

**REDSTONE RESOURCES LTD**  
**ACN 090 169 154**

**PROSPECTUS**

For a non renounceable pro rata entitlement offer of approximately 140,227,043 New Shares to Shareholders, on the basis of three (3) New Shares for every four (4) Shares held at the Record Date at an issue price of \$0.009 per New Share together with two (2) free attaching New Options (exercisable at \$0.03 on or before 31 July 2017) for every five (5) New Shares issued under the Prospectus, to raise up to approximately \$1,262,043 (before costs) based on the number of Shares on issue as at the date of this Prospectus.

**Underwriter**

The Offer is underwritten up to \$650,000.  
Refer to Section 10.3 for details of the Underwriting Agreement.

**IMPORTANT INFORMATION**

**This is an important document. You should read this document in its entirety to assist in deciding whether or not to apply for New Securities in the Company.**

**You should also consult your professional advisers before deciding whether to invest in the Company. The offer of New Securities under this Prospectus does not take into account your investment objectives, financial situation or particular needs. You should carefully consider the risk factors in Sections 5.3 and 9 in light of your circumstances.**

**AN INVESTMENT IN THE NEW SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED AS SPECULATIVE.**

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## 1. CORPORATE DIRECTORY

### Directors

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Mr Richard Homsany  
*Non-Executive Chairman*

Mr Brett Hodgins  
*Technical Director*

Mr Edward van Heemst  
*Non-Executive Director*

### Solicitors to the Company

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Cardinals  
Lawyers and Consultants  
60 Havelock Street  
WEST PERTH WA 6005

### Company Secretary

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Ms Miranda Conti

### Auditor\*

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

### Registered Office & Contact Details

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60 Havelock Street  
WEST PERTH WA 6005  
Telephone: +61 8 9328 2552  
Facsimile: +61 8 9328 2660  
Email: [contact@redstone.com.au](mailto:contact@redstone.com.au)  
Website: [www.redstone.com.au](http://www.redstone.com.au)

### Share Registry\*

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Advanced Share Registry Ltd  
110 Stirling Highway  
NEDLANDS WA 6009  
Telephone: +61 8 9389 8033  
Facsimile: +61 8 9262 3723

### ASX Codes

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RDS

RDSO

\*The names of these entities are included for information purposes only. They have not been involved in the preparation or issue of this Prospectus and have not consented to being named in this Prospectus.

### Competent Persons Statement

The information in this Prospectus that relates to exploration results and Exploration Targets 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.

## 2. INVESTMENT OVERVIEW

Question	Response	Where to find information
What is the Entitlement Offer?	<p>The Company is offering to issue New Shares and free attaching New Options to Eligible Shareholders by a pro rata non renounceable entitlement issue.</p> <p>Under the Entitlement Offer, Eligible Shareholders may subscribe for three (3) New Shares for every four (4) Shares held on the Record Date. Each Eligible Shareholder will also receive two (2) free New Options for every five (5) New Shares subscribed for under the Prospectus.</p>	Section 6.1
What is the offer price for the New Shares?	The offer price is \$0.009 (0.9 cents) per New Share.	Section 6.1
Who is an Eligible Shareholder?	The Entitlement Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand at the Record Date.	Section 6.6
Can I apply for Additional New Shares?	<p>Eligible Shareholders (except Directors and other Related Parties) can apply for Additional New Shares in excess of their Entitlement under the Additional New Shares Offer by following the instructions in Sections 6.4 and 6.5. The issue and allotment of Additional New Shares (if any) is at the discretion of the Directors.</p> <p>The Company encourages Eligible Shareholders who hold an Unmarketable Parcel, and who accept their full Entitlement, to apply for such Additional New Shares to at least bring their total holding to at least a Marketable Parcel.</p>	Sections 6.3, 6.4 and 6.5
Will the New Shares and New Options be quoted on ASX?	Application will be made for the New Shares and the New Options to be quoted on ASX.	Section 6.12
What are the terms of the free attaching New Options?	The New Options have an exercise price of \$0.03 and an expiry date of 31 July 2017. The full terms of the New Options are set out in Section 8.2.	Sections 6.1 and 8.2
What is the Shortfall Offer?	Any New Shares not that are not taken up under the Entitlement Offer or the Additional New Shares Offer by the Closing Date will become Shortfall Shares. The Shortfall Offer is	Section 6.10

	an offer to issue Shortfall Shares and is a separate offer under this Prospectus.	
How many New Securities will be issued?	<p>At the date of this Prospectus the maximum number of New Securities that will be issued under the Offer, assuming Full Subscription, is 140,227,043 New Shares and 56,090,818 New Options.</p> <p>Where Option holders who reside in Australia or New Zealand exercise their Options before the Record Date, they will be entitled to participate in the Entitlement Offer. This will increase the maximum number of New Shares and New Options that may be issued under the Entitlement Offer.</p>	Section 6.1
What is the amount that will be raised under the Offer?	At the date of this Prospectus, the maximum amount that may be raised under the Prospectus is \$1,262,043 before expenses. If existing Option holders who reside in Australia and New Zealand exercise their Options before the Record Date so as to participate in the Offer, the amount raised under the Entitlement Offer may increase.	Section 6.1
What are the key highlights of an investment in the Company	<ul style="list-style-type: none"> <li>• The Offer is attractively priced at a significant discount of 25% to the last traded market Share price and significant discounts to recent monthly volume weighted average market prices of the Shares.</li> <li>• The pre-Offer market capitalisation of the Company at the Offer price is \$1,680,000.</li> <li>• The Company owns a 100% interest in the Tollu Project in the West Musgrave, Western Australia, a potential large scale, high grade, near surface copper project.</li> <li>• Funds raised from the issue of New Shares will be promptly used for an infill reverse circulation (RC) drilling programme of circa 8,000m targeting near surface hydrothermal copper (oxide and sulphide) mineralisation.</li> <li>• A key outcome of this imminent RC drilling programme is to confirm the continuity of mineralisation and to deliver a maiden JORC resource.</li> <li>• The drilling programme is planned to commence in November 2015. All approvals have been obtained and site preparations are underway. All drill targets have been defined.</li> <li>• Subject to the extent of funding received, funds raised from the issue of New Shares</li> </ul>	Sections 4 and 7.1

	<p>may also be used for a diamond (NQ) drilling programme targeting deeper high grade hydrothermal copper mineralisation.</p> <ul style="list-style-type: none"> <li>• The Tollu Project has an Exploration Target* of 22 million to 33 million tonnes of mineralisation at a grade range of 0.9 - 1.3% Cu, containing 198,000 to 445,000 tonnes of Copper. This includes the Chatsworth Prospect that estimates 4.3 to 6.4 million tonnes of mineralisation at a grade range of 1.6 - 2.4% Cu, containing 69,000 to 154,000 tonnes of Cu.</li> </ul> <p><b><i>*The potential quality and grade of the Exploration 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.</i></b></p> <ul style="list-style-type: none"> <li>• There is also an opportunity to significantly expand the size of the conceptual exploration target that presently exists at the Tollu Project.</li> <li>• The Tollu Project tenement (E69/2450) has significant exploration upside with less than 5% of the property explored to date.</li> <li>• The West Musgrave province is highly prospective and underexplored.</li> </ul>	
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<p>What are the key risks of a further investment in the Company?</p>	<p>The Offer should be considered highly speculative. Before deciding to whether to apply for New Securities under the Offer, you should carefully consider the risk factors set out in this Prospectus, the information contained in other sections of this Prospectus, and all other public announcements and reports of the Company. For further information on specific risks relevant to the Company please refer to Section 5.3 and Section 9. These risks include:</p> <ul style="list-style-type: none"> <li>• The Company's projects are early stage exploration tenements with significant exploration risk.</li> <li>• The Company's future capital needs and additional funding may be required to complete the proposed exploration programme.</li> <li>• As a junior explorer with no production or income, the Company is exposed to general market and economic condition risks.</li> </ul> <p>Please carefully consider these risks and the risks contained in Section 5.3 and Section 9 before deciding whether or not to apply for New Shares.</p>	<p>Sections 5.3 and 9</p>
<p>What are the Underwriting arrangements?</p>	<p>The underwriter to the Offer is a Related Party, being a controlled entity of Mr Richard Homsany, Chairman. The Offer is underwritten up to \$650,000 of which up to \$390,000 can be offset against debts owed by the Company to the Underwriter, Related Parties and other creditors.</p> <p>The Underwriter has a current voting power in the Company of 1.6%.</p> <p>The Underwriter must apply for or procure applications for Shortfall Shares (if there are any upon the completion of the Offer) up to the Underwritten Amount in accordance with the terms of the Underwriting Agreement. The Underwriter has appointed sub-underwriters, being the other Directors namely Mr Edward van Heemst and Mr Brett Hodgins, pursuant to which the Underwriter may call on them to subscribe (or procure subscriptions) for Shortfall Shares as sub-underwriters for the amount each sub-underwriter has agreed to underwrite (\$120,000 in aggregate) of which up to \$65,000 in total can be offset against debts owed by the Company to the Sub-Underwriters and/or their controlled or associated entities. The details of the Underwriting Agreement and the sub-underwriting agreements are contained in Section 6.13 and Section 10.3.</p>	<p>Sections 6.13 and 10.3</p>

	<p>The Underwriter has agreed with the Company, and each Sub-Underwriter has agreed with the Underwriter, that none of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares.</p> <p>The Underwriter may terminate the Underwriting Agreement in certain circumstances, which terminating events are customarily found in underwriting agreements for issuers in the Company's circumstances (see Section 10.3 for details).</p>	
What is the purpose of the Offer?	<p>The purpose of the Offer is to raise funds:</p> <ul style="list-style-type: none"> <li>• For imminent drilling and exploration activities on the Tollu Project.</li> <li>• To provide general working capital and pay creditors.</li> <li>• To pay the costs of the Offer including the underwriting fee.</li> </ul> <p>A budget of how the Company intends to use the funds at Full Subscription is set out in Section 7.1. As with any budget, new circumstances may change the way the Company applies the funds.</p>	Sections 4 and 7.1
What is the effect of the Offer on share capital and cash reserves?	<p>The effect of the Offer on the Company's share capital and cash reserves is to:</p> <ul style="list-style-type: none"> <li>• Increase the number of Shares and Options on issue.</li> <li>• Increase cash reserves by up to approximately \$1,262,043 before the costs of the Offer.</li> </ul>	Section 7.2
What is the effect of the Offer on control of the Company	<p>The Entitlement Offer is for three (3) New Shares for every four (4) Shares held by Eligible Shareholders on the Record Date. Therefore the maximum dilution at Full Subscription that will be experienced by any Shareholder is approximately 43% of its existing Shareholding.</p> <p>The Offer is not expected to have any impact on the control of the Company.</p> <p>The Underwriter has agreed with the Company, and each Sub-Underwriter has agreed with the Underwriter, that neither any of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares.</p> <p>Furthermore the Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.</p>	Section 7.8



