



REDSTONE RESOURCES LIMITED
ACN 090 169 154

CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Redstone Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

REDSTONE RESOURCES LIMITED

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Competent Persons Statement

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

Forward-Looking Statements

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

REDSTONE RESOURCES LIMITED

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CORPORATE DIRECTORY

DIRECTORS:	Mr Richard Homsany (Chairman) Mr Brett Hodgins (Technical Director) Mr Edward van Heemst (Non-Executive Director)
COMPANY SECRETARY:	Ms Miranda Conti
REGISTERED AND PRINCIPAL OFFICE:	60 Havelock Street WEST PERTH WA 6005 Tel: (08) 9328 2552 Fax: (08) 9328 2660 Internet: www.redstone.com.au email: contact@redstone.com.au
SHARE REGISTRY:	Advanced Share Registry Services 110 Stirling Highway NEDLANDS WA 6009 PO Box 1156 NEDLANDS WA 6909 Tel: +61 8 9389 8033 Fax: +61 8 9262 3723 Level 6, 225 Clarence Street SYDNEY NSW 2000 PO Box Q1736 QUEEN VICTORIA BUILDING NSW 1230 Website: www.advancedshare.com.au
HOME STOCK EXCHANGE:	Australian Stock Exchange Limited Level 40 Central Park 152-158 Ste Georges Terrace PERTH WA 6000 ASX Code: RDS, RDSOA
AUDITOR:	Butler Settineri (Audit) Pty Ltd Unit 16, First Floor 100 Railway Road (Cnr Hay Street) SUBIACO WA 6008

REDSTONE RESOURCES LIMITED

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DIRECTORS' REPORT

Your directors submit the financial report of the Redstone Resources Limited and its controlled entities ("Redstone" or the "Entity") for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors' report follows:

The Board of Directors

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

Richard Homsany
Brett Hodgins
Edward van Heemst

(Chairman)
(Technical Director)
(Non-Executive Director)

Review of Operations

The consolidated loss after income tax for the half year is \$380,890 (2014: \$548,690).

WEST MUSGRAVE

PROJECT LOCATIONS

During the period Redstone held an interest in one exploration licence E69/2450 in the West Musgrave region of Western Australia and includes the Company's 100% owned Tollu Copper Project ("**the Project**"). The Project is prospective for major copper and nickel-copper mineralisation. The tenement and Project location is shown on **Figures 1 and 2**.

TOLLU PROJECT (REDSTONE 100%)

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

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

DIRECTORS' REPORT



Figure 1 – West Musgrave - Location Map

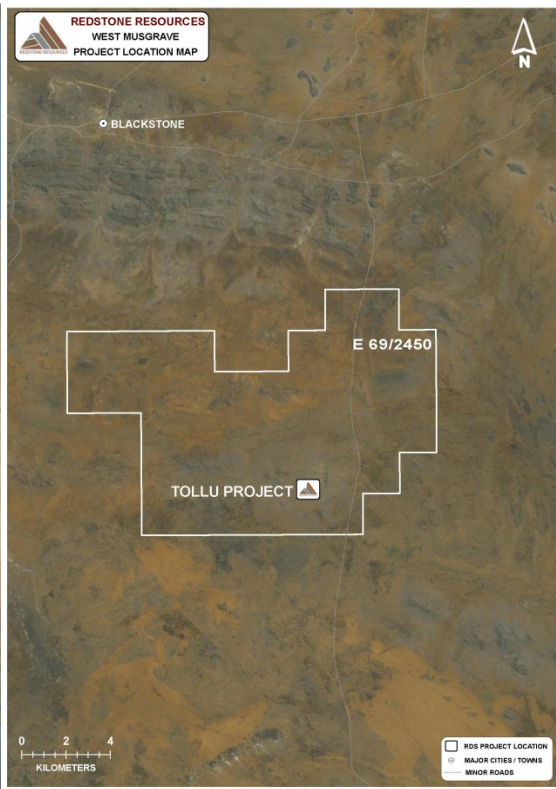


Figure 2– Tollu Project – Location Map

Tollu Project – 2015 Drilling Programme

During the half year period ending 31 December 2015 (**the Period**) the Company undertook a reverse circulation (**RC**) drilling programme (**the Programme**), with 60 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. Redstone expects the Project's mineralised area and the volume of hydrothermal mineralisation to increase significantly with further drilling.

