above). Most of the EM targets are positioned proximal to structural features and two of these targets are along strike, north and south, of Tollu. These latter two targets have been prioritised for immediate drill testing.

Tenement Grant

Tenement application E69/3456 applied for in July 2016 was granted on 14 August 2017.

Exploration Incentive Scheme Co-funded Drilling Grant

During the year Redstone applied for a West Australian Government Exploration Incentive Scheme (EIS) grant (Round 15) to co-fund drilling at the Tollu Cu Project.

During the Quarter the Company was awarded the co-funding grant (applicable to 30 June 2018) up to the value of $200,000, to assist with a single deep drill hole of approximately 1,000m at the Chatsworth Prospect (**Figure 6**) on Tollu. The deep drill hole has been designed to test the transition of Cu-only hydrothermal mineralisation to a potential primary, magmatic Cu-Ni-(Co) mineralisation at depth and has the potential to considerably increase the copper resource at Tollu.

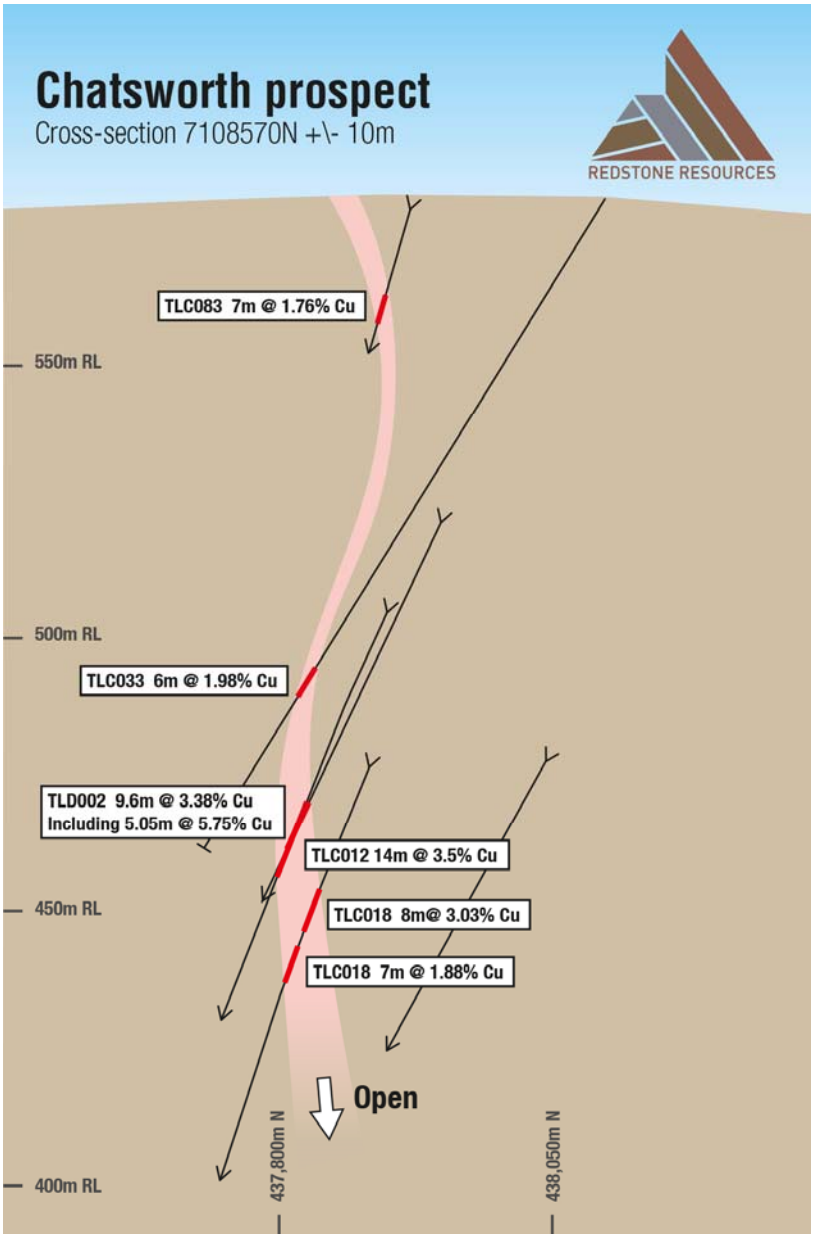

Figure 6 – Chatsworth Cross-section

CORPORATE

On 31 July 2017, 55,494,177 listed options (ASX: RDSOA) lapsed and 137,016 listed options (ASX: RDSOA) were exercised at an exercise price of $0.03 per option, for a total of $4,110 (net).

TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenement at the end of the 30 September 2017 quarter.

TENEMENT SUMMARY AS AT 30 SEPTEMBER 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	100%	100%	14/08/2017	13/08/2022	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 document that relates to exploration results was authorised by Dr Greg Shirtliff, who is employed as a Consultant to the company through Zephyr Professional Pty Ltd. The information in this report that relates to Geophysical Exploration Results is based on information compiled by Mr Barry Bourne, who is also 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 Dr Shirtliff is a Member of the Australian Institute of Mining and Metallurgy. Both Mr Bourne and Dr Shirtliff have sufficient experience of relevance to the tasks with which they were employed 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. Both Mr Bourne and Dr Shirtliff consent to the inclusion in the report of matters based on 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**) 100% owned Tollu Copper Project ("**Tollu**"), part of the Company's broader West Musgrave Project (the "**Project**"), is located in the southeast portion of the prospective West Musgrave region of Western Australia. The Project is located central to the Cassini Resources Nebo Babel prospect to the West and the Metals X Ltd Wingellina Ni-Co project to the East.

The Company has identified copper prospects at the Chatsworth, Eastern Reef and more recently Forio at Tollu, highlighting the potential for multiple high grade hydrothermal copper lodes proximal to the main Tollu fault.

The Company recently completed a detailed ground-up review of the project geology incorporating the historic geological, geochemical and geophysical dataset. This review identified the suitability of the electromagnetic (EM) geophysical method for identifying potential targets and the company subsequently completed an airborne EM (**VTEM$_{max}$**) survey in April 2017.

This survey identified 11 priority targets, with the recently drilled high priority EM1A target, located 3.5km east of Tollu, identifying sulphide rich volcanoclastics. The preliminary multi-element geochemistry results from this drilling are pending in the December 2017 quarter.

For further information please contact:

Richard Homsany
Chairman

Miranda Conti
Company Secretary

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

+Rule 5.5

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	**Quarter ended ("current quarter")**
42090169154	30 September 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(120)	(120)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(23)	(23)
	(e) administration and corporate costs	(30)	(30)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds*	-	-
1.8	Other (Research & Development fee)	-	-
1.9	**Net cash from / (used in) operating activities**	**(173)**	**(173)**

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

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 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**	**-**	**-**
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	4	4
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	-	-
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**	**4**	**4**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	624	624
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(173)	(173)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4	4
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period ***	**455**	**455**

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	455	624
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)**	**455**	**624**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	4
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

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
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

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**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.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	(350)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(25)
9.5	Administration and corporate costs	(30)
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**(405)**

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	E69/3456	Exploration Licence	0%	100%

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.

31/10/2017

Sign here: ..... Date: .....
(Company secretary)

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.