



REDSTONE RESOURCES LIMITED
ACN 090 169 154

CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2014

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by Redstone Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

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Competent Persons Statement

The information in this announcement that relates to Exploration Targets and Exploration Results was authorised by Mr Darryl Mapleson, a Principal Geologist and a full time employee of BM Geological Services, who are 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.

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 LIMITED

ACN 090 169 154

CORPORATE DIRECTORY

DIRECTORS:

Mr Richard Homsany (Chairman)
Mr Wrixon Gasteen (Interim Managing Director)
Mr Brett Hodgins (Technical Director)
Mr Edward van Heemst (Non-Executive Director)
Mr Clinton Wolf (Non-Executive Director)

COMPANY SECRETARY:

Ms Miranda Conti

REGISTERED AND PRINCIPAL OFFICE:

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HOME STOCK EXCHANGE:

Australian Stock Exchange Limited
Level 40
Central Park
152-158 Ste Georges Terrace
PERTH WA 6000
ASX Code: RDS, RDSO

AUDITOR:

Butler Settineri (Audit) Pty Ltd
Unit 16, First Floor
100 Railway Road (Cnr Hay Street)
SUBIACO WA 6008

REDSTONE RESOURCES LIMITED

ACN 090 169 154

DIRECTORS' REPORT

Your directors submit the financial report of the Redstone Resources Limited and its controlled entities ("Redstone" or the "Entity") for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors' report follows:

The Board of Directors

The names of Redstone Resources Limited's directors in office during or since the end of the half-year until the date of this report are:

Richard Homsany	(Chairman)
Mr Wrixon Gasteen (appointed 12 February 2015)	(Interim Managing Director)
Brett Hodgins	(Technical Director)
Edward van Heemst	(Non-Executive Director)
Clinton Wolf	(Non-Executive Director)

Review of Operations

The consolidated loss after income tax for the half year is \$548,690 (2013: \$511,760).

WEST MUSGRAVE

PROJECT LOCATIONS

During the period Redstone held an interest in 3 exploration licences in two project areas in the West Musgrave region of Western Australia. The projects are prospective for major copper, nickel-copper and PGE mineralisation. Project locations are shown on **Figures 1 and 2**.

TOLLU PROJECT (REDSTONE 100%)

Redstone's 100% owned Tollu Project is located in the southeast portion of the West Musgrave region of Western Australia (**Figure 1**). The Project is approximately 20km south east of the Blackstone Community on Company's 100% owned tenement E69/2450 (**Figure 2**).

The Tollu Project consists of a large swarm of hydrothermal copper rich quartz veins in a mineralised system covering an area at least 5km². Malachite rich gossans associated with quartz veins are exposed at surface and form part of a dilatational system between two major structures within the Tollu Fault Zone.

DIRECTORS' REPORT



Figure 1 – West Musgrave - Location Map

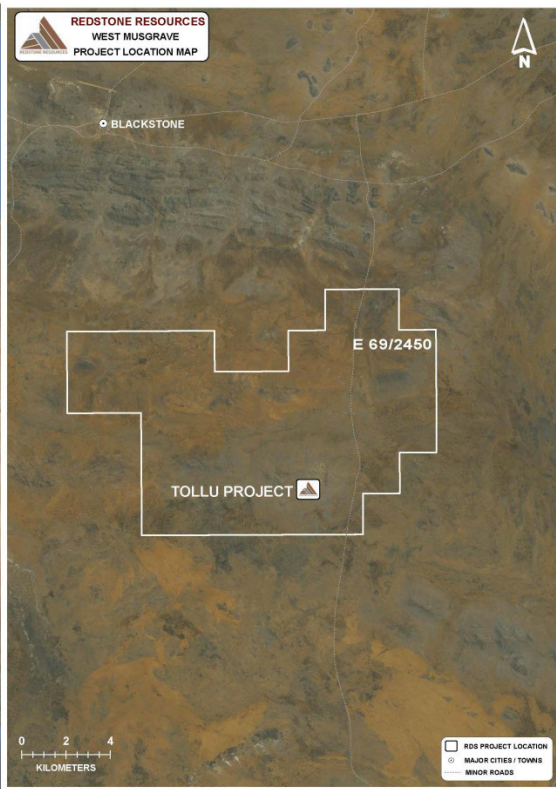


Figure 2– Tollu Project – Location Map

On 18 September 2014, the E69/2450 tenement commenced its sixth anniversary of tenure and was therefore subject to a compulsory reduction of 40% of the initial granted area of 69 blocks. Consequently, on this date the Entity surrendered 28 blocks and the tenement E69/2450 now comprises 41 blocks.