Assay results completed by February 2016, and which include copper grades of up to 2.6%, are consistent with previous work conducted on the Project area and further highlight the Project's scale and grade. The results from the Programme were primarily focused on extending previous drilling at Chatsworth and Main Reef and testing a new zone at the Forio Prospect.

Following are the significant copper intercepts from the assay samples for the Chatsworth, Main Reef, Forio and Eastern Reef Prospects:

- 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)
- 9m at 2.27% Cu from 27m (TLC130)
- 5m at 2.13% Cu from 54m (TLC101)
- 8m at 2.08% Cu from 17m (TLC131)
- 1m at 1.66% Cu from 23m (TLC136)
- 5m at 1.54% Cu from 93m (TLC125)
- 5m at 1.50% Cu from 19m (TLC132)

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- 12m at 1.49% Cu from 178m (TLC087)
- 2m at 1.47% Cu from 80m (TLC104)
- 4m at 1.45% Cu from 147m (TLC137)

Redstone Resources

60 Horwicks Street
Yield Point
Western Australia 6005

Ph: +61 8 9335 3532
Fax: +61 8 9335 2669

Tollu Project
E69/2450
2015 Drilling Program

Legend
Redstone Resources Tenement

Scale (m): 1:250
Datum: Geocentric Datum of Australia 1984
Projection: Map of Australia, Zone 52
Drawn by: Street Images
Checked by: Street Images
Date: 06/01/2016

Ph: +61 8 9335 3532
Fax: +61 8 9335 2669

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DIRECTORS' REPORT

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	N/C	1.51%
TLC090	Chatsworth	437996	7108654	595	-60	302	96	90	4	N/C	0.92%
TLC087	Chatsworth	437900.1	7108598	587.5	-60	300	90	178	12	N/C	1.49%
TLC090	Chatsworth	437996.5	7108654	595.9	-60	96	302	11	5	N/C	1.25%
TLC125	Chatsworth	438017.5	7108449	574.4	-60	156	90	93	5	N/C	1.54%

