



30 April 2018

QUARTERLY REPORT

For the Period Ending 31 March 2018

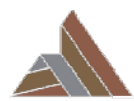
HIGHLIGHTS

- Evaluation activities and planning for the next phase of exploration on the Project undertaken during the Quarter, including for an RC drilling program on prioritised EM targets.
- Receipt of the requisite Native Vegetation Clearing Permit for drilling of selected EM targets located on E69/2450.
- Commencement of plate modelling of three priority EM targets for the purpose of aiding drill hole planning in preparation for the 2018 exploration program.
- Planning underway for a ground based EM survey to further delineate and penetrate deeper around all 11 EM anomalies.
- Geochemical analysis of EM1A alteration to aid in vectoring in on mineralisation commenced.
- Receipt in January 2018 of the Company's Development Incentive claim (the **R&D Rebate**) amount of \$255,000. The R & D Rebate will contribute to the Company's capital requirements over the next 12 months in conjunction with future capital raising efforts.

Redstone Resources Limited (**ASX Code: RDS**) ("**Redstone**" or the "**Company**") presents its quarterly report for the period ending 31 March 2018 (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.

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.



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 EM1 target, located approximately 3km east of Tollu, identifying hydrothermal sulphide alteration in a rift related volcanic pile.

Most of the tenement remains underexplored.

WEST MUSGRAVE PROJECT

2018 Drilling Program

During the Quarter Redstone commenced plans for evaluation activities and its next phase of exploration, including for a follow up RC drilling program of selected prioritised EM targets proposed to commence in the June 2018 quarter, pending approvals and further capital raising.

As part of this process, the Company undertook further geophysical assessment, including plate modelling of certain priority EM targets to aid 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.

In addition, planning also commenced for a ground based EM survey to further delineate and penetrate deeper around all 11 EM targets, which will further aid prioritisation of the targets. It will in particular provide further understanding of the nature of the sulphide mineralisation intersected at the highest priority EM1 target at depth.

During the Quarter, the Company applied for, and received, the requisite Native Vegetation Clearing Permit approval to undertake the exploration activities on selected EM targets located on the E69/2450 Project tenement.

Further geochemical examination and analytical work was also undertaken during the Quarter to ascertain the significance of the trace element geochemistry also required for planning the of the June



2018 quarter exploration. This more detailed geochemical analysis is particularly necessary to further assess the significance of the EM1 sulphide body in terms of its spatial relevance to a potential economic mineral system. Given the geology identified by the 2017 drilling of EM1 can be extended across most of Redstone's Project area, the intersection of sulphides at EM1 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.

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 EM1 alteration to aid in vectoring in on mineralisation, as well as conduct ground geophysics to increase depth penetration of detecting conductive sulphides. Planning and commencing second round of exploration RC drilling of EM1, pending requisite approvals and funding.
2. Planning for next RC drill program being finalised to drill test selected EM targets – geological assessment for prioritisation undertaken and ground geophysics planned to further delineate and increase depth of penetration:
 - Planning underway for next 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 completed 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.

CORPORATE

R&D Rebate

In January 2018 the Company received its Research and Development Incentive claim (the **R&D Rebate**) amount of \$255,000. The Company determined the R&D Rebate amount under the Australian Taxation Office's self-assessment system.

The funds from the R&D Rebate will contribute to the Company's capital requirements over the next 12 months.



TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenements at the end of the 31 March 2018 quarter.

TENEMENT SUMMARY AS AT 31 MARCH 2018

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 Shirliff, 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 Shirliff is a Member of the Australian Institute of Mining and Metallurgy. Both Mr Bourne and Dr Shirliff 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 Shirliff 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.

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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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 March 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(16)	(524)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(28)	(78)
	(e) administration and corporate costs	(44)	(79)
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	255	255
1.8	Other (Research & Development fee)	-	-
1.9	Net cash from / (used in) operating activities	167	(426)

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 (9 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	35	624
4.2	Net cash from / (used in) operating activities (item 1.9 above)	167	(426)
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 *	202	202

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	202	35
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)*	202	35

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
-
-

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

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.



30/04/2018

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.