



29 January 2016

## QUARTERLY REPORT

### For the Period Ending 31 December 2015

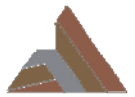
Redstone Resources Limited (**ASX Code: RDS**) (“Redstone” or “the Company”) presents its quarterly report for the period ending 31 December 2015 (“the Quarter”).

Redstone’s primary focus is the advancement of the Tollu Project, located in the southeast portion of the West Musgrave region of Western Australia. This Project hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km<sup>2</sup>. Copper mineralisation is exposed at the surface and forms part of a dilation system between two major shears.

Redstone expects the Project’s mineralised area and the volume of hydrothermal mineralisation to increase significantly with further drilling.

### KEY HIGHLIGHTS

- ✓ **Successful completion of a fully subscribed non renounceable entitlement offer to raise \$1.25 million (before costs), to fund drill programme**
- ✓ **RC drilling programme of 50 holes for a total 8,146 metres completed**
- ✓ **Logging confirms presence of significant copper mineralisation, including on numerous prospects previously undrilled**
- ✓ **Campaign included drilling to target near surface oxide mineralisation to demonstrate geological continuity**
- ✓ **Significant copper intercepts from the first batch of assay samples from the Chatsworth Prospect:**
  - 7m at 1.75% from 30m (TLC088)
  - 9m at 1.07% Cu from 22m, including 5m @ 2.6% Cu and 3m @ 1.7% Cu (TLC090)
- ✓ **Balance of drill programme assays expected to be analysed by February 2016**
- ✓ **Maiden (JORC) copper resource for the Tollu Project expected to be delivered in the March Quarter**



## TOLLU PROJECT

During the Quarter the Company undertook a reverse circulation (“RC”) drilling programme (**the Programme**), with 50 holes drilled for a total of 8,146 metres completed, primarily on the Chatsworth, Eastern Reef and Main Reef Prospects.

The drilling consistently intersected quartz veining, with strong malachite mineralisation in the near surface holes, and quartz veins with stringer and disseminated sulphides (chalcopyrite/pyrrhotite/pyrite) in the deeper holes.

### Aim of the Drilling Programme

The Company identified a number of prospective targets for drilling at the Tollu Project, with the aim of the RC drilling programme being to target near surface hydrothermal copper (oxide and sulphide) mineralisation. The main activity concentrated on the known higher-grade zones at the Chatsworth, Main Reef and Eastern Reef prospects within the Tollu Project. The primary purpose was to validate the Tollu mineralised system. The delivery of a maiden (JORC) copper resource is an expected outcome.