Can I sell my Entitlements?	No. The Entitlement Offer is non-renounceable meaning your Entitlement is not transferable and there will be no trading of rights on ASX.	Sections 6.1 and 6.4
How can I accept my Entitlement?	All Eligible Shareholders are entitled to subscribe for New Shares under the Offer. If you wish to take up your Entitlement and/or apply for Additional New Shares under the Additional New Shares Offer you must complete the Entitlement and Acceptance Form that accompanies this Prospectus.	Sections 6.4 and 6.5
How can I obtain further advice?	Contact the Company Secretary on +61 8 9328 2552 at any time during business hours (WST) until the Closing Date. Alternatively, consult with your broker or other professional adviser.	Section 6.17

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### 3. TIMETABLE AND IMPORTANT DATES

#### Indicative timetable for Entitlement Offer

Lodgement of Prospectus with ASIC	Wednesday, 4 November 2015
Lodgement of Prospectus and Appendix 3B with ASX (includes application for Quotation of New Securities)	Thursday, 5 November 2015
Notice sent to Eligible Shareholders and Option holders*	Friday, 6 November 2015
'Ex' Date (Date from which Shares commence trading without the entitlement to participate in the Entitlement Offer)	Monday, 9 November 2015
Record Date (for determining Entitlements) (5:00pm WST)	Wednesday, 11 November 2015
Prospectus with Entitlement and Acceptance Form sent to Shareholders and Entitlement Offer opens	Monday, 16 November 2015
Closing Date* (5:00pm WST)	Monday, 7 December 2015
New Securities quoted on ASX on a deferred settlement basis	Tuesday, 8 December 2015
ASX notified of Shortfall	Thursday, 10 December 2015
Issue of New Securities and despatch of holding statements	Friday, 11 December 2015
Trading in New Securities expected to commence**	Monday, 14 December 2015

\*The Company has sought from ASX, and has been granted, a waiver from ASX Listing Rule 7.4 to the extent necessary to permit the Company not to send the notice required by paragraph 3 of Appendix 7A of the ASX Listing Rules to the holders of the 31,356,966 Listed Options currently on issue in the Company. Accordingly, notice of the Entitlement Offer will not be sent to the holders of those Options.

\*\*The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than three months after the date of this Prospectus. As such the date the New Securities are expected to commence trading on ASX may vary.

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#### 4. CHAIRMAN'S LETTER

Dear Investor

On behalf of the directors of Redstone Resources Limited, I am pleased to invite Eligible Shareholders to participate in a three (3) for four (4) non renounceable entitlement offer to raise up to \$1,262,043 (before costs), at an offer price of \$0.009 per New Share, together with two (2) free attaching New Options for every five (5) New Shares subscribed for under the Prospectus exercisable at \$0.03 on or before 31 July 2017.

Funds raised under the Offer will be used for ongoing exploration of the Company's existing projects including an imminent drilling programme, predominantly at its 100% owned Tollu Copper Project, located in the West Musgrave, Western Australia, for working capital and for meeting the expenses of the Offer. The programme consists of infill reverse circulation (RC) drilling targeting near surface hydrothermal copper mineralisation.

The RC programme is planned to commence in November 2015.

A key outcome of this programme is to confirm the continuity of mineralisation and to deliver a maiden JORC resource.

There is also an opportunity to significantly expand the size of the large volume, high grade conceptual exploration target that presently exists at the Tollu Project.

Subject to the extent of funding received, funds may also be used for a diamond (NQ) drilling programme targeting deeper high grade hydrothermal copper mineralisation. Approvals for these programmes have been obtained and the drilling contract has been awarded. Site preparation is underway for the RC programme.

As a show of continued support for the Company, each of my fellow Directors and myself have agreed to underwrite or sub-underwrite the Entitlement Offer for \$650,000, representing just over half of the funds sought to be raised. A portion of the underwritten and sub-underwritten amounts will be set off against debts owed by the Company to the Directors and other parties. Details of the underwriting and sub-underwriting arrangements are contained in Sections 6.13 and 10.3.

The Offer presents attractive pricing for the Shares with the Offer price of \$0.009 representing a 25% discount to the last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.012. The Offer price also represents a discount of 54%, 41% and 29% to the monthly volume weighted average price of the Shares for July 2015, August 2015, and September 2015 respectively.

The Entitlement Offer is non renounceable, which means that entitlements to take up New Securities are not transferrable and will not be tradeable on ASX. Shareholders who do not take up all or any part of their Entitlement will not receive any payment or value in respect of the Entitlement not taken up and their equity interest in the Company will be diluted after implementation of the Offer.

**If you take up your Entitlement in full, your equity interest will not be diluted after implementation of the Offer**

Eligible Shareholders may apply for Additional New Shares in addition to their Entitlement. Eligible Shareholders who hold less than a Marketable Parcel are encouraged to apply for sufficient Additional New Shares to bring their holding to at least a Marketable Parcel.

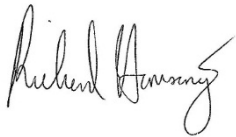
Accompanying this Prospectus you will also find a personalised Entitlement and Acceptance Form that contains details of your Entitlement. Details of how to accept your Entitlement and, if you decide, to apply for Additional New Shares in excess of your Entitlement, are provided on this form and in Section 6.

You should read this Prospectus carefully and in its entirety as it contains important information about the Offer, especially the key risk factors in Section 5.3 and the risk factors in Section 9. You should consult your stockbroker, accountant, solicitor or other independent professional adviser before determining whether or not to participate in the Offer.

The Board recommends that Shareholders take up their Entitlement to take advantage of the attractive Offer price and avoid dilution.

The Board takes this opportunity to thank all Shareholders for their support of the Company and looks forward to your continued support in the future.

Yours sincerely

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

**Richard Homsany**  
**CHAIRMAN**  
4 November 2015

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## 5. IMPORTANT NOTES

This Prospectus is dated 4 November 2015 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus. No person or entity is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied on as having been authorised by the Company in connection with the Offer or this Prospectus.

No New Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Entitlement Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Entitlement Offer period or close the Offer early. Fractional Entitlements to New Securities will be rounded up to the nearest whole number. Instructions for completion of the acceptance of your Entitlement are set out on the Entitlement and Acceptance Form which accompanies this Prospectus.

Applications by Eligible Shareholders for New Shares offered pursuant to this Prospectus can only be submitted using an original Entitlement and Acceptance Form which accompanies this Prospectus and which sets out the Eligible Shareholder's Entitlement. If acceptance for New Shares offered pursuant to this Prospectus is by BPAY® there is no need to return the original Entitlement and Acceptance Form.

### ***Additional New Shares***

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding.

The Company encourages Eligible Shareholders who hold an Unmarketable Parcel to take up their Entitlement and to also apply for Additional New Shares sufficient to increase their holding of Shares to at least a Marketable Parcel.

It is possible that there will be few or no Additional New Shares available for issue, depending on the extent of take up of Entitlements by Shareholders. There is also no guarantee that Additional New Shares will be allocated to all or any of the Eligible Shareholders who have applied for them.

### ***Shortfall***

A shortfall will arise at the Closing Date if valid applications received for New Shares under the Entitlement Offer and Additional New Shares under the Additional New Shares Offer are less than the number of New Shares offered under this Prospectus. The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Shares at their sole and absolute discretion within three months after the Closing Date pursuant to the Shortfall Offer.

It is important that you read this Prospectus in its entirety and, if in any doubt about whether to apply for New Shares, seek professional advice. An investment in the New Securities the subject of this Prospectus should be considered speculative. None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the New Securities or the price at which the New Securities will trade on the ASX.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act and it does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may

reasonably be expected to be known to investors and professional advisers whom they may consult.

### **5.1 Applicants Outside Australia and New Zealand**

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. A failure to comply with these restrictions may violate applicable securities laws. This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. If you are resident a country other than Australia or New Zealand you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. No action has been taken by the Company to register or qualify the New Securities or otherwise permit a public offering of the New Securities the subject of this Prospectus in any jurisdiction outside of Australia and New Zealand.

### **5.2 Underwriting**

The Offer is underwritten for the Underwritten Amount in accordance with the Underwriting Agreement. The Underwriting Agreement also includes a number of termination events upon the occurrence of which the Underwriter may elect in its discretion to terminate the Underwriting Agreement.

A summary of these termination events together with further details of the Underwriting Agreement are set out in Sections 6.13 and 10.3.

### **5.3 Key Risks**

You should be aware that subscribing for New Securities the subject of this Prospectus involves a number of risks to the business, assets and operations of the Company that potentially influence the operating and financial performance of the Company.

**Redstone is an exploration company and you should consider that an investment in the Company is speculative.**

**You should read this Prospectus in its entirety and, in particular, consider the key risk factors set out below and the Risk Factors in Section 9 before deciding whether to apply for New Securities under this Prospectus. You are urged to consider those risks carefully and, if necessary, also consult your professional advisers with any questions beforehand.**

**You should also note that the key risks below and the Risk Factors in Section 9 are not an exhaustive list of all risks faced by the Company or by investors in the Company.**

Some risks can be mitigated by the use of appropriate safeguards and appropriate systems and controls by the Company, however some are unpredictable and outside the control of the Company and the extent to which they can be mitigated or managed is very limited or not possible.

Set out below are key and specific risks that the Company is exposed to and that may have a direct influence on the Company and its activities or assets, therefore affecting the value of an investment in the Company now and in the future.

#### **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute existing shareholdings, and debt financing (if available) may involve restrictions on future financing and operating activities. If the Company is unable to obtain additional financing as needed or unable to obtain it on acceptable terms (whether or not due to the Company's circumstances or economic

and share market conditions or both), it may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of the Shares.

### **Termination of Underwriting Agreement**

As noted in Section 10.3, the Underwriter may terminate the Underwriting Agreement in certain circumstances including those set out in Section 10.3. In the event that the Underwriter terminates the Underwriting Agreement or is otherwise not obliged to underwrite the Offer for the Underwritten Amount, there is a risk that subscription under the Offer may not be sufficient to raise the Underwritten Amount and the purpose of the Offer may not be met in full.

### **Title Risk**

Interests in tenements in Australia are governed by State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and has annual expenditure and reporting commitments, together with other conditions requiring compliance. Consequently, the Company could lose its title to or its interest in one or more of the tenements in which it has an interest if licence conditions are not met or if sufficient funds are not available to meet the minimum expenditure commitments.

The Company's tenements, and other tenements in which the Company may acquire an interest, will be subject to renewal, which is usually at the discretion of the relevant authority. If a tenement is not renewed the Company may lose the opportunity to discover mineralisation and develop that tenement.

Tenements E69/2108 and E69/2109, held by subsidiaries of the Company, will expire on 27 April 2016. The Company cannot guarantee that those tenements, or any other tenements in which the Company has an interest in Australia, will be renewed beyond their current expiry date and there is a material risk that, in the event the Company is unable to renew any of its tenements beyond their current expiry date, all or part of the Company's interests in the corresponding projects may be relinquished.

### **Exploration Risks**

The Company's mining tenements are at various stages of exploration however none of the tenements in which the Company has an interest currently contain a JORC Code compliant resource and there is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's tenements.

You should be aware that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend on the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Company's projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of the Company's projects.