Tollu Project – Completion of 2014 Assaying Program

During the half-year ended 31 December 2014 (**Half Year**) additional drilling samples were processed and a semi quantitative pXRF scan was performed by ALS Minerals. The objective of the assay programs of existing samples was to extend geological continuity of the Tollu Project mineralisation.

Tenement E69/2450 Prospectivity

During the 2014 financial year the Entity also identified the potential for a number of other projects on the Tollu tenement (E69/2450) in addition to the Tollu Project. Five additional projects were identified on E69/2450 (**Figure 3**) as key sites to conduct mineral exploration. These Projects are:

- Atlas Project (prospective for IOCG & Mt Isa style-copper sediment-hosted).
- Babylon Project (prospective for IOCG & Mt Isa style-copper sediment-hosted).
- Pompeii Project (prospective for Mt Isa style-copper sediment-hosted).
- Pergamon Project (prospective for Mt Isa style-copper sediment-hosted).
- Herculaneum Project (prospective for Mt Isa style-copper sediment-hosted).

DIRECTORS' REPORT



Figure 3 Tollu Project - Prospect Location Map for 15 of the 16 Prospects

Tollu Project –Development Plan

During the 2014 financial year Redstone defined an increased Conceptual Exploration Target (**Target**) for the Tollu Project of 22 to 33 million tonnes of mineralisation at a conceptual grade range of 0.9 - 1.3% Cu, containing 198,000 to 445,000 tonnes of copper. This includes an estimate of 4.3 to 6.4 million tonnes of mineralisation at a conceptual grade range of 1.6 - 2.4%, containing 69,000 to 154,000 tonnes of copper on the Chatsworth Prospect.

The potential quantity and grade of the Target is conceptual in nature. It is important to note that there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

During and subsequent to the Half Year the Entity has been actively pursuing capital raising and funding opportunities to obtain the funding required to supplement the circa 23,000 metres of drilling already completed on the Tollu Project, with infill drilling to achieve a maiden JORC compliant resource. It is anticipated that this infill drilling has the potential to deliver a JORC compliant maiden resource in the Conceptual Exploration Target range of 198,000 to 445,000 tonnes of contained copper. Extensions to the North and South along the Tollu Fault are also proposed to be drilled to add to the resource. To this end, on 12 February 2015 the board appointed Mr Wrixon Gasteen as its interim Managing Director to lead the implementation of the Tollu Copper Project Development Plan. Mr Gasteen's appointment as Managing Director is conditional on his raising the required funds to facilitate this further drilling as part of the Tollu Development Plan.

Atlas Conceptual Exploration Target

During the Half Year the Entity commenced geological and geophysical work on defining a Conceptual Exploration Target on the Atlas Project.

DIRECTORS' REPORT

Atlas Project Background

The Atlas Project lies to the immediate north of the Tollu Project and is proximal to the Tollu Fault Zone (**Figure 4**). Most of the Project area appears to be under a thin Tertiary cover. Importantly, much of the architecture of Tollu is repeated in Atlas. In addition is the inclusion of intermediate volcanic rocks of the Hogarth Formation and the intrusion of a granite (**Figure 5**). In combination with the proximity of the Tollu Fault Zone, and expanse of Tertiary cover, the Atlas Project is prospective for a blind Mt Isa style-copper sediment-hosted deposit.

