



31 January 2018

QUARTERLY REPORT

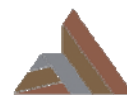
For the Period Ending 31 December 2017

HIGHLIGHTS

- Multi element geochemical assay results for the Tollu drilling received and include 1m at 11.9% (TLC153), the second highest Cu grade ever intersected at the Project.
- **Significant Tollu 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).

*Refer to **Table 1** for other significant copper intercepts*

- Geochemical analysis of composited RC drill samples from drilling of EM1A electromagnetic anomaly (**EM1A**) completed, with results confirming the intersection of a large body of sulphide mineralisation (predominantly pyrite).
- The confirmation of intersected sulphides at EM1A has upgraded all 10 other EM anomalies identified on the Project as immediate drill targets.
- The body of sulphides is at least 100m thick and 400m in strike length (ASX release 9 October 2017), with concentrations of sulphur (S) as high as 4.0% over 5m, and it remains open to the north, east and west.
- The geological setting revealed by the September 2017 quarter drilling introduces additional base metal and/or gold targets not previously considered by Redstone on its Project.
- Further assessment of the Tollu and EM1A assay results is being undertaken to establish the next phase of exploration. Planning and permitting commenced during the Quarter for follow up RC drilling planned for the June 2018 quarter.
- Lodgement during the Quarter for a refundable Research and Development Tax Incentive claim (the **R&D Rebate**) in relation to the 2017 financial year. The R&D Rebate of \$255,000 determined under the ATO self-assessment system was received in January 2018.



Redstone Resources Limited (**ASX Code: RDS**) ("**Redstone**" or the "**Company**") presents its quarterly report for the period ending 31 December 2017 (the "**Quarter**").

Redstone's primary focus is the advancement of its 100% owned 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 5km². Copper mineralisation is exposed at the surface and forms part of a dilation system within and 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

TOLLU

Multi element geochemical assay results for the Tollu RC drilling were received during the Quarter. The assay results from the 19 holes for 3,234m of follow up RC drilling of the Forio Prospect (**Forio**) and additional Induced Polarity (**IP**) geophysical targets completed in the September quarter 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 (ASX release of 31 October 2017). These significant assay results are included on page 1 of this report.

The 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.

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

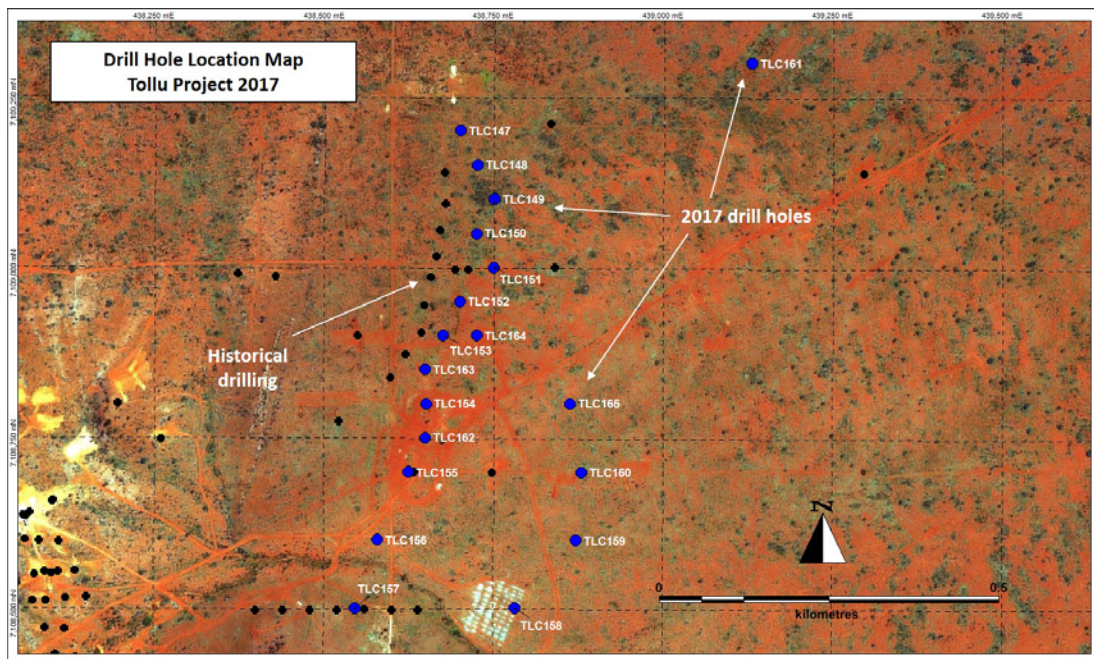
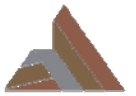


