



31 July 2018

## QUARTERLY REPORT

### For the Period Ending 30 June 2018

#### HIGHLIGHTS

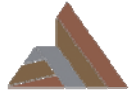
- Further evaluation activities and planning for the 2018 Project exploration program undertaken during the Quarter, including for RC drilling on prioritised EM (**VTEM<sub>max</sub>**) targets.
- Completed plate modelling of three priority EM (**VTEM<sub>max</sub>**) targets to aid drill hole planning for the 2018 Project exploration program.
- Planning underway for a ground based EM survey to further delineate and penetrate deeper around all 13 EM targets.
- Commenced plans for heritage clearances and government approvals required in preparation for ground based EM surveys and RC drilling.
- Completed detailed geochemical analysis of EM1 assay results to aid in vectoring in on mineralisation.

Redstone Resources Limited (**ASX Code: RDS**) (“**Redstone**” or the “**Company**”) presents its quarterly report for the period ending 30 June 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 has the right geological and structural setting for large magmatic Ni-Cu sulphide deposits just 40km east of the world-class Nebo-Babel Ni-Cu deposit.

Tollu hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km<sup>2</sup>. 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.



In 2017, the Company completed a detailed ground-up review of the entire 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<sub>max</sub>**) survey in May 2017. This survey identified 13 priority targets, with the recently drilled high priority EM1 target, located approximately 3km east of Tollar, identifying hydrothermal sulphide alteration in a rift related volcanic pile.

Recent detailed geochemical analysis of the EM1 (**VTEM<sub>max</sub>**) target assay results suggest that the Project is also prospective for Volcanic Hosted Massive Sulphide (VHMS) deposits, large continental type Molybdenum (Mo)-porphyry deposits, strata-bound Gold (Au)- Silver (Ag) deposits, Tin (Sn) – Tungsten (W) mineralisation related to granites, granite stockworks or greissens, intrusion related polymetallic veining, Intrusion Related Gold deposits (IRG) and Iron Ore Copper Gold ± Uranium (IOCG±U) deposits. .

Most of the tenement remains underexplored.

## **WEST MUSGRAVE PROJECT**

### **2018 Drilling Program**

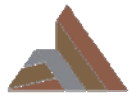
During the Quarter Redstone continued its evaluation activities and preparations for its next phase of exploration, including for a follow up RC drilling program of selected prioritised EM targets proposed to commence in 2018, pending approvals and further capital raising.

In preparation and planning for the 2018 Project exploration program the Company completed further geophysical assessment of the EM targets identified in the 2017 airborne EM (**VTEM<sub>max</sub>**) survey, including plate modelling of three priority EM targets. These priority EM targets are located in the northwest, west and east of the Project area (**Figure 1**). The modelled EM (**VTEM<sub>max</sub>**) targets confirm the potential for conductors indicative of Ni-Cu sulphide mineralisation on the Project.

### **Modelling Results of High Priority EM (**VTEM<sub>max</sub>**) Targets**

Target 2A occurs on five airborne EM (**VTEM<sub>max</sub>**) lines (200m spacing). The Target 2A has been modelled on a single line (L1080) as a 30° north dipping plate with a depth extent of 180m and conductance of 250S (**Figure 2**). The depth to the top of the plate is ~190m.

Target 2C occurs on two airborne EM (**VTEM<sub>max</sub>**) lines and is associated with a strong and discrete magnetic high. Airborne EM (**VTEM<sub>max</sub>**) data indicates the presence of a conductor with a depth to top between 190 and 300m. Magnetic modelling shows the magnetic body is ~130m below surface. Two lines of ground EM are planned to confirm the target and provide a drill target.



Target 3E is in a highly prospective location, along the same north-south structure as Tollar. Airborne EM ( $VTEM_{max}$ ) data indicates the presence of a deep conductor. Two lines of ground EM are planned to confirm the target and provide a drill target.