Table 1 – Chatsworth Prospect Assay Results

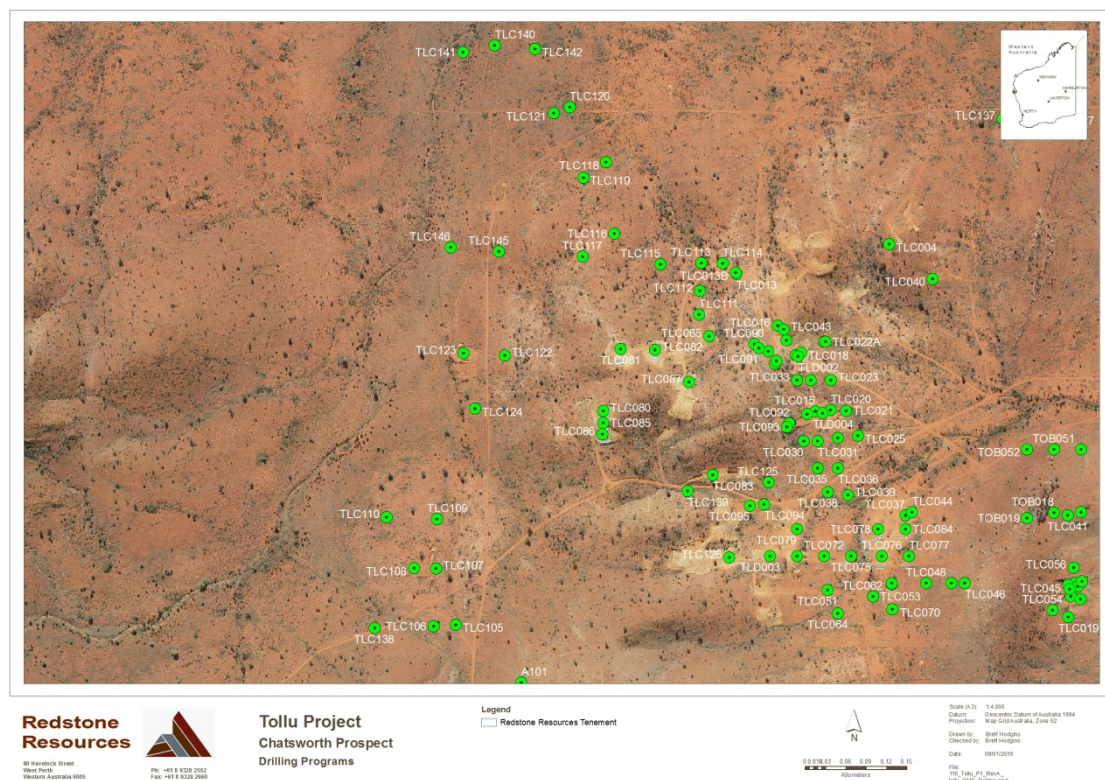


Figure 4 – Chatsworth Prospect Drill Hole Location Map

Forio Prospect

The Forio Prospect is a series of sub vertical hydrothermal bodies exposed at the surface. This prospect forms part of the dilation system running parallel to Eastern Reef. The key assay results from the Programme are included in **Table 2** below.

Hole	Prospect	Easting (m)	Northing (m)	RL (m)	Dip (degree)	Azim (degree)	Depth (m)	From (m)	Interval (m)	True Width (m)	Cu (%)
TLC130	Forio	438645.1	7108904	570	-60	42	90	27	9	N/C	2.27%
TLC131	Forio	438647.8	7108944	567.8	-60	32	90	17	8	N/C	2.08%
TLC131	Forio	438647.8	7108944	567.8	-60	32	90	26	2	N/C	1.19%
TLC132	Forio	438659.1	7108984	568.9	-60	30	90	19	5	N/C	1.50%
TLC133	Forio	438665.4	7109015	568.5	-60	29	90	12	6	N/C	1.38%
TLC134	Forio	438671.8	7109053	567.8	-60	34	90	18	5	N/C	1.34%
TLC134	Forio	438671.8	7109053	567.8	-60	34	90	25	2	N/C	1.05%
TLC136	Forio	438678.1	7109140	567.5	-60	38	90	23	1	N/C	1.66%