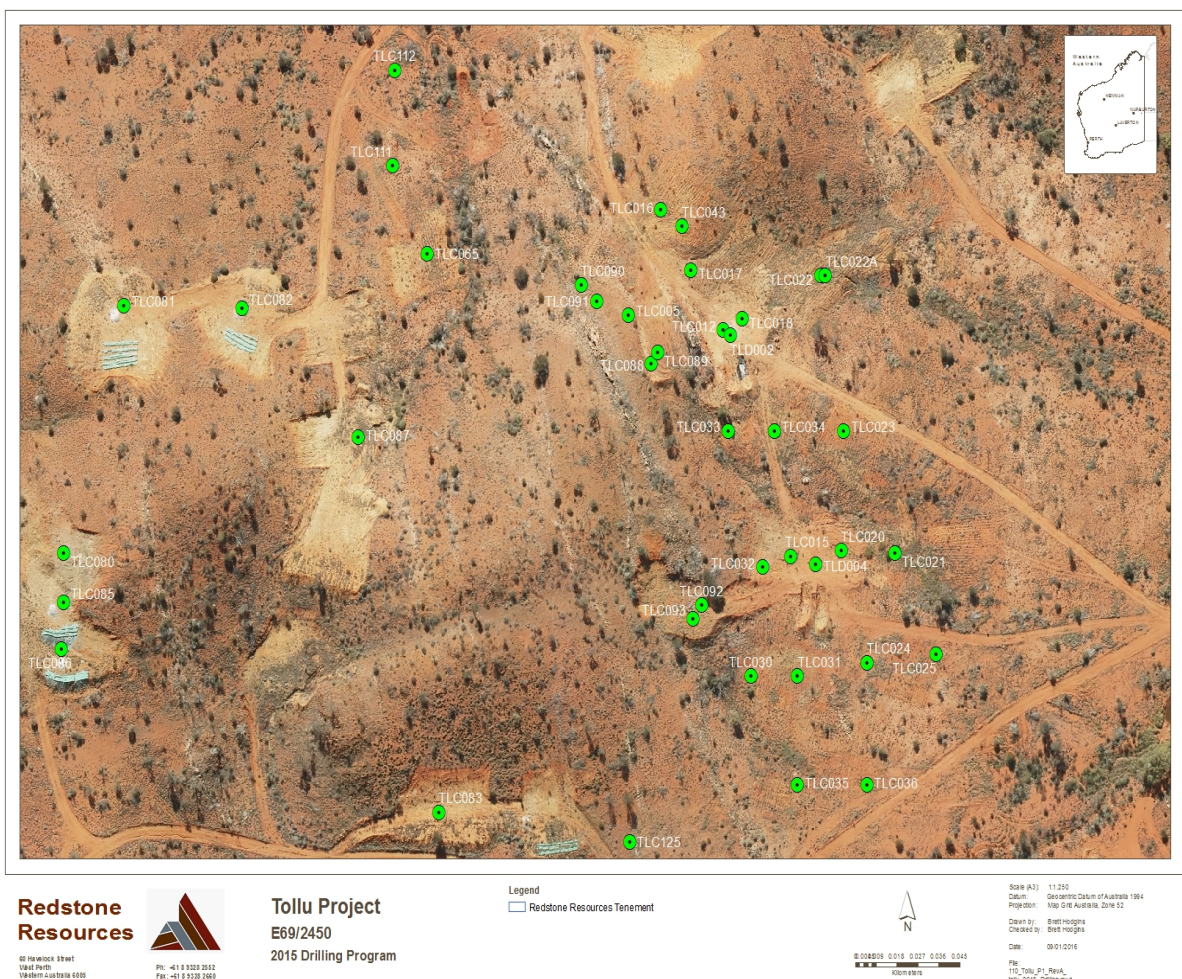
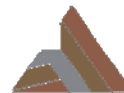


Figure 1 – Drill Hole Location Map



## First Batch Assay Results – Chatsworth Prospect

The first batch of assay results from the Chatsworth Prospect disclosed the following significant copper intersects;

- 7m at 1.75% from 30m (TLC088)
- 9m at 1.07% Cu from 22m, including 5m @ 2.6% Cu and 3m @ 1.7% Cu (TLC090)

The Chatsworth Prospect is a single sub vertical hydrothermal body exposed at the surface. This prospect forms part of the dilation system between two north south trending shears. The Chatsworth Prospect has received the majority of the technical and drilling activity to date. The Chatsworth Prospect was the primary focus of the first batch of assays, the results of which are included in **Table 1** below.

Hole	Prospect	Easting (m)	Northing (m)	RL (m)	Dip (degree)	Azim (degree)	Depth (m)	From (m)	Interval (m)	True Width (m)	Cu (%)
TLC088	Chatsworth	438026	7108625	596	-50	240	155	201	5	2.6	1.51
TLC090	Chatsworth	437996	7108654	595	-60	302	96	90	4	2.8	0.92

**Table 1 – First Batch Assay Results**

## Further Work

The balance of the drill programme assays are expected to be analysed by February 2016, following which the delivery of a maiden JORC resource is expected in the March 2016 quarter.

## CORPORATE

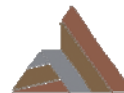
During the Quarter the Company successfully completed a fully subscribed pro rata non renounceable entitlement offer pursuant to the prospectus dated 4 November 2015 (**the Offer**), raising \$1.25 million (before costs).

