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The Manager
Company Announcements Office
Australian Stock Exchange Limited
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20 Bridge Street
SYDNEY NSW 2000

Electronic Lodgement

West Musgrave Project and Company Update

Redstone Resources Limited (**ASX: RDS**) ("**Redstone**" or "**the Company**") is pleased to provide the following Company and project update for its 100% owned West Musgrave Project (the "**Project**").

- Evaluation activities, including for Copper and Nickel, are continuing which will advance the Project, and planning for the next phase of exploration on the Project has commenced.
- The Company completed and lodged a Research and Development Incentive claim (the **R&D Rebate**). 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. These funds will contribute to the Company's capital requirements over the next 12 months in conjunction with future capital raising efforts.
- The Company has received the requisite Native Vegetation Clearing Permit for drilling of prioritised EM targets located on E69/2450.
- Geochemical analysis of EM1A alteration to aid in vectoring in on mineralisation is almost complete.
- Plate modelling has commenced on three of the priority EM targets.
- Planning is underway for a ground based EM survey to further delineate and penetrate deeper around all 11 EM anomalies. This will aid further prioritisation of the anomalies. It will in particular provide further understanding of the nature of the sulphide mineralisation intersected at the highest priority EM1A target at depth.

The Project is located in the West Musgrave region of Western Australia and comprises 237 square kilometres of highly prospective, underexplored ground just 40km east of the world-class Nebo-Babel Ni-Cu deposit. The Project has the right geological and structural setting for large magmatic Ni-Cu sulphide deposits, Volcanic Hosted Massive Sulphide (**VHMS**) deposits, other large intrusive related hydrothermal systems such as porphyry style and hydrothermal Cu \pm Au mineralising systems in the West Musgrave.



An airborne electromagnetic (**VTEM_{max}**) survey was conducted over the Project in April 2017, identifying eleven conductive EM targets sitting up to 200m beneath the surface requiring follow-up exploration activity, with the highest priority EM1A target drill tested in 2017 (**Figure 1**).

The EM1A 2017 VTEM_{max} target identified another major zone of hydrothermal sulphide mineralisation (predominantly Fe-sulphides) just 2.5-3km to the NW of Tollu. The host geology and nature of sulphides consistent with above deposit type targets. Given the intersection of thick sulphide body at EM1A proves VTEM_{max} is positively identifying sulphides in the Project area, all other 10 genuine EM targets have been upgraded.

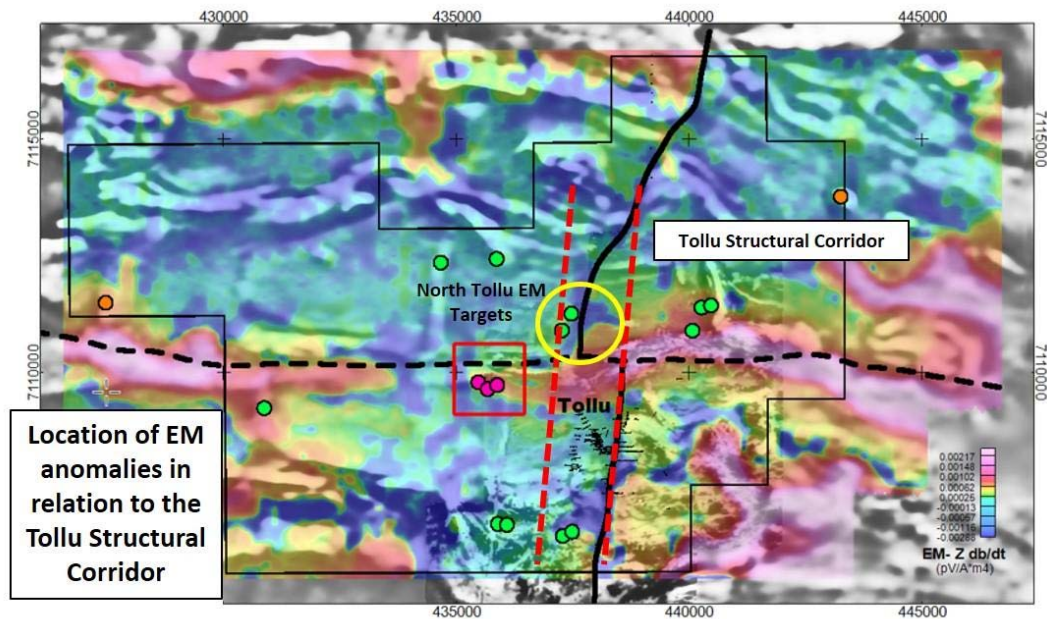


Figure 1 – Location of EM anomalies in relation to the Tollu structural corridor. Tenement E69/2450 airborne magnetic image (grey) with late time Z component channel 48 (10.667 msec after turn off) as the colour image.