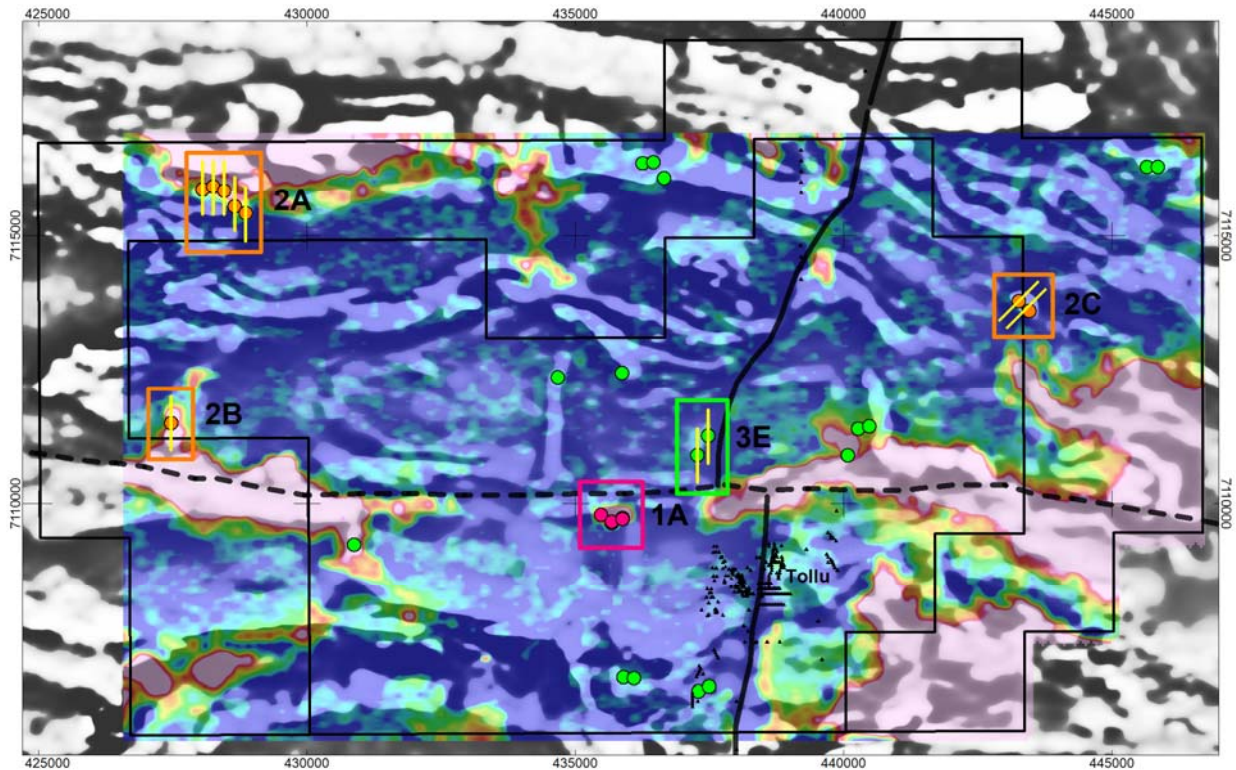


Figure 1 – Tenements E69/2450 and E69/3456 airborne magnetic image (grey) with late time Z component channel 45 (7.036 msec after turn off) as the colour image. Historical drilling and Tollar prospect shown in black. High priority conductive targets shown in pink and orange. Lower priority targets shown in green. Planned ground EM lines are shown in yellow.

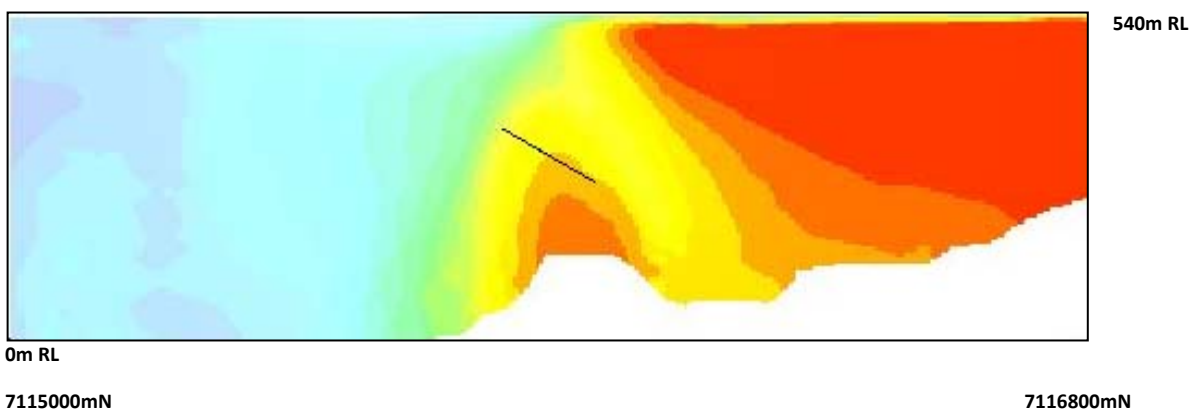
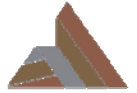


Figure 2 – Target 2A  $VTEM_{max}$  L1080 resistivity depth inversion (RDI) with modelled plate (black). Red – high

### Ground EM Surveys

Planning commenced during the quarter for ground electromagnetic (EM) surveys over target EM1 and all 12 other EM ( $VTEM_{max}$ ) targets to be undertaken during the September 2018 quarter, in preparation



for the 2018 exploration program and drill planning. The ground based EM surveys will further delineate and penetrate deeper around all 13 EM targets (previously 11 EM targets identified) and aid prioritisation of the targets, as well as provide a better understanding of the nature of the sulphide mineralisation intersected at the highest priority EM1 target at depth.