The Offer was made to eligible holders of shares in the capital of the Company on the basis of three (3) new fully paid ordinary shares (**New Shares**) for every four (4) existing shares held at an issue price of \$0.009 per New Share.

Shareholders also received two (2) free attaching options, exercisable at \$0.03 on or before 31 July 2017, for every five (5) New Shares subscribed for and issued under the Offer.

The Company received maximum subscriptions under the Offer available to eligible shareholders. The success of the Offer was pleasing given the difficult market conditions prevailing.

The funds received under the Offer will contribute to funding the costs of the exploration and RC drilling programme undertaken during the Quarter and the ongoing evaluation of the Programme results.



### TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenements at the end of the 31 December 2015 quarter.

### TENEMENT SUMMARY AS AT 31 DECEMBER 2015

#### West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Registered Holder Interest	Consolidated Entity Interest	Grant Date (Application Date)	Expiry	Blocks	Area km2
Tollu	E 69/2450	Redstone Resources Limited	100%	100%	19/09/2008	18/09/2018	41	125.0
Blackstone Range*	E 69/2108	River Gold Exploration Pty Ltd	100%	75%	28/04/2006	27/04/2016	39	121.0
Blackstone Range*	E 69/2109	River Gold Exploration Pty Ltd	100%	75%	28/04/2006	27/04/2016	70	217.0
							150	463.0

\* Blackstone Range Project – E69/2108 and E69/2109: *Farmin with Resource Mining Corporation Ltd (ASX: RMI), Redstone earning 90%*

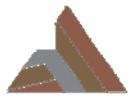
The Company has a beneficial interest of 75% in its Blackstone Range joint venture at the end of the Quarter. The Company did not acquire or dispose of any beneficial interests in any joint ventures, farm-in or farm out arrangements during the Quarter.

#### Competent Persons Statement

The information in this announcement that relates to Exploration Targets and Exploration Results was authorised by Mr Darryl Mapleson, a Principal Geologist and a full time employee of BM Geological Services, who are engaged as consultant geologists to Redstone Resources Limited. Mr Mapleson is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Mapleson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to act as a competent person as defined in the 2012 edition of the "Australasian Code for reporting of Exploration results, Mineral Resources and Ore Reserves". Mr Mapleson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#### Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Redstone Resources Limited's (**Redstone**) planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Redstone believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.



## ABOUT REDSTONE RESOURCES

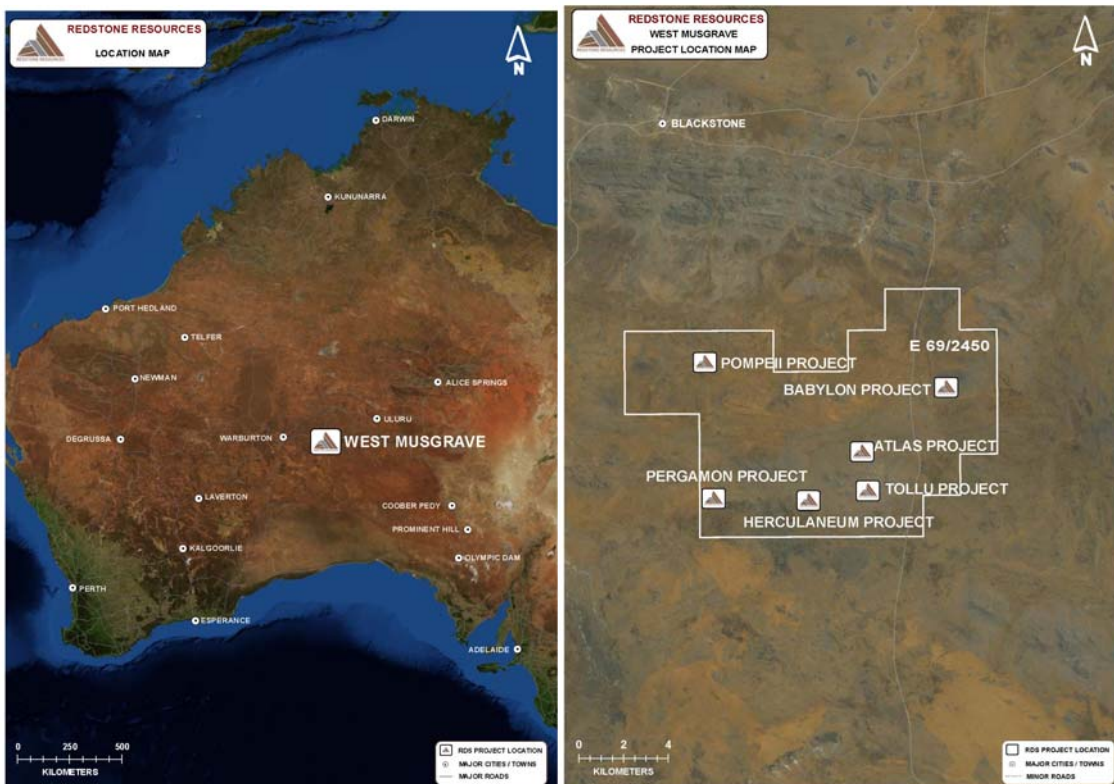
Redstone Resources Ltd (ASX: RDS) is a Perth-based company focused on highly prospective copper exploration properties in the West Musgrave region of Western Australia.