### **Access Risk - Native Title and Aboriginal Heritage**

Redstone's Western Australian tenements are located on an Aboriginal reserve where permission from the traditional owners is required for access to the land which has already been granted. It is possible that Aboriginal sacred sites found within tenements held by the Company may preclude

exploration and mining activities and the Company may also experience delays with respect to obtaining permission from the traditional owners to explore and extract resources. The Company currently has no exploration targets covering sacred sites.

The Company must comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey work to be undertaken ahead of the commencement of mining operations. There are a number of registered Aboriginal heritage sites within the area of the Company's tenements. It is possible that some areas of those tenements may not be available for exploration due to Aboriginal heritage issues (whether in respect of registered sites or not). Under Western Australian and Commonwealth legislation the Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or given on conditions which are not satisfactory to the Company.

### **Reliance on Key Personnel**

The responsibility of overseeing the day to day operations of the Company depends on its management and its key personnel. The Company is aware of the need to have sufficient management to properly supervise the exploration and, if exploration is successful, the development of the Company's projects. As the Company's projects and prospects progress and develop the Board will continually monitor the management requirements of the Company and look to employ or engage additional personnel when and where appropriate to ensure proper management of the Company's projects. However there is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its planned exploration programmes within the expected timetable. Furthermore, you should be aware that no assurance can be given that there will be no adverse effect on the Company if one or more of its existing Directors or management personnel cease their employment or engagement with the Company.

### **Exploration Costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's operating and financial performance and the value of the New Securities and Shares.

### **Contractual and Joint Venture Risk**

The Company's ability to achieve its objectives and earn or maintain an interest in the Blackstone Range Project is dependent upon it and the registered holders of the tenements that comprise the Blackstone Range Project complying with their respective contractual obligations under joint venture agreements in respect of those tenements, and on the registered holders complying with the terms and conditions of the tenements and any other relevant legislation. As at the date of this Prospectus the Company has earned a 75% beneficial interest in the Blackstone Range Project and is entitled to become the registered holder of that interest, however any failure to comply with these obligations may result in the Company not being able to earn a further 15% interest in the Blackstone Range Project. Also, River Gold Exploration Pty Ltd, a wholly owned subsidiary of Redstone, is the registered holder (but not beneficial owner) of a 15% interest in the tenements.

The Directors are not able to presently assess the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party, or the insolvency or other failure by any of the contractors engaged by the Company for any exploration or other activity. Any such failure or default could adversely affect the operations and performance of the Company and the value of the New Securities and the Shares.

### **Dilution**

Upon implementation of the Offer, assuming all New Securities offered under the Prospectus are subscribed for and no Options are exercised prior to the Record Date, the number of Shares in the



Company will increase from 186,969,390 currently on issue to 327,196,433 and an additional 56,090,818 New Options will be issued. This means that each Share will represent a lower proportion of the ownership of the Company. If any New Options are subsequently exercised this will further dilute ownership in the Company.

**If Eligible Shareholders take up their Entitlement in full, each Eligible Shareholder's percentage interest in the Company will remain the same and will not be diluted.**

**If Eligible Shareholders do not take up their Entitlement in full and the Shortfall is taken up or placed in full, the holdings of Shareholders who do not participate will be diluted by approximately 43% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).**

It is not possible to predict what the value of the Company or a Share will be following completion of the Offer and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.012 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

**Further risks associated with an investment in the Company are contained in Section 9.**

#### **5.4 Forward Looking Statements**

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements relate to intentions and future acts and events. They are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management, which could cause these future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus. Some of these risk factors are set out in Section 5.3 and Section 9.

The Company does not intend to update or review forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur, and potential investors are cautioned not to place undue reliance on these forward looking statements.

#### **5.5 Electronic Prospectus**

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and an electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

This Prospectus will be issued in paper form and as an electronic prospectus which may be accessed on the internet at the Company's website at [www.redstone.com.au](http://www.redstone.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact the Company (see the Corporate Directory in Section 1 for the Company's

contact details) and the Company will send you, at no cost to you, either a hard copy or a further electronic copy of the Prospectus or both during the Offer period.

The Corporations Act prohibits any person passing an Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **5.6 Website**

No document or information on the Company's website is incorporated by reference into this Prospectus.

#### **5.7 Definitions**

Throughout this Prospectus abbreviations and defined terms are used. Defined terms are generally identifiable by the use of an upper case first letter and the definitions of those terms are contained in the Glossary in Section 11.

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## **6. DETAILS OF THE OFFER**

### **6.1 The Offer**

The Entitlement Offer is being made as a non renounceable entitlement offer of three (3) New Shares for every four (4) Shares held by Shareholders registered at the Record Date at an issue price of \$0.009 per New Share together with two (2) free attaching New Options for every five (5) New Shares subscribed for under this Prospectus. The New Options will be exercisable at \$0.03 on or before 31 July 2017. Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share or New Option, such fraction will be rounded up to the nearest whole New Share or New Option.

Based on the capital structure of the Company at the date of this Prospectus, a maximum of 140,227,043 New Shares and 56,090,818 New Options will be issued pursuant to the Entitlement Offer to raise up to \$1,262,043. As at the date of this Prospectus the Company has 33,356,966 Options on issue, all of which may be exercised prior to the Record Date in order to participate in the Entitlement Offer. Please refer to Section 7.5 for information on the exercise price and expiry date of the Options on issue.

All of the New Shares to be issued pursuant to this Prospectus and Shares issued upon exercise of the New Options will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 8 for further information regarding the rights and liabilities attaching to the New Shares and the New Options.

The Entitlement Offer is non-renounceable. Accordingly an Eligible Shareholder may not sell or transfer part or all of their Entitlement.

The purpose of the Offer and the intended use of funds raised under the Offer are set out in Sections 2, 4 and 7.1.

### **6.2 Minimum Subscription**

There is no minimum subscription under the Offer.

### **6.3 Additional New Shares**

Entitlements not taken up may become available as Additional New Shares. Eligible Shareholders (except Directors and other Related Parties) may in addition to their Entitlement apply for Additional New Shares regardless of the size of their present holding. The Company reserves the right to reject or scale back any applications for Additional New Shares in its absolute discretion. Excess Application Money for the Additional New Shares Offer will be refunded without interest.

This issue price for each Additional New Share offered under the Additional New Shares Offer is \$0.009 per Additional New Share together with two (2) New Options for every five (5) Additional New Shares subscribed for, being the same terms that New Shares are being offered under the Entitlement Offer. The Additional New Shares and free attaching New Options offered under the Additional New Shares Offer have the same rights and liabilities respectively as the New Shares and the New Options under the Entitlement Offer, which are described in Section 8.

Eligible Shareholders may apply for any Additional New Shares by completing the additional applicable option/(s) 2 to 6 in the Entitlement and Acceptance Form in accordance with the instructions set out on that form and sending it to the Share Registry together with payment by cheque or BPAY® for the amount of New Shares applied for (including for Additional New Shares) in accordance with the payment methods described in Section 6.5.

It is possible that there will be few or no Additional New Shares available for issue, depending on the extent of take up of Entitlements by Shareholders. There is also no

guarantee they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares than the number applied for, if a lesser number is allocated to them. If a lesser number of Additional New Shares is allocated to them than applied for, excess application money will be refunded without interest.

The Directors reserve the right to allocate and issue Additional New Shares at their absolute discretion, or to close the Additional New Shares Offer early, or withdraw the Additional New Shares Offer, reject applications for Additional New Shares or not issue Additional New Shares, in their sole and absolute discretion.

The Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.

#### **Top up by Eligible Shareholders with less than a Marketable Parcel**

The Company encourages all Eligible Shareholders with an Unmarketable Parcel to apply for both their Entitlement and for Additional New Shares so as to bring their holding to at least a Marketable Parcel.

Eligible Shareholders who wish to apply for the number of Additional New Shares to bring their holding to at least a Marketable Parcel can do so by selecting and completing one of the additional options 2 to 6 in the accompanying Entitlement and Acceptance Form, **in addition to** accepting their full Entitlement by selecting and completing option 1.

#### **6.4 Actions Eligible Shareholders May Take**

The number of New Shares and attaching New Options to which Eligible Shareholders are entitled (your Entitlement) is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

If you are an Eligible Shareholder you may do any of the following:

- (i) take up your full Entitlement (refer to Section 6.4(a));
- (ii) take up your full Entitlement and apply for Additional New Shares (refer to Section 6.4(b));
- (iii) partially take up your Entitlement and allow the balance to lapse (refer to Section 6.4(c)); or
- (iv) decline to take up your Entitlement by taking no action (refer to Section 6.4(d)).

The Entitlement Offer is a pro rata offer to Eligible Shareholders. Eligible Shareholders who do not take up their Entitlements in full will not receive any amounts in respect of the Entitlements that they do not take up, and will have a reduced (i.e. diluted) percentage shareholding in the Company after implementation of the Offer. However the number of Shares held at the Record Date and the rights attached to those Shares will not be affected.

Eligible Shareholders who take up their Entitlement in full will not reduce (i.e. dilute) their percentage shareholding in the Company after implementation of the Offer.

Entitlements cannot be traded on ASX or any other exchange, nor can they otherwise be transferred.

(a) **Accept all of your Entitlement**

Eligible Shareholders who wish to accept the Entitlement Offer and take up all of their Entitlement should complete option 1 in the accompanying Entitlement and Acceptance Form and follow the steps required for payment in Section 6.5.

(b) **Accept all of your Entitlement and Apply for Additional New Shares**

Eligible Shareholders may, in addition to taking up all their Entitlement and regardless of the size of their present Share holdings, apply for Additional New Shares as described in Section 6.3.

Eligible Shareholders who choose to apply for Additional New Shares should select one of the options 2, 3, 4, 5 or 6 in the accompanying Entitlement and Acceptance Application Form.

A single payment should be used for the application moneys for your Entitlement and the number of Additional New Shares you wish to apply for as stated on the Entitlement and Acceptance Form. Two payment methods are provided in Section 6.5.

(c) **Partially take up your Entitlement and allow the balance to lapse**

Eligible Shareholders who wish to take up part of their Entitlement and allow the balance of their Entitlement to lapse, should select and complete option 1 in the accompanying Entitlement and Acceptance Form for the number of New Shares they wish to take up and follow the steps required for payment in Section 6.5.

Where Eligible Shareholders take no action with the balance of their Entitlement and they lapse then the New Shares and attaching New Options representing the balance of their Entitlement will become available under the Additional New Shares Offer. If they are not taken up under the Additional New Shares Offer they will become part of the Shortfall and may be dealt with under the Shortfall Offer in accordance with Section 6.10 and Section 6.13.

(d) **Decline to take up your Entitlement by taking no action**

Eligible Shareholders who do not wish to take up their Entitlement should do nothing. Where Eligible Shareholders take no action with their Entitlement, their Entitlement will lapse and will become available under the Additional New Shares Offer. If they are not taken up under the Additional New Shares Offer they will become part of the Shortfall and may be dealt with under the Shortfall Offer in accordance with Section 6.10 and Section 6.13.

You should also note that if you do not take up your Entitlement, you will continue to own the same number of Shares however your percentage shareholding in the Company will be reduced.