Table 2 Forio Prospect Assay Results

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DIRECTORS' REPORT

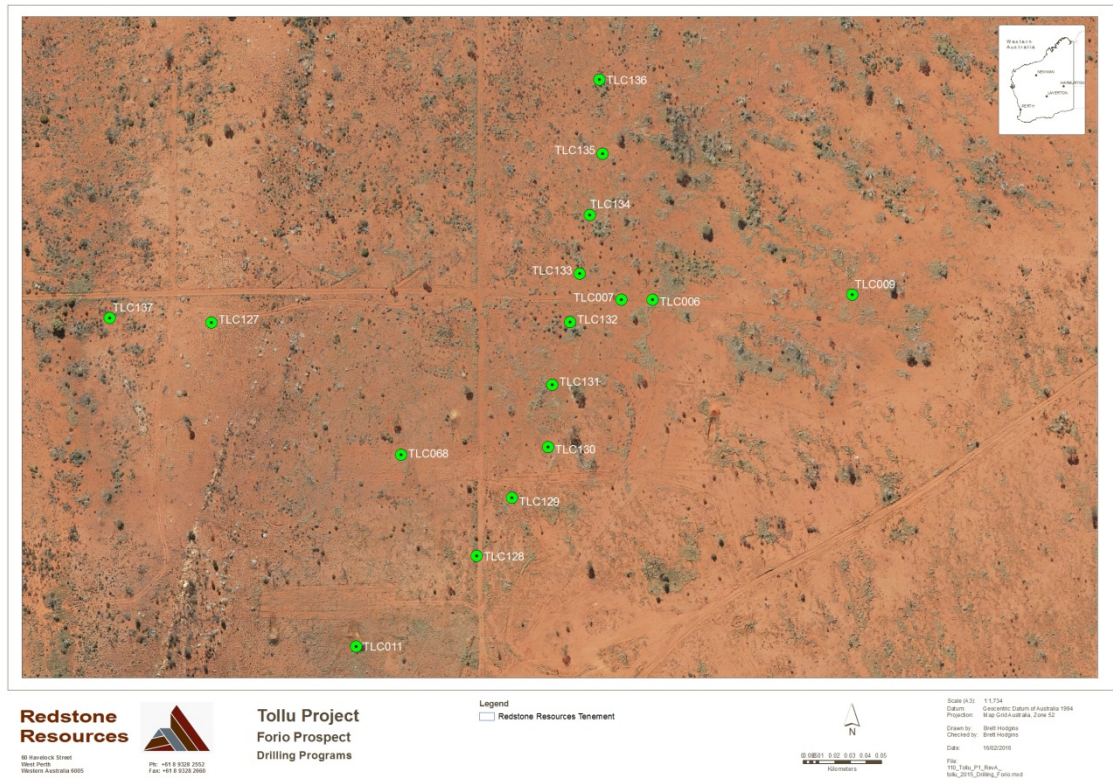


Figure 5 – Forio Prospect Drill Hole Location Map

Main Reef Prospect

The Main Reef Prospect is a series of sub vertical hydrothermal bodies exposed at the surface. This prospect forms part of the dilation system running along the western north south trending shear. The key assay results from the Programme are included in **Table 3** below.

Hole	Prospect	Easting (m)	Northing (m)	RL (m)	Dip (degree)	Azim (degree)	Depth (m)	From (m)	Interval (m)	True Width (m)	Cu (%)
TLC101	Main Reef	437996.0	7108654	595	-60	302	96	54	5	N/C	2.13%
TLC102	Main Reef	437453.5	7107887	614.8	-60	102	90	79	1	N/C	1.26%
TLC104	Main Reef	437476.7	7108129	602.2	-60	198	90	80	2	N/C	1.47%
TLC106	Main Reef	437522.7	7108236	593.1	-60	150	90	54	10	N/C	1.15%