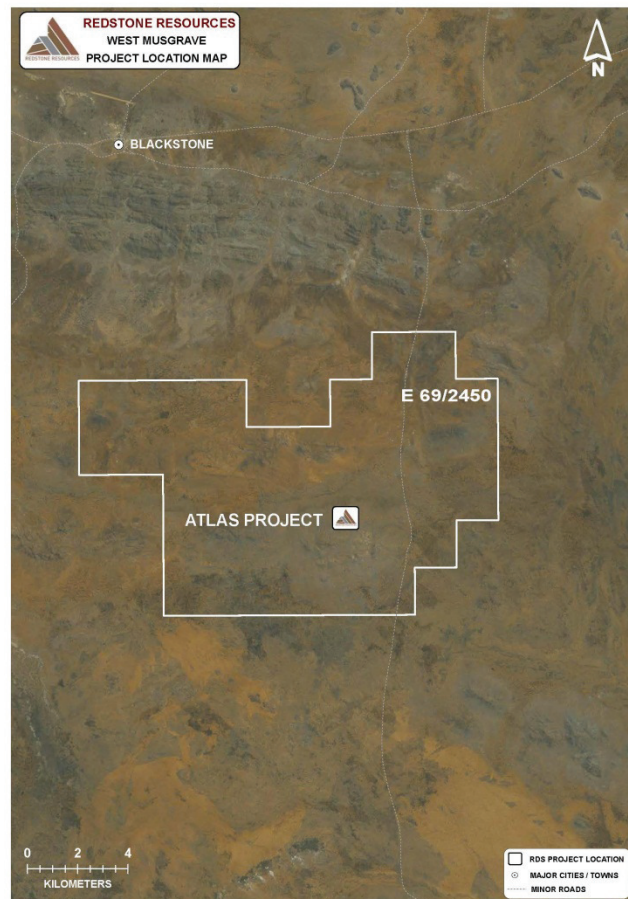


Figure 4 – Atlas Project –Location Map

The Atlas Project is also prospective for the IOCG mineralisation. In the northern portion of the Project, a felsic intrusion is positioned at the margin to the Tollu Fault Zone. Immediately north of this is a magnetised unit with a strike of 1200 metres and width of 500m (**Figure 6**).

The rock type is interpreted to be a porphyritic rhyolite. As a magnetised feature it could represent a portion of stratigraphy not demagnetised by the Tollu Fault Zone, or the footprint of a hydrothermal cell that caused magnetisation consistent with an IOCG analogy. Adjacent to this location, within the damaged and demagnetised domain of the Tollu Fault Zone is a rock specimen P709660. This specimen was studied by petrographic analysis by Teale and Associates (2006) and was observed to be a porphyritic rhyolite that has been sulphidised.

It contained pyrite, chalcopyrite, covellite, magnetite and haematite as accessory minerals. Abundant K-feldspar and biotite was present but it is unclear from the description if these were primary or a product of metasomatism. The observation of pyrite, chalcopyrite, covellite, magnetite and haematite favour an IOCG deposit model.

DIRECTORS' REPORT

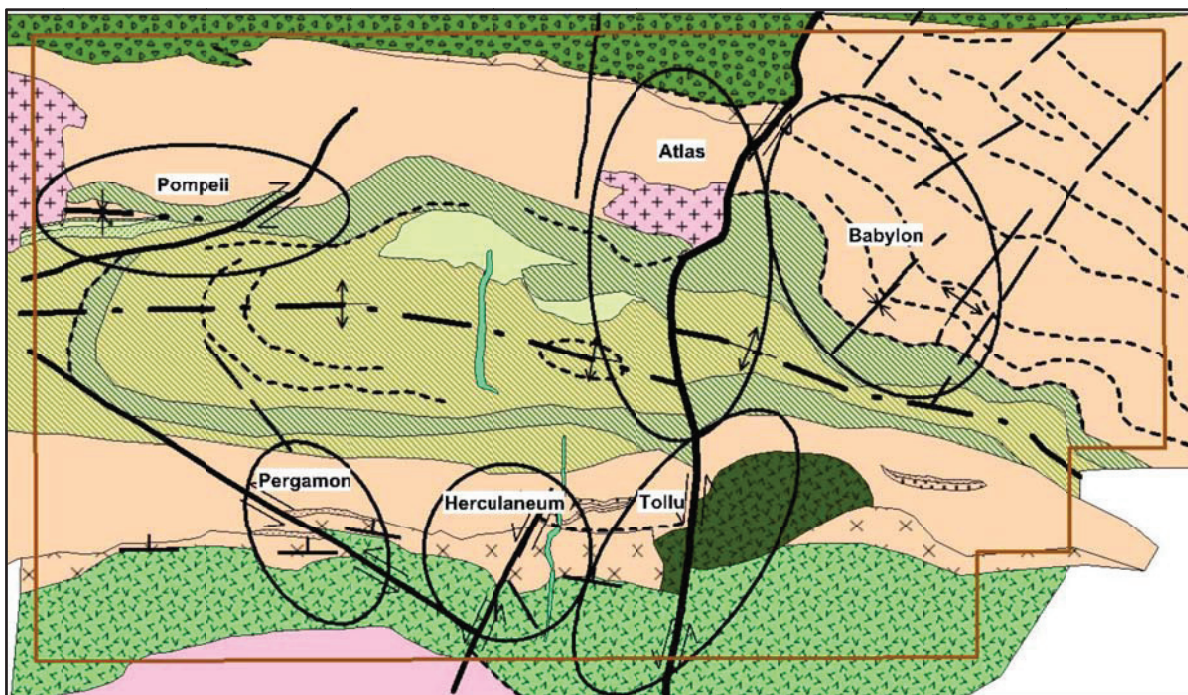


Figure 5. The location of the six Projects situated within E69/2450 that have been considered prospective for metal endowment. The main mineral system targeted is Mt Isa style-copper sediment-hosted mineral system. IOCG mineralisation is also considered to be plausible. The tenement outline is in brown.