## **6.5 Payment**

If you are an Eligible Shareholder and wish to accept the Entitlement Offer and:

- (i) take up all of your Entitlement;
- (ii) take up all of your Entitlement and apply for Additional New Shares; or
- (iii) take up part of your Entitlement,

you have two payment methods that follow below (Payment Method 1 – Pay by Cheque or Money Order and Payment Method 2 – Pay by BPAY®).

If your acceptance is for an amount in excess of your Entitlement you will be deemed to have also applied for Additional New Shares.

Detailed instructions on how to complete the Entitlement and Acceptance Form accompanying this Prospectus are set out on the reverse of that form.

### **Payment Method 1 – Pay by Cheque or Money Order**

To follow this Payment Method 1, please complete the personalised Entitlement and Acceptance Form accompanying this Prospectus and attach a cheque (which must be drawn on an Australian bank) or a money order for the Application Money indicated on the Entitlement and Acceptance Form (being \$0.009 per New Share multiplied by the number of New Shares you wish to apply for – if you are not taking up all of your Entitlement or if you are applying for Additional New Shares you will need to calculate this amount yourself and select the applicable option/(s) in the accompanying Entitlement and Acceptance Form). You should then mail the completed Entitlement and Acceptance Form and accompanying cheque or money order to:

Redstone Resources Limited  
C/- Advanced Share Registry Ltd  
PO Box 1156  
NEDLANDS WA 6909

or deliver to:

Redstone Resources Limited  
C/- Advanced Share Registry Ltd  
110 Stirling Highway  
NEDLANDS WA 6009

For the convenience of Eligible Shareholders, a reply paid envelope addressed to the Share Registry has been enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

Cheques (which must be drawn on an Australian bank) or money orders should be made payable to **“Redstone Resources Limited– Subscription Account”** and crossed “Not Negotiable”. Completed Entitlement and Acceptance Forms and accompanying cheques must reach one of the above addresses by no later than 5:00pm WST on the Closing Date (subject to variation).

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Money. If the amount of your cheque for Application Money is insufficient to pay in full for the number of New Shares (including for any Additional New Shares) you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, at the discretion of the Company, your Application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

Entitlement and Acceptance Forms (and payments for Application Money) may be accepted if received after the Closing Date at the discretion of the Company.

Entitlement and Acceptance Forms and accompanying cheques will not be accepted at the Company's registered or corporate office.

## **Payment Method 2 – Pay via BPAY®**

To follow this Payment Method 2 you should pay the full Application Money in accordance with the instructions set out on the personalised Entitlement and Acceptance Form, which includes the biller code and your unique reference number. The Application Money is equal to \$0.009 per New Share multiplied by the number of New Shares you wish to subscribe for (if you are not taking up all of your Entitlement or you are applying for Additional New Shares you will need to calculate this amount yourself). If you have multiple holdings you will also have multiple customer reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay via BPAY® payment and if you are not applying for Additional New Shares:

- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form; and
- (b) you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money (the amount of your payment received will be divided by \$0.009) which will be deemed to be the total number of New Shares (and including any Additional New Shares) you are applying for.

It is recommended that Eligible Shareholders who apply for Additional New Shares and who choose to pay via BPAY® payment, submit their personalised Entitlement and Acceptance Form with Payment Method 2 selected, to ensure they receive consideration for the allocation of Additional New Shares (where available and at the discretion of the Directors).

You need to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm WST on the Closing Date (subject to variation).

**Applicants should be aware that their own financial institution may implement earlier cut-off times with regards to electronic payment and should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm WST on the Closing Date (subject to variation).**

In case of either Payment Method 1 or Payment Method 2, by taking up all or part of your Entitlement you will be deemed to have represented that you are in compliance with all relevant selling restrictions and otherwise agree to all the terms and conditions of the Offer as set out in this Prospectus.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

### **6.6 Eligible Shareholders**

The Offer is only open to Eligible Shareholders. Eligible Shareholders are those Shareholders who at 5:00pm WST on the Record Date have a registered address in Australia or New Zealand.

The Company will notify Ineligible Shareholders of the Offer, provide them with details of the Offer and advise them that the Company is not extending the Offer to Ineligible Shareholders.

## **6.7 Applicants Outside Australia and New Zealand**

The Entitlement Offer is not being made to Shareholders with a registered address outside Australia and New Zealand.

The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand, having regard to:

- (a) the number of Shareholders with registered addresses outside of Australia and New Zealand;
- (b) the number and value of the New Securities that would be offered to Shareholders with registered addresses outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in other overseas jurisdictions.

Accordingly, the Company is not required to make the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand.

The Company will send each Shareholder to whom it will not make the Entitlement Offer details of the Entitlement Offer and advise that it will not make the Entitlement Offer to them.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. A failure to comply with these restrictions may violate those applicable laws. This Prospectus does not, and is not intended to, constitute an offer or invitation to subscribe in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. If you are resident a country other than Australia or New Zealand you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. No action has been taken by the Company to register or qualify the New Securities or otherwise permit a public offering of the New Securities the subject of this Prospectus in any jurisdiction outside of Australia and New Zealand.

The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand for whom the offer of New Securities is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus is required to contain under New Zealand Law.

Shareholders with registered addresses in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.



## **6.8 Nominees, trusts and custodians**

Nominees, trusts and custodians must not distribute any part of this Prospectus or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial Shareholders in New Zealand.

## **6.9 Implications on Acceptance**

Returning a completed Entitlement and Acceptance Form with the required Application Money or paying any Application Money via BPAY® will be taken to constitute a representation by you that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (e) acknowledge that information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Securities are suitable for you given your investment objectives, financial situation or particular needs;
- (f) acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation any Application Money, the application may not be varied or withdrawn except as required by law; and
- (g) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form.

## **6.10 Shortfall Offer**

The Shortfall Offer is, to the extent it is made in Australia, a separate offer made pursuant to this Prospectus.

Any Entitlement not taken up by an Eligible Shareholder before the Closing Date (subject to variation) will form Additional New Shares being offered by this Prospectus under the Additional New Shares Offer. Any Additional New Shares not taken up pursuant to the Additional New Shares Offer will form the Shortfall Shares being offered by this Prospectus under the Shortfall Offer. The Company reserves the right to place the balance of the Shortfall Shares to be issued pursuant to the Shortfall Offer within three months of the Closing Date (subject to variation).

This issue price for each Shortfall Share offered under the Shortfall Offer is \$0.009 per Shortfall Share together with two (2) free attaching New Options for every five (5) Shortfall Shares subscribed for, being the same terms that New Securities are being offered under the Entitlement Offer. The Shortfall Shares and New Options offered under the Shortfall Offer have the same rights and liabilities respectively as the New Shares and the New Options, which are described in Section 8.

It is possible that there will be few or no Shortfall Shares available for issue, depending on the extent of take up of Entitlements and Additional New Shares by Eligible Shareholders.

It is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares than the number applied for, if a lesser number is allocated to them. If a lesser number of Shortfall Shares is allocated to them than applied for, excess application money will be refunded without interest.

The Directors reserve the right to allocate and issue Shortfall Shares at their discretion. The Directors may close the Shortfall Offer early, or withdraw the Shortfall Offer, reject or scale back applications for Shortfall Shares or not issue Shortfall Shares, in their sole and absolute discretion.

The Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.

To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Persons outside Australia who apply for Shortfall Shares represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer of Shortfall Shares or this Prospectus to be registered.

#### **6.11 Issue of New Securities**

New Securities issued pursuant to the Entitlement Offer and the Additional New Shares Offer will be issued in accordance with the Listing Rules and the timetable set out in Section 3.

Shortfall Securities will be issued on a progressive basis.

Prior to the issue of the New Securities or payments of refunds pursuant to this Prospectus, all Application Money shall be held by the Company on trust for the applicants for New Shares. The Company will retain any interest earned on the Application Money irrespective of whether the allotment and issue of New Securities takes place and each applicant for New Shares waives the right to claim interest.

Following allotment, statements of holdings will be dispatched to applicants under the Entitlement Offer and successful applicants under the Additional New Shares Offer in accordance with the Listing Rules and the timetable set out in Section 3. It is your responsibility to determine your allocation and holding of Shares prior to trading in the New Securities. If you sell New Securities before receiving your holding statement you do so at your own risk.

For Shortfall Securities issued under the Shortfall Offer, holding statements will be issued as soon as practicable after their issue.

#### **6.12 ASX Listing**

The Company will apply to the ASX in accordance with the timetable set out in Section 3 for Quotation of the New Securities offered under this Prospectus which is within 7 days of the date of this Prospectus. If the ASX does not grant permission for Quotation of the New Securities within three months after the date of this Prospectus, or such longer period as is varied by ASIC, the Company will not issue or allot any New Securities offered for subscription under this Prospectus and will repay all Application Money received as soon as practicable thereafter without interest.

The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may grant Quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities.

### **6.13 Underwriting and sub-underwriting**

The Offer is underwritten by a controlled entity of Mr Richard Homsany, Chairman, up to the Underwritten Amount pursuant to the terms of the Underwriting Agreement, further details of which are set out in Section 10.3. Mr Homsany's current voting power in the Company is 1.6%.

In the event of a Shortfall the Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe, or procure subscriptions, for the Shortfall Shares in accordance with the Underwriting Agreement.

The Underwriter has entered into sub-underwriting agreements with the other Directors, Mr Edward van Heemst (who is also a substantial Shareholder with a current voting power in the Company of 10.03%) and Mr Brett Hodgins (who has a current voting power in the Company of 0.12%) to subscribe, or procure third party investors to subscribe, for up to \$120,000 in total of the Underwritten Amount. Further details of the sub-underwriting agreements are set out in Section 10.3.

The Underwriter has agreed with the Company and each Sub-Underwriter has agreed with the Underwriter that none of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares. There will therefore be no effect on the control of the Company as a result of the Offer.

In the event that the Underwriting Agreement is validly terminated by the Underwriter and not all Eligible Shareholders accept their full Entitlement, the Directors reserve the right to place the Shortfall Shares under the Shortfall Offer at their discretion, subject to the Corporations Act and the Listing Rules.

The Directors, other than Mr Richard Homsany, resolved that the amount and timing of the fee payable to the Underwriter in respect of its underwriting commitment are on terms that would be reasonable in the circumstances if the Company and the Underwriter were dealing at arm's length. This resolution was supported by advice obtained from an independent expert. The Company has a Code of Conduct it observes when entering into related party transactions, a summary of which is set out on the Company's website. The Company considered alternatives for raising capital and resolved that the Offer on the terms detailed in this Prospectus was the most favourable option for the Company and its Shareholders having regard to the circumstances existing at the date of the Prospectus and its objectives.

### **6.14 Risk Factors**

You should be aware that subscribing for New Securities the subject of this Prospectus involves a number of risks. The key risks are set out in Section 5.3 and other risk factors are set out in Section 9. Potential investors are urged to consider those risks carefully, and if necessary consult their professional advisers before deciding whether to invest in the Company. The risk factors set out in Section 5.3 and Section 9, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the New Securities and the Shares. Accordingly an investment in the Company should be considered speculative.