Figure 1 – Tollu Project 2017 Drill Hole Location Map

The drilling 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.

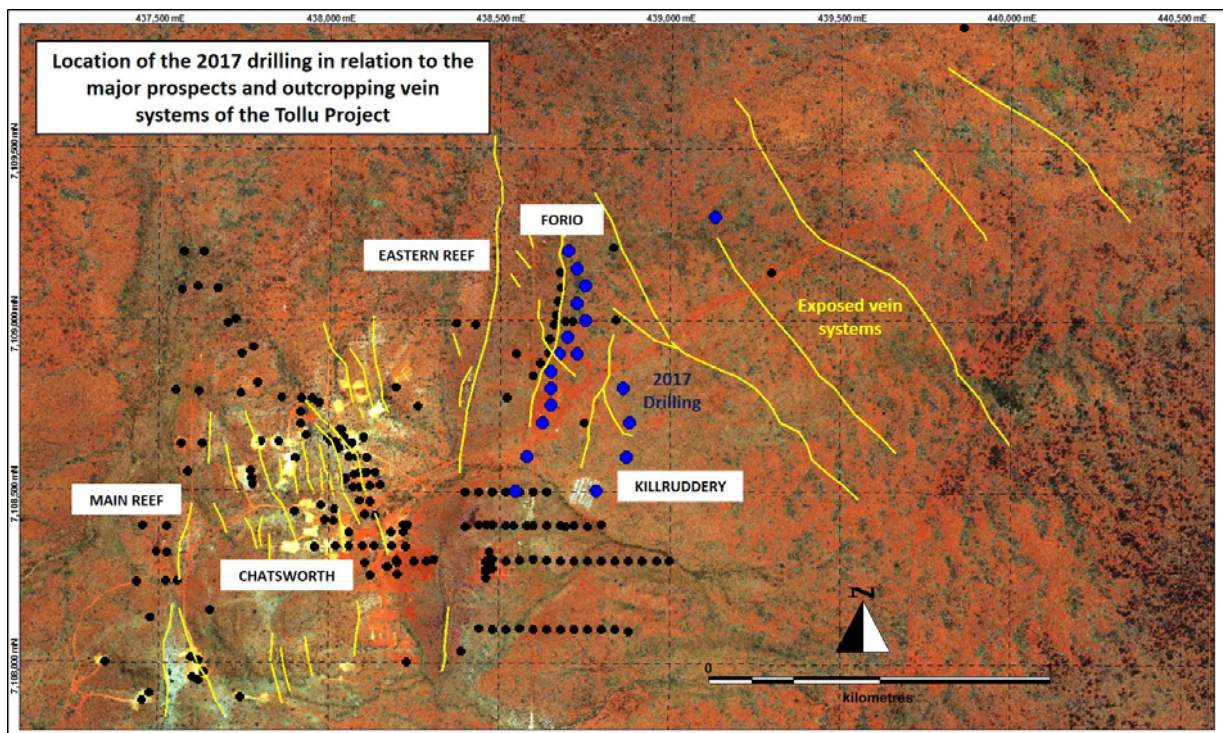
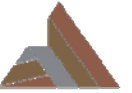


Figure 2 – Location of the 2017 drilling in relation to the major prospects and outcropping vein systems of the Tollu Project



Assay results from the 2017 drilling has proven that sulphide copper mineralisation within the Forio Prospect runs for a strike length of approximately 800m north and south and extends from the surface remaining open at depth. The deepest hole drilled through the veins continued to intersect significant copper mineralisation at 149m downhole (**Table 1**). The thickness and concentration of copper at this depth suggests that the mineralisation has the potential to continue to over 360m deep (true depth), as it does at the Chatsworth prospect.