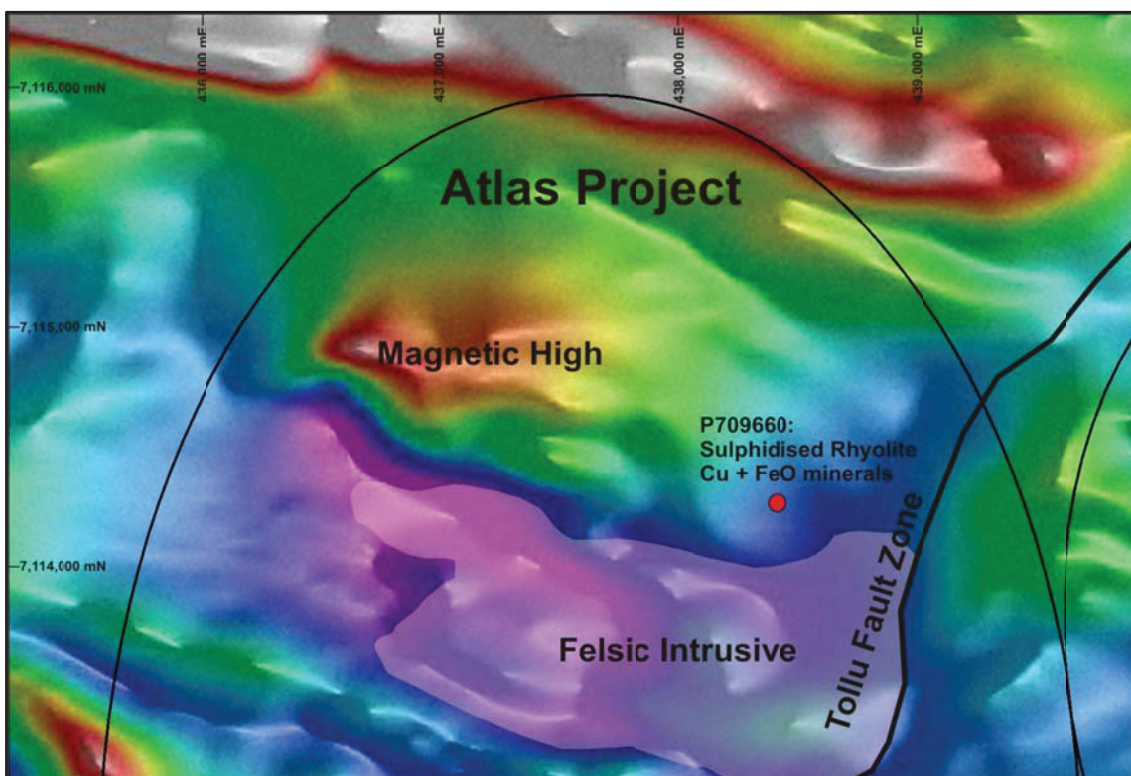


Figure 6. The spatial proximity of the sulphidised rhyolite as determined from petrographic thin section (2006), a magnetic high, a felsic intrusive and the Tollu Fault Zone.

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DIRECTORS' REPORT

BLACKSTONE RANGE PROJECT FARMIN/JOINT VENTURE (REDSTONE EARNING 90%: RESOURCE MINING CORPORATION LTD (ASX: RMI) 10%) (E69/2108 AND E69/2109)

Since late December 2013 the tenements comprising the Blackstone Range Project Farmin/Joint Venture (E69/2108 and E69/2109) have been subject to forfeiture proceedings (**Plaints**) in the Western Australian Warden's Court in relation to both the 2013 and 2014 expenditure years. The Entity is currently defending these Plaints.

The Halley and Saturn Projects are located approximately 25km east of the BHP Babel and Nebo Ni-Cu-PGE deposits. The Halley Project is prospective for Cu-Ni-PGE-(Au) whereas the Saturn Project is prospective for Ni-Cu mineralisation.

CORPORATE

Environmental Management Plan Framework

In June 2014 the Directors became aware that former senior management had failed to apply to the Department of Mines and Petroleum of Western Australia (**the DMP**) for required Programs of Works (**PoW's**) in relation to exploration activities undertaken in prior years on its granted Australian tenements. The Entity has subsequently responded to the DMP and provided them with all relevant information in relation to these exploration activities along with retrospective PoW's.