### **6.15 Governing Law**

The Prospectus and the contracts that arise from acceptance of applications for New Securities offered under this Prospectus are governed by the laws applicable in Western Australia and each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

### **6.16 Taxation**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences or subscribing for New Securities under this Prospectus. The

acquisition and disposal of Securities will have tax consequences which will differ depending upon the individual financial affairs of each investor. You are urged to obtain independent financial advice about such consequences from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for New Securities under this Prospectus.

**6.17      Queries**

This Prospectus provides important information and should be read in its entirety. If you have any questions about what action to take after reading this Prospectus, please contact your stockbroker, financial planner, accountant, lawyer or independent financial adviser. Any questions concerning the Offer should be directed to the Company Secretary, Ms Miranda Conti, on +61 8 9328 2552.

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## 7. PURPOSE AND EFFECT OF THE OFFER

### 7.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,262,043 (before costs). The funds are intended to be first applied towards meeting the expenses of the Offer and then used for ongoing exploration of the Company's existing projects, predominantly its 100% owned Tollu Project. Please refer to Section 10.7 for further details relating to the estimated expenses of the Offer.

The Directors intend to apply the proceeds from the Offer for the following purposes:

- for drilling and exploration activities predominantly at the Tollu Project;
- to fund the expenses of the Offer; and
- for general working capital purposes including the payment of creditors.

Use of Funds	Amount (assuming Full Subscription) \$
Drilling and exploration	750,000
Working Capital	382,043
Costs of the Offer (see Section 10.7)	130,000
<b>Total</b>	<b>1,262,043</b>

The table above is statement of the Directors' current intentions as at the date of this Prospectus. In the event that circumstances change, events intervene (including exploration success or failure) or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders. Working capital includes but is not limited to corporate administration and operating costs and may be applied to Directors' fees, consulting fees, ASX fees, share registry fees, legal, tax and audit fees, insurance and travel costs. Further working capital may be applied to evaluating new project opportunities that may complement the existing projects of the Company.

In the event that there is a Shortfall which is not fully subscribed for under the Shortfall Offer, the Company will not receive the full subscription of \$1,262,043, in which case the Company will apportion the total funds raised on a pro rata basis except for the fixed costs of the Offer of approximately \$42,000.

### 7.2 Effect of the Offer

The principal effect of the Offer, assuming all New Securities offered under the Prospectus are issued, will be to:

- increase the Company's cash reserves by \$1,262,043 (before deducting the estimated expenses of the Offer) following completion of the Offer;
- increase the number of Shares on issue from 186,969,390 as at the date of this Prospectus to 327,196,433 Shares following completion of the Offer; and
- increase the number of Options on issue from 33,356,966 as at the date of this Prospectus to 89,447,784 Options following completion of the Offer, assuming no existing Option holders exercise their Options before the Record Date.

### **7.3 Pro-Forma Consolidated Statement of Financial Position**

The audited Consolidated State of Financial Position as at 30 June 2015 and the Pro-Forma Unaudited Consolidated Statement of Financial Position as at 30 June 2015 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The Pro-Forma Unaudited Consolidated Statement of Financial Position (which has not been audited or reviewed by an auditor) has been prepared on the assumption that all New Securities offered under this Prospectus are issued and that no existing Options are exercised prior to the Record Date.

The Pro-Forma Unaudited Consolidated Statement of Financial Position has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The Pro-Forma Unaudited Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as being indicative of the Company's view of the future financial position of the Company and will not necessarily reflect the actual position and balances as at the date on which New Securities are issued under this Prospectus.

**Audited Consolidated Statement of Financial Position and Pro-Forma Unaudited Consolidated Statement of Financial Position as at 30 June 2015.**

	Audited Consolidated 30 June 2015 \$	Pro-Forma Unaudited Consolidated 30 June 2015 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	60,726	1,537,643
Trade and other receivables	1,071,309	32,094
Other assets	22,409	22,409
<b>TOTAL CURRENT ASSETS</b>	<b>1,154,444</b>	<b>1,592,146</b>
<b>NON-CURRENT ASSETS</b>		
Deferred exploration expenditure	5,038,744	5,106,821
Plant and equipment	32,302	32,302
Other financial assets	6,000	6,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,077,046</b>	<b>5,145,123</b>
<b>TOTAL ASSETS</b>	<b>6,231,490</b>	<b>6,737,269</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,050,698	664,434
Provisions	33,895	33,895
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,084,593</b>	<b>698,329</b>
<b>TOTAL LIABILITIES</b>	<b>1,084,593</b>	<b>698,329</b>
<b>NET ASSETS</b>	<b>5,146,897</b>	<b>6,038,940</b>
<b>EQUITY</b>		
Issued capital	22,214,645	23,346,688
Reserves	397,749	397,749
Accumulated losses	(17,465,497)	(17,705,497)
<b>TOTAL EQUITY</b>	<b>5,146,897</b>	<b>6,038,940</b>

#### 7.4 Assumptions

The Pro-Forma Unaudited Consolidated Statement of Financial Position set out above has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company between 30 June 2015 and completion of the Offer that should have been reflected in the audited annual financial statements of the Company as at 30 June 2015 except:

- (a) the Company will undertake and complete the Entitlement Offer, being a non renounceable entitlement offer of three (3) New Shares for every four (4) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.009 per New Share, along with two (2) free attaching New Options for every five (5) New Shares applied for under this Prospectus to raise a maximum of \$1,262,043 (before costs), and that any New Securities not subscribed for under the Entitlement Offer or the Additional New Shares Offer will be offered for subscription pursuant to the Shortfall Offer;

- (b) total costs expected to be incurred in relation to the Offer of \$130,000 are recognised directly against equity;
- (c) research and development rebate received from the Australian Taxation Office net of consulting fees and including interest totalling \$887,857;
- (d) net expenditure totalling approximately \$308,077 between 1 July 2015 and the date of this Prospectus on continuing activities recorded through accumulated losses or capitalised to exploration projects (\$68,077); and
- (e) payables outstanding as at 30 June 2015 paid of \$235,000.

## 7.5 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all New Securities under the Offer are issued, is set out below.

### Capital Structure on Completion of the Offer

	Balance at date of Prospectus	To be issued under the Offer	Balance after the Offer
Shares	186,969,390 <sup>(1)</sup>	140,227,043	327,196,433
Unquoted Options	2,000,000 <sup>(2)</sup>	Nil	2,000,000
Listed Options <sup>(3)</sup>	31,356,966 <sup>(3)</sup>	Nil	31,356,966
New Options	Nil	56,090,818 <sup>(4)</sup>	56,090,818

(1) Assuming no unquoted Options are exercised prior to the Record Date.

(2) The number, terms and expiry dates of the unquoted Options are set out below.

(3) Listed Options (ASX: RDSO) exercisable at \$0.20 on or before 28 February 2016.

(4) Application for quotation of New Options will be made subject to the requirements of the Listing Rules and the Corporations Act. New Options will be exercisable at \$0.03 on or before 31 July 2017.

### Details of all Options on issue at the date of this Prospectus

	Number
Unquoted Options currently on issue	
Unquoted Options exercisable at \$0.20 on or before 4 December 2017	2,000,000
<b>Total Unquoted Options on issue at date of Prospectus</b>	<b>2,000,000</b>
<b>Total Listed Options on issue at date of Prospectus (ASX: RDSO)</b>	<b>31,356,966</b>
<b>Total Options on issue</b>	<b>33,356,966</b>

On a fully diluted basis the Company would have 220,326,356 Shares on issue at the date of this Prospectus and 416,644,217 Shares on issue at completion of the Offer assuming all of New Securities under the Offer are issued and no Options are exercised prior to the Record Date.

Other than for 3,000,000 Listed Options (ASX: RDSO), which have been subject to voluntary escrow from 11 February 2013 until such time as the Shares trade above \$0.25 for three consecutive days, no other Shares or Options are subject to escrow restrictions, either voluntary or imposed by ASX.

### Adjustment on Rights Issue of Option terms

The exercise price of all Options on issue as at the date of the Prospectus will be adjusted following the completion of the Offer in accordance with the Listing Rules and the terms and conditions of those Options. Details of the revised exercise prices will be confirmed and announced to ASX after the Closing Date (subject to variation). Assuming an



average market price per Share of \$0.015 will result in the following adjusted exercise prices:

Options currently on issue	New Exercise Price
Unquoted Options exercisable at \$0.20 on or before 4 December 2017	\$0.196
Listed Options exercisable at \$0.20 on or before 28 February 2016	\$0.196

## 7.6 Details of Substantial Holder

Based on information available to the Company as at the date of this Prospectus, the person who (together with his associates) has a relevant interest in 5% or more of the Shares on issue is set out below:

Shareholder	Shares	% shareholding before the Offer
Edward van Heemst (Director)	18,750,000	10.03%

In the event that all Entitlements are accepted, whilst there will be an increase in the number of Shares held by the substantial holder, there will be no change in the percentage Shareholding of the substantial holder on completion of the Offer as the Offer is a pro rata offer to all Eligible Shareholders. However if the substantial holder set out above does not participate in the Offer, his interest in the Company may be diluted if Eligible Shareholders subscribe for their Entitlements or for their Entitlements and Additional New Shares.

## 7.7 Potential Dilution

If Eligible Shareholders take up their Entitlements in full the maximum number of New Shares which will be issued pursuant to the Offer is approximately 140,227,043. This equates to approximately 43% of all the issued Shares of the Company following completion of the Offer (assuming Full Subscription).

The potential effect the Offer might have on the dilution of Shareholders will depend on the extent to which Eligible Shareholders take up their Entitlements.

The capital structure of the Company on a fully diluted basis as at the date of this Prospectus would be 220,326,356 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 416,644,217 Shares.

Shareholders should note that if they do not participate in the Offer and the Offer is fully subscribed, their holdings could be diluted by approximately 43% (as compared to their holdings and the number of Shares on issue at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlement	Holdings if Entitlement not taken up	% post Offer (Full Subscription)
Shareholder 1	50,000,000	26.74%	37,500,000	50,000,000	15.28%
Shareholder 2	20,000,000	10.70%	15,000,000	20,000,000	6.11%
Shareholder 3	5,000,000	2.67%	3,750,000	5,000,000	1.53%
Shareholder 4	1,000,000	0.53%	750,000	1,000,000	0.31%
Shareholder 5	500,000	0.27%	375,000	500,000	0.15%
Shareholder 6	100,000	0.05%	75,000	100,000	0.03%

Notes

1. Assumes no further Shares or Options are issued and no Options currently on issue are exercised.
1. Assumes no New Options are exercised and converted into Shares.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are taken by other Eligible Shareholders and/or investors. If not all New Shares are issued under the Entitlement Offer, the Additional New Shares Offer or the Shortfall Offer, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

## 7.8 Effect of Control on the Company

The Offer is not expected to have any impact on control of the Company. If all Eligible Shareholders take up their Entitlements in full, the Offer will have no impact on the control of the Company. The Offer is underwritten by the Underwriter up to the Underwritten Amount on the terms of the Underwriting Agreement detailed in Section 10.3. The Underwriter is a Related Party being a controlled entity of Chairman, Richard Homsany.

