



9 February 2016

<Holder Name>  
<Address Line 1>  
<Address Line 2>  
<Address Line 3>  
<Address Line 4>

**Number of RDSO Options: <Option Number>**

Dear Option Holder

**YOUR OPTIONS TO ACQUIRE REDSTONE RESOURCES LIMITED SHARES AT \$0.20  
PER SHARE EXPIRE ON 28 FEBRUARY 2016**

We are writing to you as a registered holder of RDSO Options (**ASX: RDSO**) (the **Options**) in REDSTONE RESOURCES LIMITED (**ASX: RDS**) (the **Company**) to remind you that the Options will expire at 5:00pm (WST) on 28 FEBRUARY 2016.

Your Option holding may be exercised in whole or in part by payment of \$0.20 for each Option by no later than 28 February 2016. If payment is not received by 5:00pm (WST) on 28 February 2016 the Options will lapse and all rights under the options will cease at that time.

Some of the courses of action available to you as a holder of these soon to expire Options are:

- a) Exercise the Options on or before 28 FEBRUARY 2016.
- b) Sell your Options. Quotation of the Options will cease at the close of trading on 19 February 2016.
- c) Do nothing (ie, allow your Options to expire). If you do not exercise or sell your Options they will expire on 28 FEBRUARY 2016 and your right to subscribe for ordinary shares in the Company at \$0.20 per share will lapse.

There is no obligation on Option holders to exercise their Options. However, under paragraph 6.1 of Appendix 6A of the Australian Securities Exchange (ASX) Listing Rules, the Company is required to advise Option holders of the information contained in this notice.

The market sale price of ordinary shares in the Company on ASX on 8 February was \$0.007 (0.7 cents), being the last trading day in Perth prior to the date of this notice.



During the three (3) months preceding the date of this notice:

- the highest market sale price of ordinary shares on ASX was \$0.012 (1.2 cents) on 9 November 2015; and
- the lowest market sale price of ordinary shares on ASX was \$0.006 (0.6 cents) on 29 January 2016

Following are the highest and lowest market sale prices of RDSO and RDSOA quoted securities during the three (3) months preceding the date of this notice:

- RDSO - \$0.001 (0.1 cent), not traded during the period
- RDSOA - \$0.001 (0.1 cent), sole trade on 14 January 2016

If you wish to exercise your Options then you must complete your "Notice of Exercise of Options" enclosed with this notice and forward it together with payment of \$0.20 per Option exercised to be received no later than 5:00pm (WST) on 28 FEBRUARY 2016 to the Company's share registry, being:

**Advanced Share Registry Ltd**

**PO Box 1156**

**NEDLANDS WA 6909**

OR

**110 Stirling Highway**

**NEDLANDS WA 6009**

Cheques should be made payable to "REDSTONE RESOURCES LIMITED" in Australian dollars only and should be crossed "Not negotiable". If you have any further questions please do not hesitate to contact our Registry on telephone (08) 9389 8033, facsimile (08) 9262 3723.

Yours faithfully

Miranda Conti

Company Secretary

REDSTONE RESOURCES LIMITED

**REDSTONE RESOURCES LIMITED**

ACN 42 090 169 154  
INCORPORATED IN WESTERN AUSTRALIA  
**NOTICE OF EXERCISE OF OPTIONS**

I/We \_\_\_\_\_

Securityholder Reference Number (S.R.N) / Holder Identification Number (H.I.N) \_\_\_\_\_

Contact Telephone Number \_\_\_\_\_

The registered holder(s) of the Options hereby exercise my/our Option for: \_\_\_\_\_  
In figures In words

Ordinary Fully Paid Shares and enclose application money of \$0.200 per share \$.....  
(amount payable on exercise)

I/We whose full name(s) and address(es) appear above hereby apply for the number of Shares shown above. I/We agree to be bound by the Constitution of the Company.

Signature Of Option holder(s) (All joint holders must sign)	Companies Only - Executed in accordance with the Company's Constitution and the Corporations Law.
<p>-----X-----</p> <p>Signature Date</p>	<p>-----X-----</p> <p>Sole Director and Sole Secretary Date</p>
<p>-----X-----</p> <p>Signature Date</p>	<p>-----X-----</p> <p>Director Date Secretary Date</p>
<p>-----X-----</p> <p>Signature Date</p>	<p>-----X-----</p> <p>Director Date Director Date</p>

**Note:** If signed under Power of Attorney, a Certified Copy of the relevant Power of Attorney document must be exhibited to the Registry. The Attorney declares that he/she has had no notice of revocation of the Power of Attorney.

**Terms and Conditions of Listed Options (ASX: RDSO)**

- Each Listed Option entitles the holder to subscribe for one Share upon exercise of each Listed Option.
- The exercise price of the Listed Option is \$0.20.
- Each Listed Option has an expiry date of 28 February 2016.
- Each Listed Option is exercisable at any time on or before 28 February 2016.
- Application for quotation of Listed Options will be made, subject to the requirements to the ASX Listing Rules and the Corporations Act.
- Each Listed Option may be exercised by notice in writing to the Company. Any notice of exercise of Listed Options received by the Company will be deemed to be a notice of the exercise of the Listed Options as at the date of receipt.
- After a Listed Option is validly exercised, the Company must as soon as possible:
  - issue and allot the Share; and
  - do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Listed Option.
- Shares issued on exercise of the Listed Options rank equally with the then shares of the Company.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Listed Options.
- There are no participation rights or entitlements inherent in the Listed Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Listed Options.  
However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give holders of Listed Options the opportunity to exercise their Listed Options prior to the date for determining entitlements to participate in any such issue.
- 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):
  - the number of Shares which must be issued on the exercise of a Listed Option will be increased by the number of Shares which the Listed Option holder would have received if the Listed Option holder had exercised the Listed Option before the record date for the bonus issue; and
  - no change will be made to the Exercise Price.
- 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 Listed 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 Listed Option.  
 E = the number of underlying Shares into which one Listed Option is exercisable.  
 P = average market price per Share weighted by reference to volume of the underlying Shares during the 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.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Listed Option holders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on this Notice of Exercise of Options with the appropriate remittance should be lodged with Advanced Share Registry Ltd, the Company's Share Registry, per the details below:

Cheques should be made payable to "REDSTONE RESOURCES LIMITED" and crossed "Not Negotiable" and drawn on an Australian Bank and posted to Advanced Share Registry Ltd, PO Box 1156, Nedlands, Western Australia 6909.

**NOTE: OPTIONS NOT EXERCISED BY 28 February 2016 WILL AUTOMATICALLY EXPIRE.**