With the second highest grade single metre intersection ever recorded on the Project, 11.9% from 31m (TLC153) (**Figure 3**), the 2017 drilling confirms that the copper mineralisation at Forio is comparable to previous high grades intersected elsewhere at Tollu.

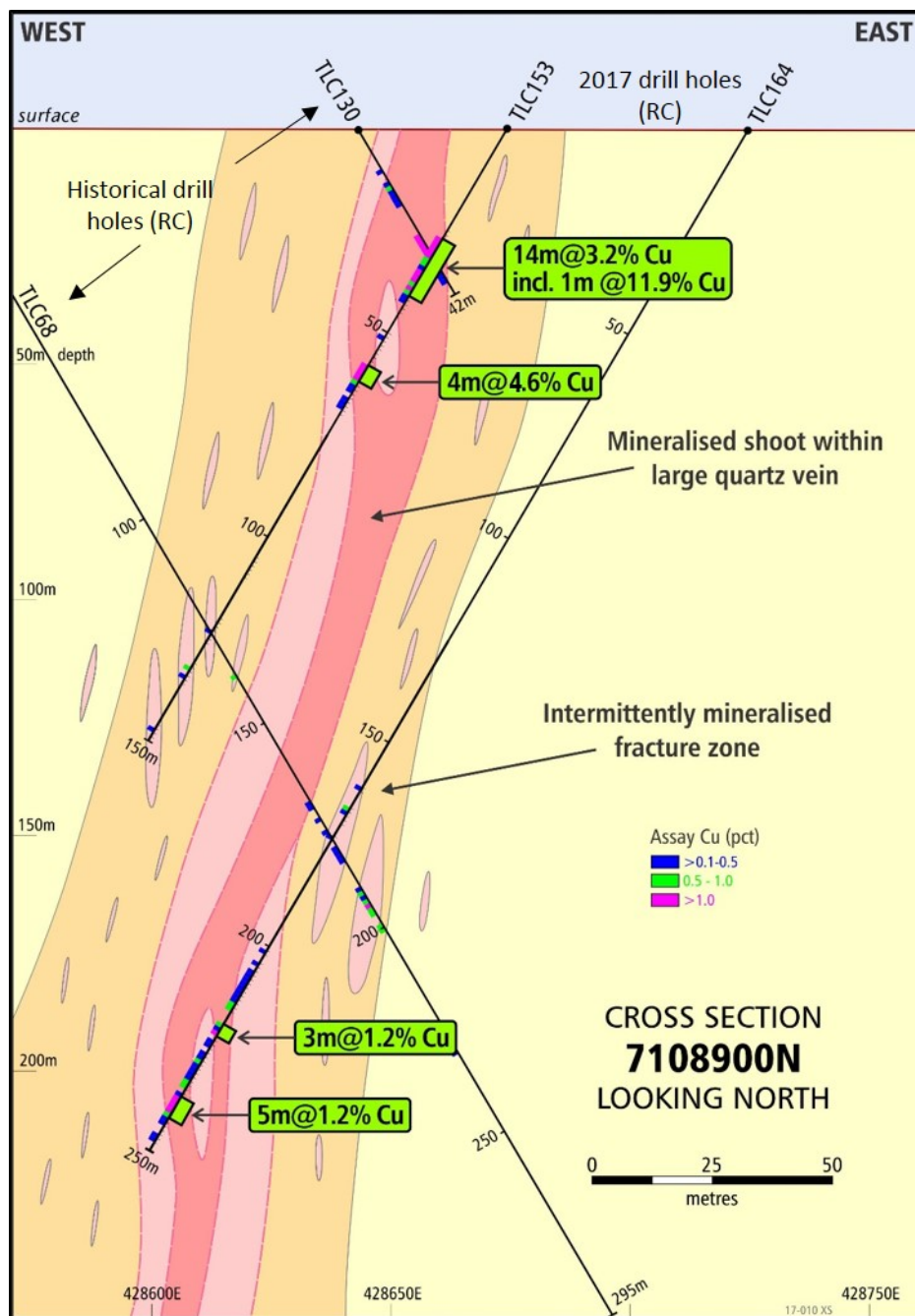
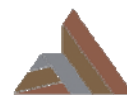