Consequently, during the Half Year the Entity also undertook a comprehensive review and updated its environmental policies, procedures and management plans to ensure this situation does not recur. The updated Environmental Management Plan will provide the framework for all future exploration activities to be undertaken by the Entity.

During December 2014 and February 2015 respectively, the DMP issued the Entity with:

- a warning in relation to the tenement licence breaches on E69/2108 and E69/2109; and
- a penalty of \$20,000 in relation to the tenement licence breaches on E69/2450.

In February 2015 the Entity paid the required penalty of \$20,000 for E69/2450 and these matters have now finally been settled with the DMP.

Research and Development Tax Concession

During the Half Year the Entity lodged a Research and Development ("**R&D**") Tax concession application for eligible expenditure incurred during the 2013/14 financial year for a Research and Development tax offset amount. The Entity received this R&D Tax concession on 10 February 2015 in the amount of \$238,559 (before costs).

Share Options

During the half-year period to 31 December 2014 no options were issued. The following options expired during the period:

- 1,500,000 \$0.25 options exercisable on or before 30 November 2014;
- 500,000 \$0.30 options exercisable on or before 30 November 2014;
- 500,000 \$0.35 options exercisable on or before 30 November 2014; and
- 1,000,000 \$0.30 options exercisable on or before 21 December 2014.

REDSTONE RESOURCES LIMITED

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DIRECTORS' REPORT

Subsequent Events

Board Appointment

Mr Wrixon Gasteen was appointed to the board of the Company as interim Managing Director on 12 February 2015, such appointment being conditional on his raising the required funds to facilitate further drilling for the Tollu Development Plan at which time the key terms and conditions of Mr Gasteen's employment will be determined and formalised in a contract of employment.

Options

On 26 February 2015 1,000,000 \$0.30 unquoted options expired.

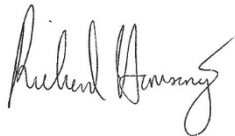
No other matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Entity in future financial years.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settineri (Audit) Pty Ltd, to provide the directors of Redstone with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors



R Homsany
Chairman
Perth, Western Australia
13 March 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Redstone Resources Limited and its controlled entities for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Redstone Resources Limited and its controlled entities during the half year ended 31 December 2014.

BUTLER SETTINERI (AUDIT) PTY LTD
Registered company auditor 289109



MARIUS VAN DER MERWE CA
Director

Perth
Date: 13 March 2015

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Half-year ended 31 December 2014 \$	Half-year ended 31 December 2013 \$
<i>Revenue</i>			
Other Income		103,718	66,696
Total revenue		103,718	66,696
<i>Expenses</i>			
Administration and other expenses from ordinary activities		(243,785)	(43,050)
Employee benefit expense		(150,891)	(402,780)
Depreciation and amortisation expense		(6,963)	(11,172)
Finance costs		(1,447)	(732)
Write off of deferred exploration expenditure	5	-	(8,000)
Exploration expenditure		(254,764)	(116,800)
Total expenses		(657,850)	(582,534)
Loss before interest and taxes		(554,132)	(515,838)
Interest revenue		5,442	4,078
Loss before income tax		(548,690)	(511,760)
Income tax expense		-	-
Loss after income tax for the period		(548,690)	(511,760)
Other comprehensive income		-	-
Movement in foreign exchange translation reserve		-	-
Total comprehensive income for the period		(548,690)	(511,760)
Earnings per share (cents per share)		Cents	Cents
- Basic and diluted loss for the half-year	10(c)	(0.29)	(0.34)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	At 31 December 2014 \$	At 30 June 2014 \$
CURRENT ASSETS			
Cash and Cash Equivalents		216,080	899,633
Trade and Other Receivables		219,221	39,390
Other Assets		71,537	19,673
TOTAL CURRENT ASSETS		506,838	958,696
NON-CURRENT ASSETS			
Deferred Exploration Expenditure	5	5,529,336	5,471,046
Property, Plant and Equipment		39,151	46,113
Other financial assets		6,000	6,000
TOTAL NON-CURRENT ASSETS		5,574,487	5,523,159
TOTAL ASSETS		6,081,325	6,481,855
CURRENT LIABILITIES			
Trade and Other Payables		427,886	284,318
Provisions		519,986	515,394
TOTAL CURRENT LIABILITIES		947,872	799,712
NON-CURRENT LIABILITIES			
Provisions		15,411	15,411
TOTAL NON-CURRENT LIABILITIES		15,411	15,411
TOTAL LIABILITIES		963,283	815,123
NET ASSETS		5,118,042	5,666,732
EQUITY			
Issued Capital	10	22,214,645	22,214,645
Reserves		541,748	767,424
Accumulated Losses		(17,638,351)	(17,315,337)
TOTAL EQUITY		5,118,042	5,666,732