Heritage clearances for the 2018 Project exploration program will be undertaken in August 2018.

During the Quarter the Company also commenced an application for Native Vegetation Clearing Permit approval to undertake the exploration activities on selected EM targets located on the E69/3456 Project tenement.

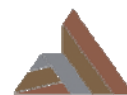
### **Geochemical Analysis of EM1**

Further geochemical examination and analytical work was also undertaken during the Quarter to ascertain the significance of the trace element geochemistry associated with the sulphide mineralisation of EM1, which will assist in planning of the 2018 Project exploration program.

This more detailed geochemical analysis was 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.

The EM1 geochemistry confirmed that the drilling intersected a significant zone of hydrothermal alteration at least 100m thick within a tholeiitic volcanic sequence of basalt and volcanoclastics. The hydrothermal alteration consists of a central zone some 20-30m thick enriched in silica, potassium, tin, tantalum, niobium, zirconium, tungsten, molybdenum and lead. Immediately surrounding but also through the central zone is a zone of pyrite alteration with up to 8wt% pyrite, found disseminated, surrounding clasts, in small stringers and associated with small quartz veins inside the central zone. The pyrite alteration is associated with an enrichment of selenium, zinc, tungsten, molybdenum and in some specific locations, copper, cobalt and gold (albeit low levels). The entire hydrothermal alteration zone is also characterised by significant depletion in sodium.

Whilst trace element pathfinder and potential ore metal concentrations are too low to suggest that EM1 is directly proximal to a potential ore deposit, the extent and type of alteration suggests that EM1 could be related to an ore forming system, or that the hydrothermal environment that has created EM1 has operated and formed ore deposits elsewhere on the Redstone ground. Mineralisation targets suggested by the GSWA, that align both with the tectonic setting attributed to the Tollu group by the GSWA as well as the geology and alteration at EM1 include large continental type Mo-porphyry deposits, strata-bound Au-Ag (silver) deposits, Sn-W mineralisation related to granites, granite stockworks or greisens, intrusion related polymetallic veining, Intrusion Related Gold deposits (IRG) and Iron Ore Copper Gold ± Uranium (IOCG±U) deposits.



The host rock geology, the type, extent and stratigraphic nature of the alteration, accumulation of pyrite and the associated trace elements at EM1 suggests a VHMS deposit needs to be considered as a possible target, both at EM1 and in the rest of the Tollu group package. Although normally associated with arc and back arc tectonic settings, given the geology and the confirmation of hydrothermal activity with potential influence of granitic fluids, epithermal and mesothermal lode gold systems should not be ruled out and even large Cu-porphyry deposits should not be completely ignored.

### 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. 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 completed and ground geophysics planned for September 2018 quarter to further delineate and increase depth of penetration:
  - Heritage clearances to be completed in August 2018 for ground EM surveys and RC drilling.
  - Requisite Programs of Works required for 2018 Project exploration program to be completed and submitted to the Department of Mining, Industry, Regulation and Safety.
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.

### TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenements at the end of the 30 June 2018 quarter.

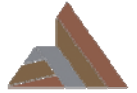
#### TENEMENT SUMMARY AS AT 30 JUNE 2018

##### West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date (Application Date)	Expiry	Blocks	Area km <sup>2</sup>
Tollu	E 69/2450	Redstone Resources Limited	100%	100%	19/09/2008	18/09/2018	41	126.4
Milyuga	E 69/3456	Redstone Resources Limited	100%	100%	14/08/2017	13/08/2022	28	86.4
Milyuga	E 69/3568	Redstone Resources Limited	0%	100%	(10/05/2018)	N/A	27	83.2
								296.0

During the quarter the Company applied for tenement E69/3568 (27 graticular blocks) and the Company relinquished 8 graticular blocks from tenement E69/3456.

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.

### 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 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.

In 2017 the Company 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<sub>max</sub>**) survey in April 2017.

This survey identified 13 priority targets, with the recently drilled high priority EM1 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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(50)	(574)
(b) development	-	-
(c) production	-	-
(d) staff costs	(18)	(96)
(e) administration and corporate costs	(13)	(92)
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
1.8 Other (Research & Development fee)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(81)</b>	<b>(507)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-
<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>4</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	202	624
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(81)	(507)
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	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period *</b>	<b>121</b>	<b>121</b>



## Mining exploration entity and oil and gas exploration entity quarterly report

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	121	202
5.2 Call deposits	-	-
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)*</b>	<b>121</b>	<b>202</b>

**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

-

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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(50)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(20)
9.5 Administration and corporate costs	(35)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(105)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E69/3456	Exploration Licence – 100%	36 BL	28 BL
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E69/3568a	Exploration Application Licence	0 BL	27 BL

**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 July 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.