



6 November 2015

Dear Shareholder

Non Renounceable Entitlement Offer

On 5 November 2015 Redstone Resources Ltd (**Company**) announced a pro rata non renounceable entitlement issue of fully paid ordinary shares on the basis of three (3) fully paid ordinary shares (**New Shares**) for every four (4) fully paid ordinary shares in the Company (**Shares**) to eligible holders of Shares (**Shareholders**) registered at 5:00pm (WST) on 11 November 2015 (**Record Date**) at an issue price of \$0.009 per New Share (**Offer Price**) together with two (2) free attaching options exercisable at \$0.03 on or before 31 July 2017 (**New Options**) 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 at the date of this letter (**Entitlement Offer**).

The Offer is partially underwritten by Cardinals Corporate Pty Ltd, a controlled entity of the Company Chairman, Mr Richard Homsany, up to the amount of \$650,000. As a show of continued support for the Company, each of the other directors has also agreed to sub-underwrite the Entitlement Offer up to \$120,000.

On 4 November 2015 the Company lodged a prospectus (**Prospectus**) with ASX Limited (**ASX**) and Australian Securities and Investments Commission (**ASIC**) for the Entitlement Offer. Under the Prospectus eligible Shareholders will also have the opportunity to apply for additional New Shares not subscribed for under the Entitlement Offer in excess of their entitlement, together with the corresponding number of free attaching New Options, under an additional New Shares offer (**Additional New Shares Offer**).

Any New Shares that are not taken up under the Entitlement Offer or the Additional New Shares Offer will be the subject of a shortfall offer (**Shortfall Offer**). The placement of New Shares under the Additional New Shares Offer and the Shortfall Offer will be at the discretion of the Directors. The Company may also issue New Shares under the Shortfall Offer to institutional, sophisticated or professional investors. The Shortfall Offer is a separate offer under the Prospectus. Shareholder approval is not required in relation to the offers of New Shares and free attaching New Options (**New Securities**) made under the Prospectus, being the Entitlement Offer, the Additional New Shares Offer and the Shortfall Offer (together **the Offer**).



Use of funds

Funds raised under the Offer will be used for ongoing exploration of the Company's existing projects including an imminent reverse circulation (RC) drilling programme, predominantly at its 100% owned Tollu Copper Project (**Tollu Project**), located in the West Musgrave, Western Australia, for working capital and for meeting the expenses of the Offer. Further details of the proposed drilling programme and information regarding the Tollu Project is set out below.

Investment Highlights

- The Offer is priced at an attractive discount of 25% to the last traded market share price of the Company of \$0.012 and 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 pre-Offer market capitalisation of the Company at the Offer Price is \$1,680,000.
- 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.
- 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.
- A key outcome of the imminent RC drilling programme is to confirm the continuity of mineralisation and to deliver a maiden JORC resource.
- 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.
- Subject to the extent of funding received, funds raised from the issue of New Shares under the Prospectus may also be used for a diamond (NQ) drilling programme targeting deeper high grade hydrothermal copper mineralisation.
- 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.

**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.*

- There is also an opportunity to significantly expand the size of the conceptual exploration target that presently exists at the Tollu Project.
- The Tollu Project tenement (E69/2450) has significant exploration upside with less than 5% of the property explored to date.
- The West Musgrave province is highly prospective and underexplored.



Indicative timetable

The indicative timetable for the Offer is as follows:

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

*The Company has sought from ASX, and has been granted, a waiver from ASX Listing Rule 7.40 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 the Prospectus 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.

Application will be made to the ASX for official quotation of the New Shares and New Options offered under the Offer. In the calculation of any entitlement, fractions will be rounded up to the nearest whole number.

Capital Structure

The capital structure of the Company before and after the Offer is set out below:

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

⁽¹⁾ This assumes no Shares will be issued or options exercised before the Record Date and that the Offer is fully subscribed.



Ineligible Shareholders

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders with a registered address outside Australia or New Zealand (**Ineligible Shareholders**) having regard to the number of such Shareholders, their holdings and the compliance costs of offering New Shares under the Entitlement Offer to those Shareholders. If you are an Ineligible Shareholder no offer will be made to you and the Prospectus will not be sent to you, and you do not need to take any action in relation to the Entitlement Offer.

Should you have any questions regarding the Offer you may contact the Company Secretary, Ms Miranda Conti, on (08) 9328 2552 or consult your stockbroker or professional adviser. A copy of the Prospectus may be viewed on the Company's website at www.redstone.com.au or alternatively on the ASX website at www.asx.com.au.

We look forward to your participation in the Offer.

Yours sincerely

Richard Homsany

Chairman