

ASX ANNOUNCEMENT

28 July 2020

Redstone enters agreement to acquire Hannans South Gold Tailings Project in Kalgoorlie, Western Australia

HIGHLIGHTS

- Redstone enters agreement to farm-in up to 80% interest in the privately owned Hannans South Gold Tailings Project (“HanTails”), a large scale gold Tailings Storage Facility (“TSF”) located on the historic Hannans South Gold Mill site in Kalgoorlie, Western Australia (see Figure 1).
- HanTails is estimated by the vendor through drone survey to contain approximately 6,300,000 cubic metres of gold tailings deposition material (subject to more detailed survey) and presents an excellent low cost development stage opportunity for Redstone.
- Located just 8kms north of HanTails is the successful 1990’s KalTails tailings operation where approximately 64 million tonnes were processed for the recovery of ~600,000oz gold¹.
- Aircore drilling and sampling programme to establish metal endowment and provide bulk samples for metallurgical testing and recoveries is set to commence in August.
- Convenient location just 10kms south of the Kalgoorlie Super Pit and proximal to several existing gold processing mills. Also adjacent to power, water and logistical options.
- HanTails contains material sourced from a variety of gold deposits in the Kalgoorlie-Boulder region processed in a 20 year period from 1986. Material treated was from a mixture of primary, oxide & transitional gold ores.
- HanTails is a development stage alternative to greenfields exploration for the Company with the potential for cash flow in the short to medium term.
- Mr Chris Banasik, with over 31 years’ mining executive experience and founding Executive Director of gold producer Silver Lake Resources Ltd, has been engaged to lead the HanTails Project. Silver Lake grew to become an ASX 200 company with a market capitalisation over A\$1.0 billion.



Figure 1 - Location of the HanTails Project TSF 15kms south of Kalgoorlie, Western Australia and 10kms south of the Super Pit.



Redstone Resources Limited (**ASX: RDS**) (**Redstone** or the **Company**) is pleased to announce that it has entered into an exclusive agreement to farm-in to an 80% interest in prospecting licence P26/4308, known as the HanTails Project (**HanTails** or the **Project**), a historic large scale gold mine Tailings Storage Facility (**TSF**) located just 15kms south of Kalgoorlie-Boulder, Western Australia (see **Figures 1 and 2**).

Commenting on the prospective acquisition, Redstone's Chairman Richard Homsany said:

"We are very excited to acquire the The specific gravity and the average TSF gold grade has not yet been determined. Further testing and verification by drilling along with metallurgical testing will be required to establish these parameters. Gold Project in the heart of Australia's premier gold mining district. The potential to create an accelerated yet low cost gold production profile could have a major impact on the Company. The HanTails Gold Project adds another valuable asset to Redstone's asset portfolio with the potential for cash flow in the short to medium term.

We welcome the highly experienced and credentialed Mr Chris Banasik to the Redstone team, and look forward to a rapid evaluation and potentially developing this asset under his guidance. His decades' long operating and commercial experience in the Goldfields is excellent for the prospects of the HanTails Project and the Company. The Company intends to commence drilling next month.

Now more than ever, with gold trading over USD\$1900 per ounce at historic all time US dollar highs, this acquisition opens an exciting new chapter in the history of Redstone."

The HanTails Project, which lies adjacent to the Hannans South open pit gold mine, contains many years of gold tailings deposition material from its original operations during 1986 to 2006, primarily undertaken by then owners Croesus Mining Limited. Based on a drone survey conducted by the vendor of the Project, in conjunction with the TSF engineering parameters, the HanTails TSF is estimated to contain approximately 6,300,000 cubic metres of gold tailings deposition material. The specific gravity and the average TSF gold grade has not yet been determined. Further testing and verification by drilling along with metallurgical testing will be required to establish these parameters.

During its operational life the tails feed consisted of a mix of primary, oxide and transitional ores from multiple gold deposits, including numerous separate deposits from Binduli and also ore from the Mt Monger and Wombola district some 35kms south of the Hannans South pit.

Accordingly, the Company proposes to undertake a swift aircore drilling and sampling programme to establish the average gold grade and approximate gold endowment to JORC 2012 status. A Programme of Work has already been approved with work to commence once the exclusive due diligence period ends.