The above Consolidated Statement of Financial Position should be read
in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Six months ended 31 December 2014

	Issued Capital	Accumulated Losses	Share based Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2014	22,214,645	(17,315,337)	767,424	5,666,732
Total comprehensive income attributable to members	-	(548,690)	-	(548,690)
Share capital issued	-	-	-	-
Equity raising costs	-	-	-	-
Share-based payments expiring	-	225,676	(225,676)	-
At 31 December 2014	22,214,645	(17,638,351)	541,748	5,118,042

Six months ended 31 December 2013

	Issued Capital	Accumulated Losses	Share based Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2013	20,538,618	(16,816,282)	1,712,736	5,435,072
Total comprehensive income attributable to members	-	(511,760)	-	(511,760)
Share capital issued	-	-	-	-
Equity raising costs	-	-	-	-
Share-based payments expiring	-	774,428	(774,428)	-
At 31 December 2013	20,538,618	(16,553,614)	938,308	4,923,312

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year ended 31 December 2014 \$	Half-year ended 31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(328,469)	(257,941)
Interest received	5,442	4,319
Interest paid	-	-
Net cash flows used in operating activities	(323,027)	(253,622)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(360,526)	(369,629)
Insurance proceeds from motor vehicle claim	-	12,458
Payment for acquisition of wholly owned subsidiary	-	(8,000)
Net cash flows used in investing activities	(360,526)	(365,171)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Payment of share issue costs	-	-
Net cash flows used in financing activities	-	-
Net increase/(decrease) in cash held	(683,553)	(618,793)
Cash at the beginning of the half-year	899,633	740,845
CASH AT THE END OF THE HALF-YEAR	216,080	122,052

The above Consolidated Statement of Cash Flows should be read
in conjunction with the accompanying notes.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. Corporate Information

The financial report of Redstone Resources Limited (the “Company”) for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 13 March 2015.

Redstone Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares commenced public trading on the Australian Stock Exchange on 3 August 2006.

The nature of the operations and principal activities of the Company are described on pages 3 to 8 in the Directors’ Report.

2. Summary of Significant Accounting Policies

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Entity as the full financial report.

This half-year financial report should be read in conjunction with the annual financial report of Redstone Resources Limited for the year ended 30 June 2014.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Redstone Resources Limited and its controlled entities as at 31 December 2014 (the “Entity” or “Group”) - refer note 9.

b) Basis of Accounting

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements.

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2. Summary of Significant Accounting Policies (continued)

c) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as the annual financial statements for the year ended 30 June 2014.

The Entity has reviewed all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014. It has been determined that there is no impact, material or otherwise, and therefore no change is required to the Entity's accounting policies.

The Entity has also reviewed all new standards and interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore, no change necessary in the Entity's accounting policies.

d) Going Concern

The Entity recorded a loss of \$548,690 for the half-year ended 31 December 2014 and as at 31 December 2014 had net current liabilities of \$441,034 and exploration and operating commitments for the following 12 months to 31 December 2015 of \$235,819 (note 6). Although these matters are indicative of a material uncertainty, the financial report has been prepared on a going concern basis, as the Directors are of the opinion that the Entity will be able to pay its debts as and when they fall due. The Directors contemplate continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During and subsequent to the end of the half-year ended 31 December 2014 the Entity has been actively pursuing capital raising and funding opportunities and, to this end, on 12 February 2015 the board appointed Mr Wrixon Gasteen for this purpose.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 3: DIVIDENDS

The Entity has not declared or paid a dividend during the half-year ended 31 December 2014.

NOTE 4: SEGMENT INFORMATION

Since the financial year ended 30 June 2014 and during the half-year ended 31 December 2014 the Entity has ceased operations in South America. Therefore the Entity has one operating segment being mineral exploration in Australia.

The accounting policies used by the Entity in reporting segments are the same as those in the prior period.

NOTE 5: DEFERRED EXPLORATION EXPENDITURE

The ultimate recoupment of costs carried forward in relation to exploration expenditure is dependent on the successful development and commercial exploitation or sale of the areas of interest at an amount at least equal to the carrying value.