The Underwriter has entered into sub-underwriting agreements, with Related Parties Directors Mr Brett Hodgins and Mr Edward van Heemst (also a substantial Shareholder) (together the **Sub-Underwriters**), pursuant to which the Underwriter may call on them to subscribe for New Securities as sub-underwriters for a portion of the Underwritten Amount (see Section 10.3 for details of the sub-underwriting agreements). If the Underwriter or any of Sub-Underwriters is required to satisfy its underwriting or sub-underwriting obligations in connection with the Offer by personally subscribing for Shortfall Shares, their voting power in the Company may increase.

Notwithstanding the potential effect of the underwriting and/or sub-underwriting in connection with the Offer, the Underwriter has agreed with the Company, and each Sub-Underwriter has agreed with the Underwriter, that none of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares.

Furthermore the Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.

It is unlikely that no Shareholders will take up their Entitlements. The underwriting and sub-underwriting obligations and therefore the voting power of the Underwriter and the Sub-Underwriters, will reduce by a corresponding amount for the amount of Entitlements and additional New Shares taken up by other Shareholders.

Each Director's likely potential maximum voting power in the Company at completion of the Offer is set out in Section 10.4.

## **7.9 Financial Forecasts and Cashflow Projections**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and consider that they do not have a reasonable basis to forecast future earnings for the Company. Given the speculative nature of mineral exploration and the early stage of the Company's projects there are significant uncertainties associated with the future revenue earning potential of the Company and the timing and sustainability of the cash flow. On the basis of these inherent uncertainties, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

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## **8. RIGHTS AND LIABILITIES ATTACHING TO NEW SECURITIES**

### **8.1 Rights attaching to New Shares**

The following is a summary of the more significant rights and liabilities attaching to New Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

The rights attaching to New Shares arise from a combination of the Company's Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Constitution is available for inspection at the Company's registered office during normal business hours.

(a) **Voting**

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy and whose shares are fully paid has one vote for each of his or her shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) **Dividends**

The Directors may pay to ordinary shareholders any interim and final dividends as, in the Directors' judgement, the financial position of Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number and the amount paid on the shares held.

(c) **Transfer of Shares**

Generally, all Shares are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the SCH Business Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the SCH Business Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the SCH Business Rules.

(d) **General meetings**

Each Shareholder is entitled to, receive notice of, attend and vote at general meetings of Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

(e) **Variation of rights**

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of the holders of shares in that class at a meeting of those holders, or with the written consent of the holders of at least three-fourths of the issued shares of that class.

(f) **Liquidation Rights**

Subject to any Shares that may in the future be issued with special or preferential rights (currently there are none), the surplus assets of the Company after winding-up will be divided among the members in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares.

However, a liquidator in a winding-up may, with the sanction of a special resolution of members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between members of different classes.

(g) **Issue of further Shares**

Subject to the Constitution, the Corporations Act 2001 and the Listing Rules, the Directors may issue, or grant options in respect of, shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(h) **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least 75% of ordinary Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(i) **Directors**

The minimum number of Directors is three and the maximum is 14 unless resolved otherwise in general meeting. Currently, there are four Directors. Directors must retire on a rotational basis so that one-third of Directors retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(j) **Decisions of Directors**

Questions arising at a meeting of Directors are decided by a majority of votes. Where the votes are equal on a proposed resolution the Chairman does not have a casting vote.

## 8.2 **Terms and Conditions of New Options**

Each New Option to be issued pursuant to this Prospectus entitles the holder to subscribe for Shares on the following terms and conditions:

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

(b) **Exercise Price**

The exercise price of the New Option is \$0.03.

(c) **Expiry Date**

Each New Option has an expiry date of 5:00pm WST on 31 July 2017.

(d) **Exercise Period**

Each New Option is exercisable at any time on or before 5:00pm WST on 31 July 2017.

(e) **Quotation**

Application for Quotation of New Options will be made, subject to the requirements of the Listing Rules and the Corporations Act.

(f) **Notice of Exercise**

Each New Option may be exercised by notice in writing to the Company together with the payment for the number of Shares in respect of which the New Options

are exercised at any time during the Exercise Period. Any notice of exercise of New Options received by the Company will be deemed to be a notice of the exercise of the New Options as at the date of receipt of the notice and accompanying payment (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date the Company will:

- A. issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the notice of exercise and for which cleared funds have been received by the Company; and
- B. if admitted to the Official List at the time, apply for quotation on ASX of Shares issued pursuant to the exercise of the New Options.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally in all respects with the then issued fully paid ordinary shares of the Company.

(i) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for Quotation of the Shares issued upon the exercise of the New Options.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four (4) Business Days after the issue is announced. This will give holders of New Options the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

(k) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- A. the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the New Option holder had exercised the New Option before the record date for the bonus issue; and
- B. no change will be made to the Exercise Price.

(l) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a New Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the New Option.

E = the number of underlying Shares into which one New Option is exercisable.

- P = average market price per Share weighted by reference to volume of the underlying Shares during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

(m) **Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the New Option holders will be varied to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

(n) **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the New Options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office or the Share Registry.

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## **9. RISK FACTORS**

### **9.1 Introduction**

**Subscribing for New Securities involves a number of risks. Prospective investors in the Company should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for the New Securities offered under this Prospectus.**

**Redstone is an exploration company and you should consider that an investment in the Company is speculative. You should consult your professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.**

**The risk factors set out below and others not specifically referred to below must not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.**

These risk factors may materially affect the financial performance of the Company and the value and/or the market price of the New Securities. Accordingly the New Securities carry no guarantee with respect to the payment of dividends, returns of capital or their market value. Some risks can be mitigated by the use of appropriate safeguards and appropriate systems and controls by the Company, however some are unpredictable and outside the control of the Company and the extent to which they can be mitigated or managed is very limited or not possible.

### **KEY RISKS SPECIFIC TO THE COMPANY**

#### **9.2 Key Risks**

The key risks which the Directors consider are associated with an investment in the Company are:

- (a) Additional Requirements for Capital.
- (b) Termination of Underwriting Agreement.
- (c) Title Risk.
- (d) Exploration Risks.
- (e) Access Risk - Native Title and Aboriginal Heritage.
- (f) Reliance on Key Personnel.
- (g) Exploration Costs.
- (h) Contractual and Joint Venture Risk.
- (i) Dilution.

**Details of these key risks are contained in Section 5.3 and have not been repeated in this Section 9.**



## **INDUSTRY RISKS**

### **9.3 Operating Risks**

The current and future operations of the Company, including exploration, project appraisal and possible production activities may be affected by various factors which can limit or prevent such activities. Such factors may include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in surveying, drilling, other exploration activities and/or production activities, difficulties in commissioning and operating plant and equipment, electrical or mechanical failure or plant break, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.

### **9.4 Resource Estimates**

None of the Company's tenements contain a JORC Code compliant resource and there is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Securities including the New Securities.

### **9.5 Commercial Risk**

The mining industry is competitive and there is no assurance that, even if commercial quantities of minerals are discovered by the Company on its current projects or future projects it may acquire an interest in, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically.

### **9.6 Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of copper, nickel or any other minerals it may discover exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

### **9.7 Insurance Risks**

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the

Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or title to the Company's assets may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

## **9.8 Environmental Risks**

The operations and proposed activities of the Company are subject to Western Australian and Commonwealth laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

## **9.9 Access to Infrastructure**

There is limited capacity and high demand for rail and port services for the export of mineral products in Australia at the present time. If the Company progresses to production there is no guarantee that appropriate and affordable rail and port capacity will be available, which could have an adverse effect on the Company. In the event of production the Company will also require the use of both power and water infrastructure. Due to high demand for power and water access there is a risk that the Company may not be able to procure such access which could have an adverse effect on the Company.

## **9.10 Competition**

The Company is competing with other companies in its exploration and development activities, many of which will have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurances that the Company can compete effectively with these Companies.

## **GENERAL INVESTMENT RISKS**

### **9.11 General Economic Conditions**

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and

currency exchange rates may have an adverse effect on the Company's exploration, development and possible production activities, as well as on its ability to fund those activities.

#### **9.12 Share Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) the introduction of tax reform or other new legislation (such as royalties);
- (c) interest rates and inflation rates;
- (d) currency fluctuations;
- (e) changes in investor sentiment toward particular market sectors in Australia and/or overseas (such as the exploration industry or copper and/or nickel sectors within that industry);
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

The market price of the New Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular, which influences are beyond the Company's control and which are unrelated to the Company's performance. Neither the Company nor the Directors warrant the future performance of the Company, the Securities including the New Securities and subsequently any return on an investment in the Company. Shareholders who sell their Shares or Options may not receive the entire amount of their original investment.

#### **9.13 Volatility in Global Credit and Investment Markets**

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the New Securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

#### **9.14 Government and Legal Risk**

The introduction of new legislation or amendments to existing legislation by governments (including introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and ultimately the financial performance of the Company, or the Securities including the New Securities. The same adverse impact is possible by the introduction of new government policy or amendments to existing government policy, including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties. .

#### **9.15 Unforeseen Expenditure Risk**

Expenditure may need to be incurred that has not been considered in this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred this may adversely affect the expenditure proposals and activities of the Company, as the Company may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of the Securities including the New Securities.

#### **9.16 Regulatory Approvals**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining the necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining the necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in the suspension of the Company's activities or forfeiture of one or more of the Company's tenements.

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## **10. ADDITIONAL INFORMATION**

### **10.1 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report of the Company for the financial year ended 30 June 2015, being the most recent annual report lodged by the Company with ASIC before the issue of this Prospectus; and
  - (ii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours, free of charge.

The Company has lodged the following announcements with ASX since the lodgement of the Company's annual financial report for the financial year ended 30 June 2015 and before the lodgement of this Prospectus with ASIC:

Date	Description of Announcement
30/10/2015	Quarterly Activities and Cashflow Reports
30/10/2015	Tollu Drilling to Commence
28/10/2015	Notice of Annual General Meeting/Proxy Form
28/10/2015	Annual Report to Shareholders
01/10/2015	Appendix 4G and Corporate Governance Statement
01/10/2015	Full Year Statutory Accounts

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.redstone.com.au](http://www.redstone.com.au).

## 10.2 Market price of Shares and Listed Options

The Company is a disclosing entity for the purposes of the Corporations Act and the Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares and Listed Options on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

### Shares

Highest: \$0.025 on 4 August 2015.

Lowest: \$0.007 on 26 October 2015.

Last: \$0.012 on 3 November 2015.

### Listed Options (exercisable at \$0.20 on or before 28 February 2016)

Listed Options last traded at a market sale price of \$0.001 but have not traded during the three months immediately preceding the date of lodgement of this Prospectus with ASIC.