Figure 3 – Forio Cross-section



Additionally, the drilling results from the limited number of holes drilled to test the analogue vein system directly to the east of Forio have also confirmed mineralisation in the parallel Killruddery prospect, demonstrating the potential for additional copper mineralisation to be found outside of the already defined Tollu copper vein system. This is considered highly encouraging in light of the anomalous Pb-Zn-Ag-Au mineralisation in hole TLC161 and two of eleven recently identified EM anomalies that are located directly to the north and along strike of the Tollu structural corridor (**Figure 4**). These targets, which are yet to be tested, may be extensions of the Tollu Cu vein system.

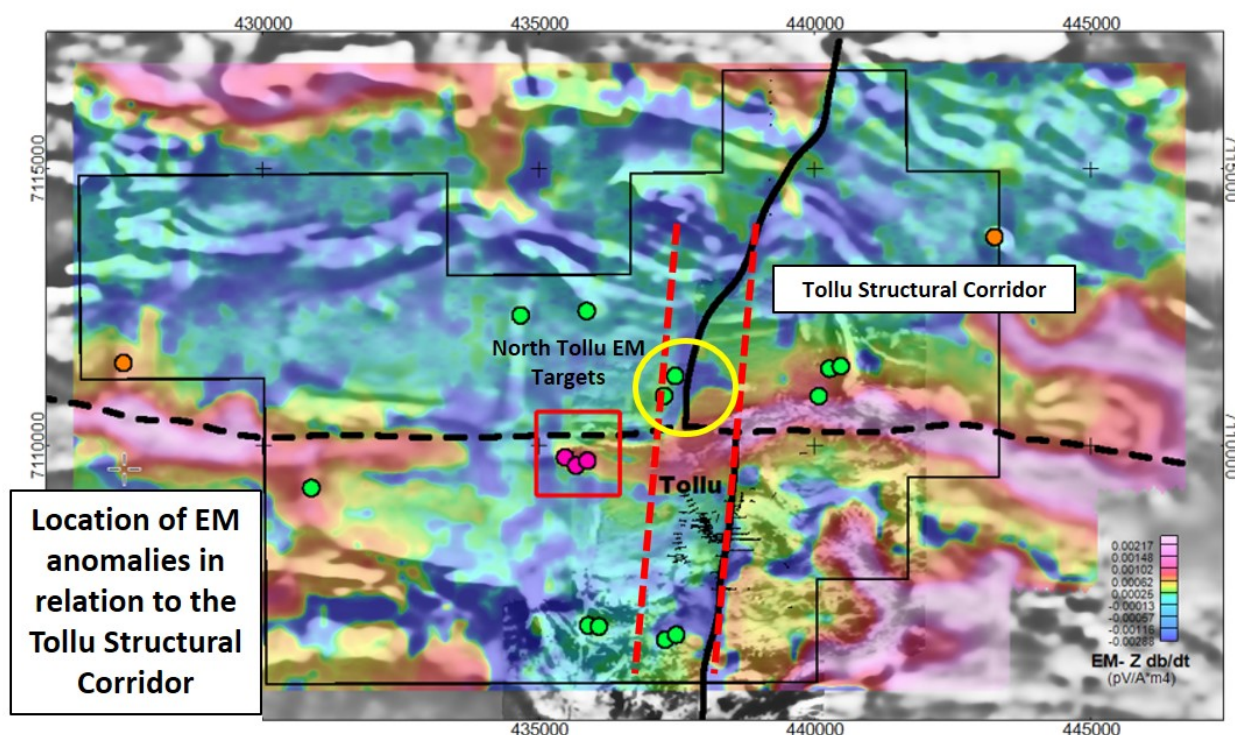
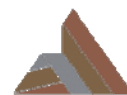


Figure 4 – Location of EM anomalies in relation to the Tollu structural corridor. Tenement E69/2450 airborne magnetic image (grey) with late time Z component channel 48 (10.667 msec after turn off) as the colour image.