The carrying value of \$5,529,336 relates solely to the net deferred exploration spend incurred on the Tollu Project tenement (E69/2450) to 31 December 2014.

NOTE 6: CAPITAL AND EXPLORATION EXPENDITURE COMMITMENTS

Exploration expenditure commitments

Australian tenements

In order to maintain current rights of tenure over its Australian mineral tenement leases, the Entity will be required to outlay amounts in respect of rent and to meet minimum expenditure requirements of the Department of Mines and Petroleum (**the DMP**). Further, those tenements for which access agreements have been signed require annual access payments to be paid to the traditional owners.

Brazilian tenements

As at the end of the half-year ended 31 December 2014 the Entity does not hold any interest in Brazilian mineral tenement leases. Accordingly, the Company's controlled entity, Redstone Mineracao Do Brasil Ltda, will not be required to outlay any amounts in respect of future annual rent and to meet minimum future expenditure requirements of the National Department of Mineral Production (**DNMP**).

The future exploration commitment (including access costs) of the Entity relating to granted tenements to their expiry is as follows:

Cancellable operating lease commitments for exploration tenements	31 December 2014 \$	30 June 2014 \$
Within one year	235,819	292,348
One year or later and no later than five years	443,118	580,277
Later than five years	-	31,167
	678,937	903,792

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 6: CAPITAL AND EXPLORATION EXPENDITURE COMMITMENTS (continued)

Joint venture commitments

Blackstone Range Joint Venture

The Blackstone Range/Michael Hills Farm-In Deed dated 2 June 2005 is between Giles Exploration Pty Ltd (Giles), Resources Mining Corporation Ltd (RMC), Westmin Exploration Pty Ltd (Westmin) and Rivergold Exploration Pty Ltd (Rivergold).

During the 2010 financial year RMC converted its 25% interest to a 10% free carried interest in which case Westmin assumed RMC's funding obligations to completion of a feasibility study, upon which Westmin will have earned a 90% interest in the Project exploration licences.

On 26 February 2010 the Joint Venture parties surrendered exploration licences E69/2106 and E69/2107. The Farmin Deed continues in respect of the remaining tenements E69/2108 and E69/2109.

Since late December 2013 the remaining tenements comprising the Blackstone Range Project Farmin/Joint Venture (E69/2108 and E69/2109) have been subject to forfeiture proceedings (Plaints) in the Western Australian Warden's Court in relation to both the 2013 and 2014 expenditure years. The Entity is currently defending these Plaints.

Capital Commitments

The Entity does not have any capital commitments as at balance date.

Operating lease – corporate office premises

The Entity currently has two operating leases for office premises. One of these office leases has an annual rental of \$45,962 (plus variable outgoings plus GST) and expires on 31 July 2015. Effective from 1 April 2014, the Entity has agreed to a lease for alternative premises for a gross rent inclusive of car bay of \$4,300 per month. This lease may be terminated in writing on the earlier of 90 days' notice or 30 June 2015.

Commencing from 1 April 2013 the Entity entered into a two year operating lease for storage premises expiring on 31 March 2015 at an annual rental of \$24,000 plus variable outgoings plus GST.

Cancellable operating lease commitments for exploration tenements	31 December 2014 \$	30 June 2014 \$
Within one year	50,951	111,732
One year or later and no later than five years	-	3,830
Later than five years	-	-
	50,951	115,562

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 7: CONTINGENT ASSETS AND LIABILITIES

The Company had no contingent assets or liabilities as at 31 December 2014.

Lack of DMP Approvals Relating to Prior Years

In June 2014, the Directors became aware that former senior management failed to apply to the Department of Mines and Petroleum of Western Australia (**the DMP**) for required Programs of Works (**PoW's**) in relation to exploration activities undertaken in prior years on its granted Australian tenements. The Entity responded to the DMP and provided them with all relevant information in relation to these exploration activities along with retrospective PoW's.

During December 2014 and February 2015 respectively, the DMP issued the Entity with:

- a warning in relation to the tenement licence breaches on E69/2108 and E69/2109; and
- a penalty of \$20,000 in relation tenement licence breaches on E69/2450.

In February 2015 the Entity paid the required penalty of \$20,000 in final settlement of these matters with the DMP.

NOTE 8: EVENTS AFTER BALANCE DATE

Board Appointment

Mr Wrixon Gasteen was appointed to the board of the Company as interim Managing Director on 12 February 2015, such appointment being conditional on his raising the required funds to facilitate further drilling for the Tollu Development Plan at which time the key terms and conditions of Mr Gasteen's employment will be determined and formalised in a contract of employment.