## 10.3 Material Contracts

### **Underwriting Agreement**

On 4 November 2015, the Company entered into an underwriting agreement with the Underwriter pursuant to which the Underwriter has agreed to underwrite the Offer for \$650,000. All applications received by the Company from all sources may at the Underwriter's sole and absolute discretion go in relief or satisfaction of the obligations of the Underwriter (if any). In addition, the obligations of the Underwriter (if any) can be relieved or satisfied by the Underwriter at its sole and absolute discretion offsetting such obligations against debts owed by the Group to persons (including the Underwriter and other Related Parties) up to the amount of \$390,000, and/or against all or part the underwriting fee the Underwriter is entitled to receive under the Underwriting Agreement. The following is a summary of the material terms and conditions of the Underwriting Agreement:

- (a) The Underwriter will be paid an Underwriting fee of 6.0% of the Underwritten Amount. Any sub-underwriting fees and selling fees to third parties will be met from this fee by the Underwriter. The Underwriter may, in its sole and absolute discretion, elect to receive all or part of the underwriting fee by way of the issue

to the Underwriter and/or its nominee(s) of the equivalent number of New Shares (together with the corresponding number of free attaching New Options on a two (2) for five (5) basis on the same terms and conditions as the Offer), as calculated by dividing the underwriting fee by the Offer price per New Share (\$0.009).

- (b) The Underwriter will be paid a placement fee of 6.0% of any Shortfall Shares placed directly or indirectly by the Underwriter, or underwritten by debt offsets, exceeding \$650,000.
- (c) The Underwriter may nominate and determine the allottees of all or any New Shares subscribed for by the Underwriter, or for which the Underwriter procures a subscriber, pursuant to the Underwriting Agreement. However the Underwriter will not offer or allocate to any person such number of New Shares that will give any person 20% or more of the voting power in the Company on completion of the Offer.
- (d) The Underwriter is permitted to procure any person to sub-underwrite any portion of the Underwritten Amount.
- (e) The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any one or more of a number of events occurs prior to the issue of the New Securities, including (but not limited to):
  - (i) **Indices fall:** the ASX All Ordinaries Index (ASX Code: XAO) is at any time after the date of the Underwriting Agreement is 10% or more below its level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
  - (ii) **Share Price:** the price of the Shares as quoted by the ASX is less than \$0.009 at any time on three (3) or more Trading Days; or
  - (iii) **Hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.
- (f) If any of the following events occurs if in the reasonable opinion of the Underwriter reached in good faith, its occurrence has or is likely to have, or two or more events together have or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
  - (i) **Default:** default or breach by the Company under the Underwriting Agreement;
  - (ii) **Adverse change:** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any member of the Group including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in the

Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (iii) **Significant change:** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (iv) **Official Quotation qualified:** Official Quotation of the New Securities is qualified or conditional other than conditional on the allotment of the New Securities;
- (v) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any member of the Group, other than any claims foreshadowed in this Prospectus;
- (vi) **Change in shareholdings:** there is a material change in the major or controlling shareholdings of a member of the Group or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a member of the Group;
- (vii) **Force Majeure:** a force majeure affecting any member of the Group's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (viii) **Market Conditions:** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

### **Sub-Underwriting Agreements**

The Underwriter has entered into sub-underwriting agreements with the other Directors, Mr Edward van Heemst (who is also a substantial Shareholder) and Mr Brett Hodgins (**Sub-Underwriters**) under which each Sub-Underwriter has agreed to sub-underwrite a portion of the Offer. The amounts agreed to be sub-underwritten by each of the Sub-Underwriters are as follows:

- Mr Edward van Heemst (Director, substantial Shareholder and current voting power in the Company of 10.03%) has agreed to sub-underwrite up to \$100,000 of which up to \$45,000 may be offset against debts owed by the Company to Mr van Heemst or his controlled or associated entities.
- Mr Brett Hodgins (Director and current voting power in the Company of 0.12% has agreed to sub-underwrite up to \$20,000 of which up to \$20,000 may be offset against debts owed by the Company to Mr Hodgins or his controlled or associated entities.

The Sub-Underwriters are permitted to procure third party investors to subscribe for New Shares as their permitted nominees under the sub-underwriting agreements.

The Sub-Underwriters may nominate and determine the allottees of all or any New Shares subscribed for by the Sub-Underwriter, or for which the Sub-Underwriter procures a subscriber, pursuant to the sub-underwriting agreement. However each Sub-Underwriter has agreed that it will not offer or allocate to any person such number of New Shares that will give any person 20% or more of the voting power in the Company by the issue of New Shares.



## 10.4 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with:
  - its formation or promotion; or
  - the Offer; and
- the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) and no benefits have been given or agreed to be given to a Director or a proposed Director:

- as an inducement to become, or to qualify as, a Director; or
- for services provided in connection with:
  - the formation or promotion of the Company; or
  - the Offer.

### Security Holdings

The Directors', including their controlled entities', relevant interests in Securities as at the date of this Prospectus are set out below:

Name	Shares	Listed Options	Unquoted Options	Entitlement to New Shares <sup>(1)</sup>	Entitlement to New Options
Richard Homsany	3,067,330	1,183,665	500,000	2,300,498	920,200
Edward van Heemst	18,750,000	2,188,666	1,500,000	14,062,500	5,625,000
Brett Hodgins	230,000	Nil	Nil	172,500	69,000

#### Notes:

- (1) This refers to the number of New Shares each Director is entitled to subscribe for under the Entitlement Offer. The Directors will also be entitled to receive New Options on the basis of two (2) New Options for every five (5) New Shares issued.

As disclosed in Section 10.3, the Directors have also agreed to underwrite or sub-underwrite \$650,000 in aggregate under the Offer. The table below sets out each Underwriter and Sub-Underwriter's potential voting power on completion of the Offer assuming that only the Underwritten Amount is raised and each Director takes up their full underwritten or sub-underwritten commitment in addition to their Entitlement.

Name	Current interest in Shares	% voting power	Entitlement	Underwritten or Sub underwritten Shares	Maximum Likely Potential Interest in Shares after Offer <sup>(1)</sup>	% voting power
Richard Homsany	3,067,330	1.6%	2,300,498	45,477,280	50,845,108 <sup>(2)</sup>	19.6% <sup>(2)</sup>
Edward van Heemst	18,750,000	10.0%	14,062,500	11,111,111 <sup>(3)</sup>	43,923,612 <sup>(2)</sup>	16.9%
Brett Hodgins	230,000	0.12%	172,500	2,222,222	2,624,722 <sup>(2)</sup>	1.0%

**Notes:**

- (1) Assumes that Mr van Heemst and Mr Hodgins take up their sub-underwriting commitment and each Director takes up their Entitlement in full.
- (2) Mr Richard Homsany, Mr Edward van Heemst and Mr Brett Hodgins have each agreed that they will not acquire a voting power in the Company of 20% or more by virtue of the underwriting or sub-underwriting (as applicable).

The Underwriter has agreed with the Company, and each Sub-Underwriter has agreed with the Underwriter, that neither any of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares.

Furthermore the Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.

**Remuneration**

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Company has entered into a deed of indemnity, insurance and access with each of the Directors and the Company Secretary (**Deeds**). Under the terms of the Deeds, the Company indemnifies each officer to the extent permitted by the Corporations Act against any liability as a result of the officer acting as an officer of the Company. The Company is required under the Deeds to use its best endeavours to obtain and maintain insurance policies for the benefit of the relevant officer for the term of their appointment and for a period of seven (7) years after retirement, termination or resignation, except to the extent that such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company. The Deeds also provide for the officer to have a right of access to Board papers and minutes.

The following table shows the total director remuneration the current Directors, including their personally-related entities, have been paid or are entitled to be paid.

Name	Year Ended 30 June 2014	Year Ended 30 June 2015	1 July 2015 to 31 October 2015
Richard Homsany <sup>(1)</sup>	\$70,808	\$61,710	\$40,570
Edward van Heemst <sup>(2)</sup>	\$18,000	\$36,000	\$12,000
Brett Hodgins <sup>(3)</sup>	\$70,000	\$130,000	\$31,000

**Notes:**

- (1) Cardinals Lawyers and Consultants, a firm of which Mr Homsany is the principal, will also receive fees of \$27,500 plus GST and disbursements for legal services in respect of the Offer.

- (2) Mr van Heemst was appointed as Non-Executive Director on 9 July 2012. Mr van Heemst waived his \$13,080 annual entitlement for Director's fees (including applicable SGC) for the six months ending 31 December 2013.
- (3) Mr Brett Hodgins was appointed as Technical Director on 29 November 2013.

## **10.5 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company; or
- an underwriter (but not a sub-underwriter),

holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with:
  - its formation or promotion; or
  - the Offer; and
- the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- the formation or promotion of the Company; or
- the Offer.

Cardinals Lawyers and Consultants, the principal of which is the Chairman, have acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Cardinals Lawyers and Consultants approximately \$27,500 plus GST and disbursements for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, the Company has incurred fees of approximately \$134,640 plus GST and disbursements to Cardinals Lawyers and Consultants for legal and other services provided to the Company.

## **10.6 Consents**

Each of the parties referred to in this Section:

- (a) does not make the Offer;
- (b) has not authorised or caused the issue of this Prospectus;
- (c) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement included in or omitted from this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 10.6.

Cardinals Lawyers and Consultants has given its written consent to being named as solicitors to the Company in this Prospectus, in the form and context in which it is named.

Cardinals Lawyers and Consultants has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

#### 10.7 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$130,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	(\$)
ASIC fees	2,320
ASX fees	12,425
Underwriting/Placement fees	75,725
Legal fees	27,500
Printing and distribution	12,030
<b>TOTAL</b>	<b>130,000</b>

#### 10.8 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

#### 10.9 Privacy Statement

If you complete an Entitlement and Acceptance Form you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, and, if your application is successful, to service your needs as a Security holder and to facilitate distribution payments and corporate communications to you as a Security holder.

The information may also be used from time to time and disclosed to persons inspecting the Share register, including bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry whose contact details are set out in the Corporate Directory in Section 1.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the Entitlement and Acceptance Form the Company may not be able to accept or process your application.

#### 10.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System (CHES). CHES is operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together make up the Company's principal register of Securities.

The Company will not issue certificates to Security holders. Instead Security holders will receive a statement of their holdings in the Company, including their holding of New Shares. If an investor is broker sponsored, ASX Settlement Pty Ltd will send a CHESS statement. This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or a Security Holder Reference Number (SRN) in the case of a holding on the issuer sponsored sub-register.

A statement will be routinely sent to Security holders at the end of any calendar month during which their holding changes. A Security holder may request a statement at any other time however a charge may be incurred for additional statements.

#### **10.11 Dividend Policy**

The Company has not declared a dividend since its incorporation and, at the date of this Prospectus, does not intend to pay any dividends in the two year period following the date of this Prospectus. During this period the Board expects to incur significant expenditure on the exploration and development of the Company's projects and in identifying, evaluating and, if warranted, acquiring other resource projects or assets in Australia and/or overseas that have the potential to add Shareholder value. The extent, timing and payment of dividends by the Company in the future will be at the discretion of the Directors and will depend on a number of factors including future earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

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## 11. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings, unless the context requires otherwise:

**\$** means an Australian dollar.

**Additional New Shares** means those New Shares that an Eligible Shareholder (except a Director or other Related Party) may apply for under this Prospectus that is in excess of their Entitlement.