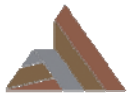


Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Cut-off (Cu %)	Dilution
TLC148	58	64	6	1.10	0.1	None
TLC149	13	20	7	0.20	0.1	None
TLC151	159	162	3	0.70	0.1	None
TLC151	160	161	1	1.00	1.0	None
TLC151	166	167	1	1.20	1.0	None
TLC152	71	75	4	0.30	0.1	none
TLC153	27	41	14	3.30	0.5	Yes
TLC153	58	62	4	4.60	1.0	None
TLC154	114	119	5	1.20	0.1	None
TLC155	114	121	7	0.40	0.1	None
TLC155	122	126	4	0.43	0.1	None
TLC155	149	152	3	0.44	0.1	None
TLC155	156	161	5	0.38	0.1	None
TLC155	174	175	1	1.76	1.0	None
TLC156	2	17	15	0.34	0.1	None
TLC156	182	189	7	0.20	0.1	None
TLC157	2	6	4	0.23	0.1	None
TLC162	145	149	5	0.33	0.1	None
TLC163	57	59	2	3.30	1.0	None
TLC163	76	77	1	1.20	1.0	None
TLC163	100	102	2	1.60	1.0	None
TLC164	204	216	12	0.27	0.1	None
TLC164	219	248	29	0.53	0.1	Yes
TLC165	146	149	3	1.13	0.1	None

Table 1 – Other Significant Copper Intercepts

EM TARGET 1A

The geochemical assay results from the 5m composite sampling of Redstone's recent drilling at EM1A were also returned during the Quarter. The results confirm that the 5 hole for 1,184m of a reverse circulation drilling program (**Figure 5**) has intersected an extensive occurrence of disseminated sulphide mineralisation (predominantly pyrite) of at least 100m thick and over 400m in strike length and remains open to the north, east and west (**Figure 6**). The geochemistry also confirmed the geological interpretation of a pile of alternating mafic and felsic volcanic rock with occasional feldspar porphyry intercalated with layers of volcanoclastic breccia of mixed mafic and felsic clasts (**Figure 5**). The sulphides occur as disseminations in breccia matrix, as stringer veinlets and as minor stockwork in the zones of highest sulphide concentration (ASX release 9 October 2017).



Given the geology identified by the recent drilling of EM1A can be extended across most of Redstone's Project area, the intersection of sulphides at EM1A combined with the high-grade copper vein mineralisation that continues at Tollu (ASX release 31 October 2017) opens up the potential for Redstone's entire Project to host large economic mineralisation systems.

Anomalous Pb-Zn-Ag-Au values intersected at Tollu in the most recent drilling highlights the potential for the copper veins at Tollu to have a regional significance for exploration on Redstone's Project. Given Tollu is proof that mineralising fluids have been associated with the regional structures within the Project, combined with the successful identification of sulphides by the recent EM survey, all 10 other EM anomalies have been upgraded to immediate drill targets pending further geological assessment.