Options

On 26 February 2015 1,000,000 \$0.30 unquoted options expired.

No other matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Entity in future financial years.

NOTE 9: CONTROLLED ENTITIES

Redstone Resources Limited is the parent entity of the Group.

	At 31 December 2014 %	At 30 June 2014 %
<hr/>		
Particulars in relation to wholly owned entities		
Allhawk Nominees Pty Ltd	100	100
Minex Services Pty Ltd	100	100
Westmin Exploration Pty Ltd	100	100
Rivergold Exploration Pty Ltd	100	100
Redstone Mineracao Do Brasil Ltda*	98	98

**The remaining 2% shareholding is held on trust for Redstone Resources Limited. The Board and shareholding structure is in accordance with Brazilian law.*

REDSTONE RESOURCES LIMITED

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 10: CONTRIBUTED EQUITY

	31 December 2014 \$	30 June 2014 \$
(a) Issued and Paid Up Capital		
Shares issued and fully paid – 186,969,390 (June 2014: 186,969,390 ordinary shares fully paid)	22,138,942	22,138,942
Listed Options issued and fully paid – 31,356,966 (June 2014: 31,356,966)	75,703	75,703
Issued and fully paid capital	22,214,645	22,214,645

During the half-year period to 31 December 2014 no options were issued and no options were exercised. The following options expired during the half-year period to 31 December 2014:

- 1,500,000 \$0.25 options exercisable on or before 30 November 2014;
- 500,000 \$0.30 options exercisable on or before 30 November 2014;
- 500,000 \$0.35 options exercisable on or before 30 November 2014; and
- 1,000,000 \$0.30 options exercisable on or before 21 December 2014.

Reconciliation of options on issue

Share Options	As at 30 June 2014	Issued/ (Exercised or lapsed)	As at 31 December 2014	Exercise price \$	Exercisable from	Expiry
Unlisted options	1,500,000	(1,500,000)	-	0.25	30 Nov 09	30 Nov 14
Unlisted options	500,000	(500,000)	-	0.30	30 Nov 09	30 Nov 14
Unlisted options	500,000	(500,000)	-	0.35	30 Nov 09	30 Nov 14
Unlisted options	750,000	-	750,000	0.35	7 Jul 11	6 Jul 15
Unlisted options	750,000	-	750,000	0.45	7 Jul 11	6 Jul 15
Unlisted options	1,000,000	(1,000,000)	-	0.30	22 Dec 11	21 Dec 14
Unlisted options	1,000,000	-	1,000,000	0.30	27 Feb 12	26 Feb 15
Unlisted options	2,000,000	-	2,000,000	0.20	5 Dec 12	4 Dec 17
Listed Options	31,356,966	-	31,356,966	0.20	10 Oct 12	28 Feb 16
- (ASX: RDSO)						
Total options	39,356,966	(3,500,000)	35,856,966			

(b) Movement of fully paid ordinary shares during the period

There was no movement in fully paid ordinary shares during the period.

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 10: CONTRIBUTED EQUITY (continued)

(c) Earnings per Share

	Half-year ended 31 December 2014	Half-year ended 31 December 2013
Basic loss per share (cents per share)	(0.29)	(0.34)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (number)	186,969,390	151,969,390
Earnings used in the calculation of basic loss per share (\$)	(548,690)	(511,760)

As the Entity made a loss for the year,
diluted earnings per share is the same
as basic earnings per share.

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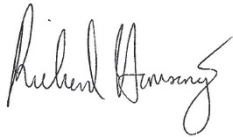
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Redstone Resources Limited, we state that:

In the opinion of the directors:

1. The financial statements and notes of the Entity set out on pages 11 to 21 are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of the Entity; and
 - b. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Richard Homsany', with a stylized flourish at the end.

R Homsany

Director

Perth, Western Australia

13 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF REDSTONE RESOURCES LIMITED

Report on the half year financial report

We have reviewed the accompanying half year financial report of Redstone Resources Limited ("the company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a statement of significant accounting policies and other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half year financial report

The directors are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Redstone Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain the assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Redstone Resources Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Going Concern

Without qualifying our conclusion above, we wish to draw your attention to the following matter. As a result of matters referred to in note 2(d) of the financial statements "Going Concern", the Group's ability to continue as a going concern is dependent upon the Group raising further working capital. This indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

BUTLER SETTINERI (AUDIT) PTY LTD
Registered Company Auditor 289109



MARIUS VAN DER MERWE CA
Director

Perth
Date: 13 March 2015