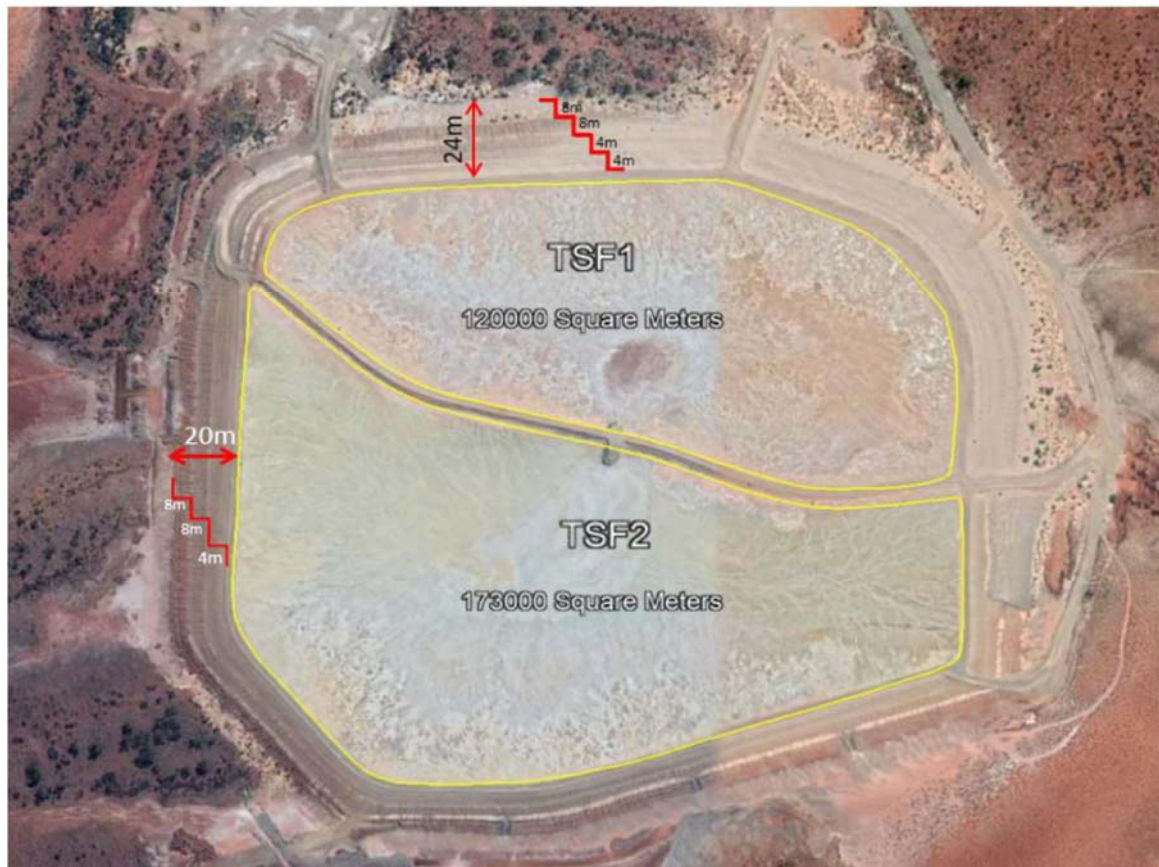


Figure 2 – TSF Approximate Wall Dimensions and Top Surface Dam Area.

HanTails is very conveniently located in the heart of the renowned gold mining district of Kalgoorlie-Boulder, proximal to a number of existing and operational processing plants, mining infrastructure and support services. With water options available adjacent to the Project and the main Kambalda power transmission line only 800m away, this existing infrastructure is expected to contribute greatly to low capital and operating costs for potential HanTails gold processing requirements.

Additionally, the Project does not require drill/blast or mine crushing and therefore has the potential to be treated by dig-concentrate-truck for toll treating at nearby existing plants, similar to the successful historic 1990 - 1999 KalTails operation at the Lakewood Mill, located 9kms north of HanTails. The KalTails tailings operation processed approximately 64 million tonnes for the recovery of ~600,000oz gold¹.

The prospective acquisition of HanTails presents an excellent low cost development stage project opportunity for the Company. If proved feasible, the potential gold endowment and production at HanTails has the potential to provide the Company with significant cash flow in the short to medium term.

The Company is pleased to announce the appointment of Mr Chris Banasik to oversee the development of HanTails. He is a mining executive with over 31 years' experience in the resource sector across multiple disciplines. Chris was the founding Director of Exploration and Geology of Silver Lake Resources Limited, where he assisted the development of the company from private equity through the IPO process raising A\$30.0 million and listing on the ASX in November 2007 as a gold exploration company. Under his directorship, Silver Lake grew to an ASX 200 company in 2012 with a market capitalisation in excess of A\$1.0 billion and with over 650 personnel.



ACQUISITION AGREEMENT TERMS

In return for an exclusive due diligence period Redstone is required to pay an exclusivity fee by the issue of four (4) million fully paid ordinary shares to the vendor. On successful completion of due diligence and end of the exclusivity period, Redstone will be required to incur a minimum farm-in spend of \$75,000 to earn a 51% interest in the Project (**Stage 1**), including a guaranteed minimum spend of \$50,000, within a 9 month period. Following Stage 1 and the establishment of an unincorporated joint venture with the vendor, Redstone will be required to incur a further farm-in spend of \$75,000 to earn an 80% interest in the Project (**Stage 2**). After Stage 2, Redstone will be required to free carry joint venture expenditure until a Decision to Mine based on the completion of an economic study. At the end of the free carry period the vendor will have the election to contribute 20% to Project joint venture expenditure or dilute to a 2% gross proceeds royalty on any gold produced and sold.

This Announcement has been approved for release by the Board of Redstone Resources Limited.

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References

¹ Environmental Resources Management Australia – KCGM Kaltails TSF Hydrogeological Review June 2006; and

Tailpro Consulting case study <https://www.tailings.info/casestudies/kaltails.htm>.



Schedule 1 – HanTails Project

Type	Registration Number	Tenement Commencement Date	Tenement Expiry	Location	Area	Encumbrances
Prospecting Licence issued under the Mining Act	P 26/4308	3 April 2019	2 April 2027 (subject to extension in 2023)	Kalgoorlie - Boulder, Western Australia	56.8 ha	Nil

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**) is a base and precious metals developer exploring the 100% owned prospective West Musgrave Project, which includes the Tollu Copper deposit, in Western Australia. The West Musgrave Project is located between Cassini Resources' Nebo Babel prospect and Metals-X Wingellina Ni-Co project. Redstone is also actively testing the approximate 15 million tonne HanTails Gold Project at Kalgoorlie, Western Australia for potential development in future.