Table 3 Main Reef Prospect Assay Results

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DIRECTORS' REPORT

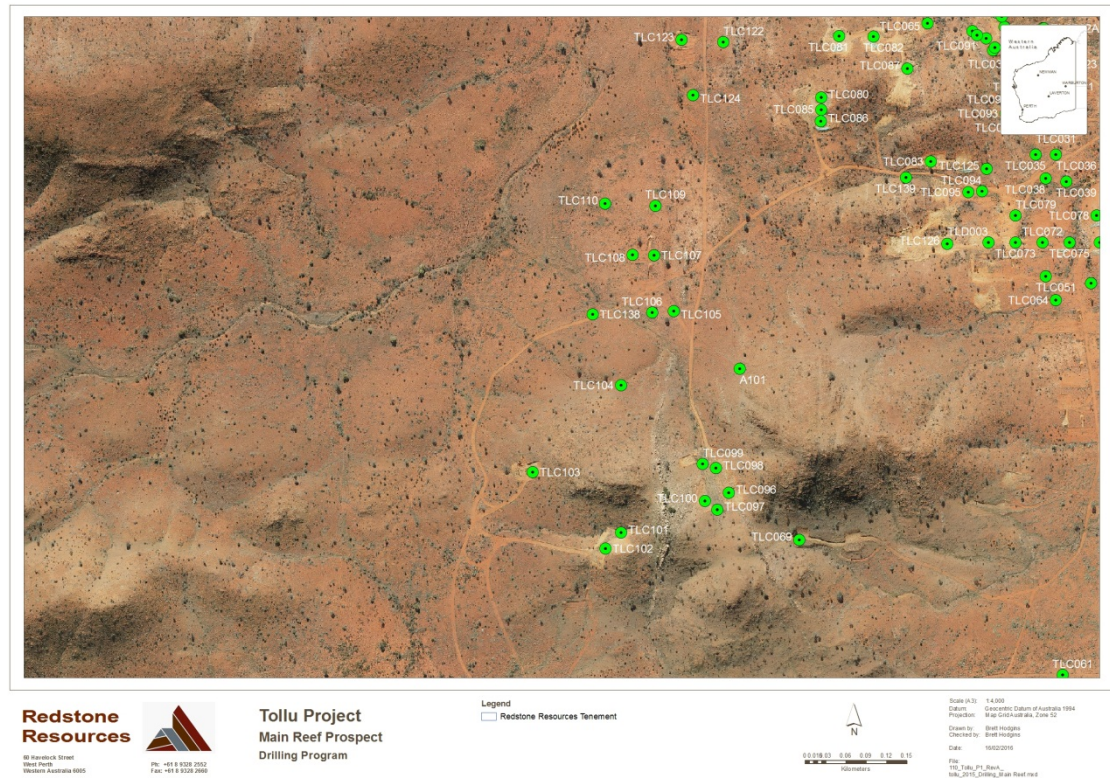


Figure 6 – Main Reef Prospect Drill Hole Location Map

Eastern Reef Prospect

The Eastern Reef Prospect is a series of sub vertical hydrothermal bodies exposed at the surface. This prospect forms part of the dilation system running along the eastern north south trending shear. The key assay result from the Programme is included in **Table 4** below.

Hole	Prospect	Easting	Northing	RL	Dip	Azim	Depth	From	Interval	True Width	Cu
		(m)	(m)	(m)	(degree)	(degree)	(m)	(m)	(m)	(m)	(%)
TLC137	Eastern Reef	438364.2	7108987	610.4	-60	240	90	147	4	N/C	1.45%

Table 4 Eastern Reef Prospect Assay Results

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DIRECTORS' REPORT

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

On 16 February 2016 the Entity surrendered the Blackstone Range project tenements E69/2108 and E69/2109.

CORPORATE

Capital Raising

During the Period 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 funds received under the Offer contributed to funding the costs of the exploration of the Programme and the ongoing evaluation of the Programme results.

Research and Development Tax Concession

In June 2015, subsequent to review and following supporting advice received from an independent top-tier global tax advisory firm the Company claimed a further refundable Research and Development tax offset of approximately \$1.0 million (**the R&D Rebate**). The R&D Rebate amount of \$1.0 million, which was determined under the self-assessment system, was received in July 2015.

Share Options

During the Period no options were issued. The following options expired during the Period:

- 750,000 \$0.35 options exercisable on or before 6 July 2015; and
- 750,000 \$0.45 options exercisable on or before 6 July 2015.

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DIRECTORS' REPORT

Subsequent Events

Blackstone Range Project

The Entity surrendered the Blackstone Range Project tenements E69/2108 and E69/2109 on 16 February 2016.

Listed Options (ASX: RDSO)

On 28 February 2016, 31,356,966 \$0.20 quoted options (ASX: RDSO) expired, unexercised.

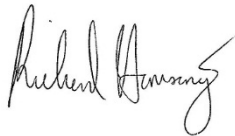
No other matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Entity in future financial years.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settineri (Audit) Pty Ltd, to provide the directors of Redstone with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2015.

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

On behalf of the Directors



R Homsany
Chairman
Perth, Western Australia
15 March 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Redstone Resources Limited and its controlled entities for the half year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Redstone Resources Limited and its controlled entities during the half year ended 31 December 2015.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth

Date: 15 March 2016

REDSTONE RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$
<i>Revenue</i>			
Other Income		-	103,718
Total revenue		-	103,718
<i>Expenses</i>			
Administration and other expenses from ordinary activities		(137,447)	(243,785)
Employee benefit expense		(121,652)	(150,891)
Depreciation and amortisation expense		(4,771)	(6,963)
Finance costs		(1,226)	(1,447)
Write off of Investment		(6,000)	-
Exploration expenditure		(111,649)	(254,764)
Total expenses		(382,745)	(657,850)
Loss before interest and taxes		(382,745)	(554,132)
Interest revenue		1,855	5,442
Loss before income tax		(380,890)	(548,690)
Income tax expense		-	-
Loss after income tax for the period		(380,890)	(548,690)
Other comprehensive income		-	-
Movement in foreign exchange translation reserve		-	-
Total comprehensive income for the period		(380,890)	(548,690)
Earnings per share (cents per share)		Cents	Cents
- Basic and diluted loss for the half-year	10(c)	(0.20)	(0.29)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	At 31 December 2015 \$	At 30 June 2015 \$
CURRENT ASSETS			
Cash and Cash Equivalents		924,387	60,726
Trade and Other Receivables		111,988	1,071,309
Other Assets		23,916	22,409
TOTAL CURRENT ASSETS		1,060,291	1,154,444
NON-CURRENT ASSETS			
Deferred Exploration Expenditure	5	5,850,373	5,038,744
Property, Plant and Equipment		28,921	32,302
Other financial assets		-	6,000
TOTAL NON-CURRENT ASSETS		5,879,294	5,077,046
TOTAL ASSETS		6,939,585	6,231,490
CURRENT LIABILITIES			
Trade and Other Payables		1,019,939	1,050,698
Provisions		31,435	33,895
TOTAL CURRENT LIABILITIES		1,051,374	1,084,593
TOTAL LIABILITIES		1,051,374	1,084,593
NET ASSETS		5,888,211	5,146,897
EQUITY			
Issued Capital	10	23,336,849	22,214,645
Reserves		156,999	397,749
Accumulated Losses		(17,605,637)	(17,465,497)
TOTAL EQUITY		5,888,211	5,146,897