Further geophysical assessment has commenced, including plate modelling of a further three priority EM targets for the purpose of aiding drill hole planning in preparation for the 2018 exploration program. These three priority EM targets are located in the northwest, west and east of the Project area.

The Tollu Copper Project (**Tollu**), included in the Project, proves that a large hydrothermal system capable of carrying metal has been active in the Project area – at Tollu, a 5km² square exposure of quartz veins has already been shown to contain 38,000t of Cu and 535t of Co (Indicated and Inferred at a cut-off of 0.2% Cu – JORC 2012). A conceptual exploration target (the **Target**) also suggests up to 627,000t of Cu may be present - grades intersected by drilling are as high as 3.25% Cu over 14m (2017 drilling). The potential quantity and grade of this Target is conceptual in nature. It is important to note that there has been insufficient exploration to estimate a Mineral Resource for the Target and it is uncertain if further exploration will result in the estimation of a Mineral Resource for the Target.



The 2017 drilling program conducted in the September 2017 Quarter returned the following 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).

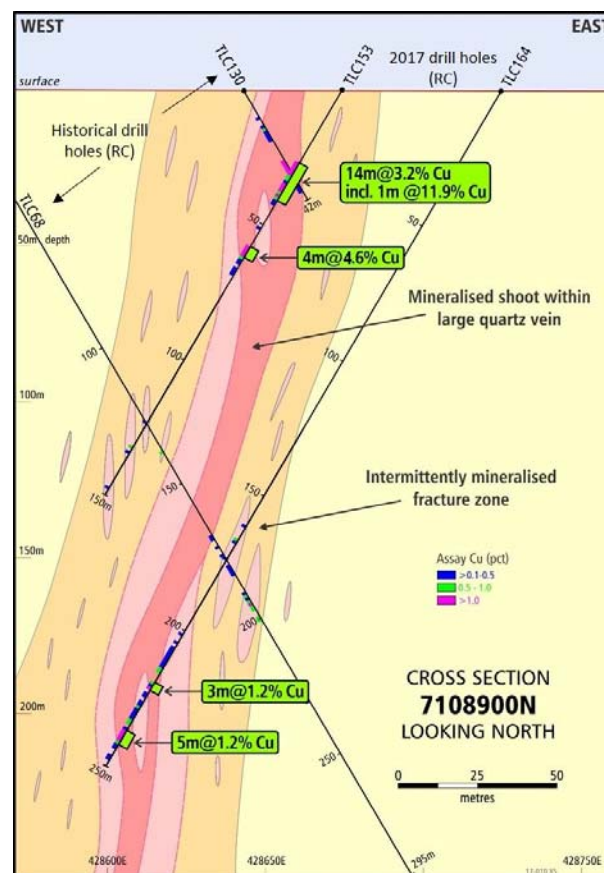


Figure 2 – Forio Cross-section

Next Steps

The Company is currently in the process of undertaking the following activities to further advance the West Musgrave Project, in particular to drill test selected EM targets and better understand the broader mineralised system at the Project:

1. Finalise geochemical and mineralogical analysis of EM1A alteration to aid in vectoring in on mineralisation, as well as conduct ground geophysics to increase depth penetration of detecting conductive sulphides. Undertake second round of exploration RC drilling of EM1A in Q2 2018, pending permitting and funding.



2. Q2 2018 RC program is being planned to drill test selected EM targets with extensive RC drill program – Targets require geological assessment for prioritisation and ground geophysics to further delineate and increase depth of penetration:
 - Planning underway for June 2018 Quarter drill program on prioritised EM targets. Requisite Native Vegetation Clearing permit approval received for drilling of prioritised EM targets located on E69/2450; and
 - Plate modelling commenced on three priority EM targets.
3. Develop definitive model of the Tollu Cu-mineralisation to aid in future drilling for major expansion of resource.
4. Assess and test for Tollu style mineralisation north and south of Tollu.

Competent Persons Statement

The information in this document that relates to drilling and 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.

The information in this report that relates to Exploration Targets and Mineral Resources was authorised by Mr Darryl Mapleson, a Principal Geologist and a full time employee of BM Geological Services, engaged as consultant geologists to Redstone Resources Limited. Mr Mapleson is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Mapleson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to act as a competent person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Mapleson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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.

For further information please contact:

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