Redstone's 100% owned Tollu Project is located in the southeast portion of the West Musgrave region of Western Australia (Figure 2). The Tollu Project is approximately 20km southeast of the Blackstone Community on Company's 100% owned tenement E69/2450 (Figure 3).

The Tollu Project consists of a large swarm of hydrothermal copper rich quartz veins in a mineralised system covering an area at least 5km<sup>2</sup>. Malachite-rich gossans associated with quartz veins are exposed at surface and form part of a dilatational system between two major structures within the Tollu Fault Zone.

The Tollu Project has a Conceptual Exploration Target (**the Target**) estimated to be 22 to 33 million tonnes of mineralisation at a conceptual grade range of 0.9 - 1.3% Cu. This includes 4.3 to 6.4 million tonnes of mineralisation at a conceptual grade range of 1.6 – 2.4% on the Chatsworth Prospect.

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



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## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Redstone Resources Limited

ABN

42 090 169 154

Quarter ended ("current quarter")

31 December 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(276)	(589)
(b) development	-	-
(c) production	-	-
(d) administration	(438)	(574)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	57
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) Net R&D Rebate	-	833
<b>Net Operating Cash Flows</b>	<b>(713)</b>	<b>(273)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(713)</b>	<b>(273)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(713)	(273)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,251	1,251
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - capital raising costs	(114)	(114)
	<b>Net financing cash flows</b>	<b>1,137</b>	<b>1,137</b>
	<b>Net increase (decrease) in cash held</b>	<b>424</b>	<b>864</b>
1.20	Cash at beginning of quarter/year to date	501	61
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter*</b>	<b>925</b>	<b>925</b>

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	219
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director and Consulting Fees

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	600
4.2 Development	-
4.3 Production	-
4.4 Administration	65
<b>Total</b>	<b>665</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	21	491
5.2 Deposits at call	904	10
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>925</b>	<b>501</b>

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+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

**Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	326,047,245	326,047,245	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	139,077,855	139,077,855	0.9 cents Fully Paid
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			

+ See chapter 19 for defined terms.

**Appendix 5B**

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

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	<b>Options</b> (description and conversion factor)	Quoted Options ASX: RDSO 31,356,966  ASX: RDSOA 55,631,193  Unquoted Options 2,000,000		Exercise price 20 cents  3 cents  20 cents  Expiry date 28/02/16  31/07/17  04/12/17
7.8	Issued during quarter	Quoted Options ASX: RDSOA 55,631,193		3 cents  31/07/17
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b> (totals only)			
7.12	<b>Unsecured notes</b> (totals only)			

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



29 January 2016

Sign here: ..... Date: .....  
(Company secretary)

Print name: .....  
Miranda Conti

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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