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Six months ended 31 December 2015

	Issued Capital	Accumulated Losses	Share based Payments Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2015	22,214,645	(17,465,497)	397,749	5,146,897
Total comprehensive income attributable to members	-	(380,890)	-	(380,890)
Share capital issued	1,251,701	-	-	1,251,701
Equity raising costs	(129,497)	-	-	(129,497)
Share-based payments expiring	-	240,750	(240,750)	-
At 31 December 2015	23,336,849	(17,605,637)	156,999	5,888,211

Six months ended 31 December 2014

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

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year ended 31 December 2015 \$	Half-year ended 31 December 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(576,765)	(328,469)
Interest received	56,631	5,442
Interest paid	-	-
Net R&D tax concession received	186,052	-
Net cash flows used in operating activities	(334,082)	(323,027)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(587,087)	(360,526)
Net R&D tax concession received	647,029	-
Net cash flows from/(used in) investing activities	59,942	(360,526)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,251,701	-
Payment of share issue costs	(113,900)	-
Net cash flows from financing activities	1,137,801	-
Net increase/(decrease) in cash held	863,661	(683,553)
Cash at the beginning of the half-year	60,726	899,633
CASH AT THE END OF THE HALF-YEAR	924,387	216,080

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

1. Corporate Information

The financial report of Redstone Resources Limited (the "Company") for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 15 March 2016.

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

The nature of the operations and principal activities of the Company are described on pages 3 to 9 in the Directors' Report.

2. Summary of Significant Accounting Policies

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

This half-year financial report should be read in conjunction with the annual financial report of Redstone Resources Limited for the year ended 30 June 2015.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Redstone Resources Limited and its controlled entities as at 31 December 2015 (the "Entity" or "Group") - refer note 9.

b) Basis of Accounting

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

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

2. Summary of Significant Accounting Policies (continued)

c) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as the annual financial statements for the year ended 30 June 2015.

The Entity has reviewed all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015. It has been determined that there is no impact, material or otherwise, and therefore no change is required to the Entity's accounting policies.

The Entity has also reviewed all new standards and interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore, no change necessary in the Entity's accounting policies.

d) Going Concern

The Entity recorded a loss of \$380,890 for the half-year ended 31 December 2015 and as at 31 December 2015 had net current liabilities of \$1,051,374 and exploration and operating commitments for the following 12 months to 31 December 2016 of \$64,924 (note 6). Although these matters are indicative of a material uncertainty, the financial report has been prepared on a going concern basis, as the Directors are of the opinion that the Entity will be able to pay its debts as and when they fall due. The Directors contemplate continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Subsequent to the end of the half-year ended 31 December 2015 the Entity has been, and will continue, to actively pursue capital raising and funding opportunities.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 3: DIVIDENDS

The Entity has not declared or paid a dividend during the half-year ended 31 December 2015.

NOTE 4: SEGMENT INFORMATION

During the 2014 financial year the Entity ceased operations in South America. Therefore the Entity has one operating segment being mineral exploration in Australia.

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

NOTE 5: DEFERRED EXPLORATION EXPENDITURE

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

The carrying value of \$5,850,373 relates solely to the net deferred exploration spend incurred on the Tollu Project tenement (E69/2450) to 31 December 2015.