**Additional New Shares Offer** means the offer of Additional New Shares on the terms set out in Section 6.10.

**Application Money** means money for New Shares received by the Company from an applicant for New Shares.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the market operated by it (as the context requires).

**ASX Settlement Operating Rules** means the operating rules of the settlement facility operated by ASX Settlement Pty Ltd (ACN 008 504 532), as amended from time to time.

**Blackstone Range Project** means the exploration project located in the West Musgrave, Western Australia comprising exploration licences 69/2108 and 69/2109 applied for and granted under the Mining Act.

**Board** means the board of Directors.

**Business Day** means any day which is defined to be a business day pursuant to Listing Rule 19.12.

**Chairman** means the chairman of the Board.

**Closing Date** means the closing date of the Entitlement Offer and Additional New Shares Offer that is specified as the "Closing Date" in the indicative timetable in Section 3 (subject to the Company reserving the right to extend the Closing Date).

**Company or Redstone** means Redstone Resources Limited (ACN 090 169 154).

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth) and any regulations made under it, each as amended from time to time.

**Directors** means the directors of the Company from time to time.

**Eligible Shareholder** has the meaning given in Section 6.6.

**Entitlement** means the entitlement of an Eligible Shareholder to subscribe for New Shares and New Options under the Entitlement Offer.

**Entitlement Offer** means the non renounceable pro rata entitlement offer of approximately 140,227,043 New Shares to Eligible Shareholders registered on the Record Date, on the basis of three (3) New Shares for every four (4) Shares held at an

issue price of \$0.009 per New Share together with two (2) free attaching New Options (exercisable at \$0.03 on or before 31 July 2017) for every five (5) New Shares subscribed for, made under this Prospectus.

**Entitlement and Acceptance Form** means the entitlement and acceptance form attached to and forming part of or accompanying this Prospectus.

**Full Subscription** means the maximum amount to be raised under the Entitlement Offer being the sum of \$1,262,043 assuming no existing Options are exercised.

**Group** means the Company and its related bodies corporate (as that term is defined in the Corporations Act) (if any).

**Ineligible Shareholder** means a Shareholder who is not an Eligible Shareholder.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

**Listed Option** means a quoted Option (ASX: RDSO) exercisable at \$0.20 on or before 28 February 2016.

**Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Marketable Parcel** means a parcel of Securities that is greater than an Unmarketable Parcel.

**Material Adverse Effect** means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the New Securities (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in New Securities); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and the other members of the Group either individually or taken as a whole.

**Mining Act** means the *Mining Act 1978* (WA) and any regulations made under it, each as amended from time to time.

**New Option** means an Option issued pursuant to this Prospectus on the terms and conditions set out in Section 8.2.

**New Securities** means the New Shares and New Options.

**New Share** means a Share issued pursuant to this Prospectus.

**Offer** means the invitation to apply for New Securities under this Prospectus comprising the Entitlement Offer, the Additional New Shares Offer and the Shortfall Offer.

**Official List** means the official list of the ASX.

**Prospectus** means this prospectus dated 4 November 2015.

**Record Date** means the date for determining Entitlements specified in the timetable in Section 3.

**Quotation** means official quotation by the ASX in accordance with the Listing Rules.

**Related Party** means a related party (as that term is defined in the Corporations Act) of the Company.

**Section** means a section of this Prospectus.

**Securities** means Shares and Options, or any one of them, as the context requires, and **Security** has a corresponding meaning.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Advanced Share Registry Ltd.

**Shareholder** means a holder of a Share.

**Shortfall** will occur if the Company does not hold successful valid Entitlement and Acceptance Forms for all of the New Shares offered by the Company under the Entitlement Offer and the Additional New Shares Offer by the Closing Date.

**Shortfall Offer** means the offer of Shortfall Shares on the terms and conditions set out in Section 6.10.

**Shortfall Shares** means the New Shares which form the Shortfall.

**Sub-Underwriters** is defined in Section 10.3.

**Tollu Project** means the Company's exploration project located in the West Musgrave, Australia on exploration licence 69/2450 applied for and granted under the Mining Act.

**Underwriter** means Cardinals Corporate Pty Ltd, a controlled entity of the Chairman of the Company.

**Underwriting Agreement** means the underwriting agreement dated 4 November 2015 between the Company and the Underwriter, details of which are set out in Section 10.3.

**Underwritten Amount** means the amount of \$650,000.

**Unmarketable Parcel** means a parcel of Shares with a value of less than \$500. Using an assumed value for the Shares of \$0.01, this would equate to a total holding of less than 50,000 Shares.

**WST** means Western Standard Time as observed in Perth, Western Australia.



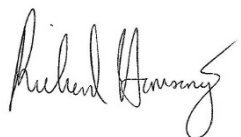
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**12. DIRECTORS' STATEMENT AND AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each Director has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Dated 4 November 2015.

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

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**Richard Homsany**  
**Chairman**  
**For and on behalf of**  
**Redstone Resources Limited**

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**ENTITLEMENT AND ACCEPTANCE FORM**

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

REGISTERED OFFICE: 60 Havelock Street, West Perth, Western Australia 6005.

SHARE REGISTRY: Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, Western Australia 6009.

A non renounceable pro rata entitlement offer of up to 140,227,043 New Shares at an issue price of \$0.009 per New Share on the basis of three (3) New Shares for every four (4) Shares held at the Record Date, with two (2) free attaching New Options exercisable at \$0.03 on or before 31 July 2017 for every five (5) New Shares issued, to raise up to approximately \$1,262,043 (**Entitlement Offer**) before expenses.

**NON RENOUNCEABLE ENTITLEMENT OFFER, CLOSING 5.00 PM WESTERN STANDARD TIME ON 7 DECEMBER 2015.**

Shareholder's details

Sub-Register	CHESS
HIN/SRN	
Shareholding at Record Date (5.00pm WST 11 November 2015)	
Entitlement to New Shares on the basis of three New Shares for every four Shares held at the Record Date	
Amount payable on acceptance at \$0.009 per New Share	\$

**To the Directors**  
**Redstone Resources Limited**

- I/We the above mentioned, being registered at 5.00pm WST on 11 November 2015 as the holder(s) of ordinary shares in the Company hereby accept, or accept and apply for, the below mentioned securities in accordance with the enclosed Prospectus;
- I/We hereby authorise you to place my/our name(s) on the register of shareholders and the register of option holders in respect of the number of New Shares and free attaching New Options allotted to me/us;
- I/We understand that if any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. A decision of the Directors as to whether to accept this form, and how to construe, amend or complete it shall be final;
- I/We declare that I/we have received a full and unaltered version of the Prospectus either in an electronic or paper format; and
- I/We agree to be bound by the Constitution of the Company.

**AMOUNT APPLIED FOR:**

Option	Tick here	Number Applied for	Amount Applied for @ \$0.009 per New Share* (A\$)
Option 1 - Entitlement or Part Thereof – please insert the Number Applied for and the \$A amount			
Option 2		222,223	\$2,000
Option 3		555,556	\$5,000
Option 4		1,111,112	\$10,000
Option 5		1,666,667	\$15,000
Option 6 - Other Amount - please insert the A\$ amount			

**\* Note: the Amount Applied for (A\$) needs to match your cheque, money order or BPAY payment**

**METHOD OF ACCEPTANCE**

You can apply for New Shares and make your payment utilising one of the payment methods detailed overleaf, however please indicate which payment method you have chosen by marking the relevant box below.

**PAYMENT METHOD 1**

☐


Cheque or money order

**PAYMENT METHOD 2**

☐

BPAY

<b>PLEASE ENTER CHEQUE DETAILS THANK YOU</b>	<b>Drawer</b>	<b>Bank</b>	<b>Branch</b>	<b>Amount</b>

 <b>Bill Code: XXXXXX</b> <b>Ref No: XXXXX</b>	You can pay by BPAY. If you choose to pay by BPAY, you do not need to return this form. Please refer overleaf for details.
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My/Our contact numbers in the case of enquiry are:

Telephone: (.....).....

Email: .....

NOTE: Cheques should be made payable to **REDSTONE RESOURCES LIMITED - SUBSCRIPTION ACCOUNT**, crossed NOT NEGOTIABLE and forwarded to Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, Western Australia, 6009 to arrive no later than 5.00 pm Western Standard Time on **7 DECEMBER 2015**

**BPAY PAYMENT OR THE RETURN OF THIS FORM WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.**

**PLEASE REFER OVERLEAF FOR INSTRUCTIONS**

### **EXPLANATION OF ENTITLEMENT**

1. The front of this form sets out the number of New Shares, which you are entitled to accept.
2. Your Entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. The price payable on acceptance is \$0.009 per New Share.
4. Please complete the Entitlement and Acceptance Form overleaf.
5. For every five (5) New Shares you subscribe for and are issued, you will also be issued and allotted two (2) free attaching New Options, exercisable at \$0.03 on or before 31 July 2017.

### **APPLICATION INSTRUCTIONS**

#### **Payment Details**

You can apply for New Shares by utilising the payment methods detailed below. There is no requirement to return this Form if you are paying by BPAY.

By making your payment using either BPAY or by cheque or money order, you confirm that you agree to all of the terms and conditions of the Entitlement Offer as enclosed with this form.

Your cheque or money order should be made payable to **REDSTONE RESOURCES LIMITED - SUBSCRIPTION ACCOUNT** in Australian currency and crossed "Not Negotiable". Your cheque must be drawn on an Australian branch of a financial institution. Cheques drawn on overseas banks in Australia or any foreign currency will not be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of New Shares you apply for, you will be taken to have applied for such lower number of New Shares as that amount will pay for, or your application will be rejected.

If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of New Shares you are entitled to apply for on this form. The excess money will be considered as your payment for Additional New Shares under the Additional New Shares Offer.

#### **Contact Details**

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

#### **Lodgement of Application**

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return this form however you are encouraged to return the form to the registry for reconciliation purposes – in that case you can post the form to the registry or send it by facsimile to (61) 8 9262 3723. Your payment must be received by no later than 5.00 pm WST on 7 December 2015. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque or money order, your Application must be received by Advanced Share Registry Ltd ("**ASW**") by no later than 5.00 pm WST on 7 December 2015. You should allow sufficient time for this to occur. Return your application with cheque or money order attached.

Neither ASW nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

#### **Privacy Statement**

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001 (Cth), you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

**If you have any enquiries concerning this form or your Entitlement, please contact Advanced Share Registry on telephone +61 8 9389 8033 or fax +61 8 9262 3723, or Redstone Resources Ltd on telephone +61 8 9328 2552 or fax +61 8 9328 2660.**

**CHESS holders must contact their Controlling Participant to notify a change of address.**



**Telephone & Internet Banking –  
BPAY**

Call your bank, credit union or  
building society to make this payment  
from your cheque or saving account.  
More info:  
[www.bpay.com.au](http://www.bpay.com.au)

**By Mail**

Redstone Resources Limited  
C/- Advanced Share Registry Ltd  
PO Box 1156  
Nedlands Western Australia 6909

**Or hand delivery**

Redstone Resources Limited  
C/- Advanced Share Registry Ltd  
110 Stirling Hwy  
Nedlands  
Western Australia 6009