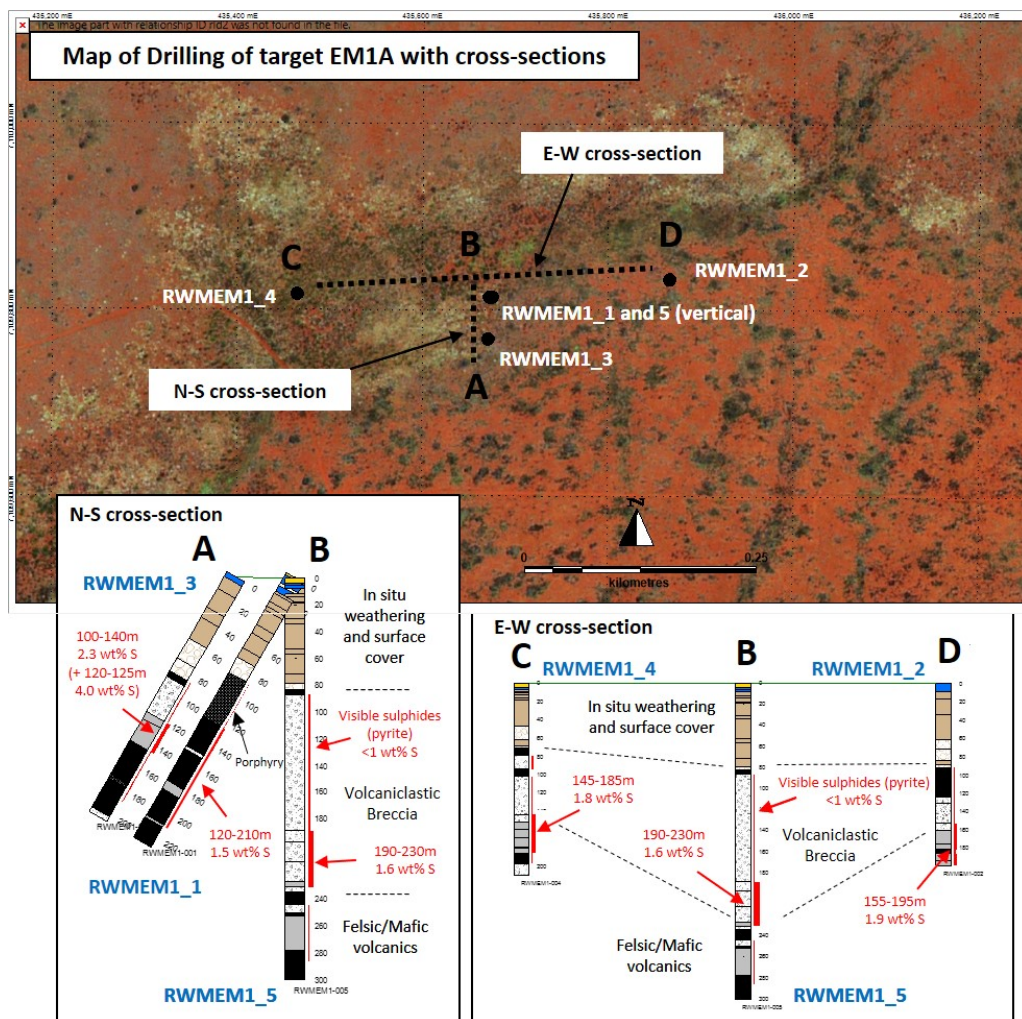


Figure 5 – EM1A Drill Hole Locations and Cross-sections

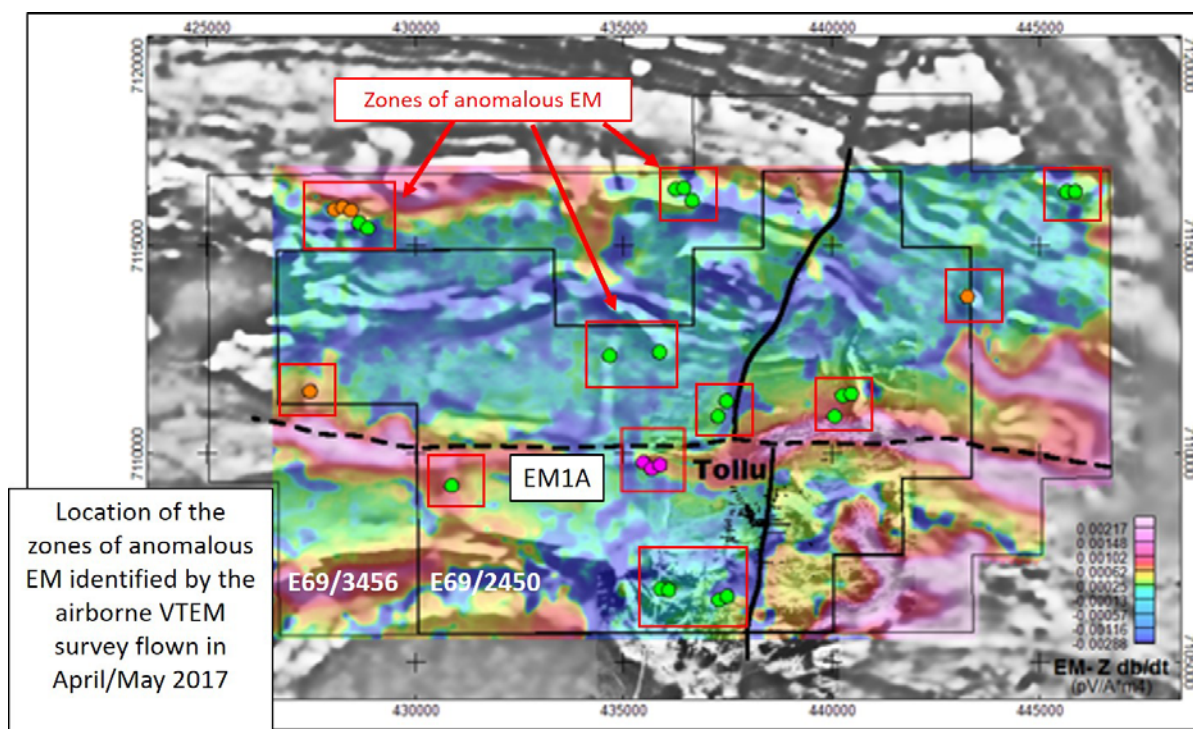
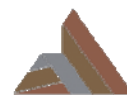


Figure 6 - – Location of EM anomalies in relation to the Tollu structural corridor. Tenement E69/2450 airborne magnetic image (grey) with late time Z component channel 48 (10.667 msec after turn off) as the colour image.

2018 Drilling Program

During the Quarter Redstone continued its geological assessment and interpretation of the Tollu and EM1A assay results and has commenced plans for a follow up RC drilling program of the priority EM targets in the June 2018 quarter, pending further capital raising.

CORPORATE

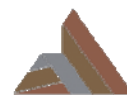
R&D Rebate

During the Quarter the Company completed and lodged a Research and Development Incentive claim (the **R&D Rebate**), followed by lodgement of its FY2017 tax return in January 2018. The Company determined the R&D Rebate amount under the Australian Taxation Office's self-assessment system with the final amount of \$255,000 received on 24 January 2018.

The funds from the R&D Rebate will contribute to the Company's capital requirements over the next 12 months in conjunction with future capital raising efforts planned to be undertaken in the March 2018 quarter.

Expiry of Unquoted Options

On 4 December 2018 2,000,000 unquoted options exercisable at \$0.20 expired, unexercised.



TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenement at the end of the 31 December 2017 quarter.

TENEMENT SUMMARY AS AT 31 DECEMBER 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

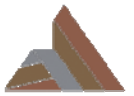
The Company did not acquire or dispose of any interests in any joint ventures, farm-in or farm out arrangements during the Quarter.

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:

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Chairman

Miranda Conti
Company Secretary

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contact@redstone.com.au

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

42090169154

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(388)	(508)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(27)	(50)
	(e) administration and corporate costs	(5)	(35)
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	(420)	(593)

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 (6 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
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.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	455	624
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(420)	(593)
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
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period *	35	35

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	35	455
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)*	35	455

* Redstone Resources Limited received \$255,000 R&D refund in January 2018

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	3
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	

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	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.		

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(50)
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	(105)

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	Nil			

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.



31/01/2018

Sign here:
(Company secretary)

Date:

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.