NOTE 6: CAPITAL AND EXPLORATION EXPENDITURE COMMITMENTS

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

Cancellable operating lease commitments for exploration tenements	31 December 2015 \$	30 June 2015 \$
Within one year	43,924	220,892
One year or later and no later than five years	316,000	432,134
Later than five years	-	-
	359,924	653,026

Joint venture commitments*Blackstone Range Joint Venture*

Subsequent to 31 December 2015, the Entity surrendered the remaining Blackstone Range Project tenements (E69/2108 and E69/2109) and the Blackstone Range Joint Venture was terminated.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 6: CAPITAL AND EXPLORATION EXPENDITURE COMMITMENTS (continued)

Capital Commitments

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

Operating lease – corporate office premises

The Entity is leasing office premises for a gross rent inclusive of car bay of \$4,300 per month. As of 30 June 2015 the Entity is holding over on a monthly tenancy on the same rental terms and conditions although this is subject to rate review if deemed appropriate. Such rental rate review may not result in an increase of 10% unless otherwise agreed between the parties. The monthly tenancy may be terminated by either party giving at least one month's written notice to the other party.

Commencing from 1 April 2013 the Entity entered into a two year operating lease for storage premises at an annual rental of \$24,000 plus variable outgoings plus GST. On 31 July 2015, the Entity entered into a further two year lease at an annual rental of \$21,000 plus variable outgoings plus GST.

Cancellable operating lease commitments for exploration tenements	31 December 2015 \$	30 June 2015 \$
Within one year	21,000	21,250
One year or later and no later than five years	12,250	22,750
Later than five years	-	-
	33,250	44,000

NOTE 7: CONTINGENT ASSETS AND LIABILITIES

Foreign Subsidiary Obligations

During the 2014 financial year, the Entity recognised a provision for foreign subsidiary obligations relating to estimated amounts that may be required to settle outstanding obligations arising from a winding-up of the Entity's investment in its Brazilian subsidiary, Redstone Mineraco Do Brasil Ltd (**Redstone Brazil**).

However, as at 30 June 2015, the Entity considered that it was more likely that a present obligation no longer existed for any of these amounts and that it was more likely that no economic outflow would be required. Further the timing and amount of any potential economic outflow is uncertain. Accordingly, there may be a contingent liability for potential obligations required to be paid in any eventual winding up of Redstone Brazil for which the timing is uncertain and amount cannot be measured reliably.

The Company had no other contingent assets or liabilities as at 31 December 2015.

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 8: EVENTS AFTER BALANCE DATE

Blackstone Range Project

On 16 February 2016, the Entity surrendered the Blackstone Range Project tenements (E69/2108) and (E69/2109) and the Blackstone Range Joint Venture was terminated.

Options

On 28 February 2016 31,356,966 \$0.20 quoted options (ASX: RDSO) expired unexercised.

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

NOTE 9: CONTROLLED ENTITIES

Redstone Resources Limited is the parent entity of the Group.

	At 31 December 2015 %	At 30 June 2015 %
<hr/>		
Particulars in relation to wholly owned entities		
Allhawk Nominees Pty Ltd	100	100
Minex Services Pty Ltd	100	100
Westmin Exploration Pty Ltd	100	100
Rivergold Exploration Pty Ltd	100	100
Redstone Mineracao Do Brasil Ltda*	98	98

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

NOTE 10: CONTRIBUTED EQUITY

	31 December 2015 \$	30 June 2015 \$
(a) Issued and Paid Up Capital		
Shares issued and fully paid – 326,047,245 (June 2015: 186,969,390 ordinary shares fully paid)	23,261,146	22,138,942
Listed Options (ASX: RDSO) issued and fully paid – 31,356,966 (June 2015: 31,356,966)	75,703	75,703
Listed Options issued (ASX: RDSOA) – 55,631,193 (June 2015: Nil)	-	-
	<hr/>	<hr/>
Issued and fully paid capital	23,336,849	22,214,645

REDSTONE RESOURCES LIMITED

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 10: CONTRIBUTED EQUITY (continued)

During the half-year period to 31 December 2015 no options were issued and no options were exercised. The following options expired during the half-year period to 31 December 2015:

- 750,000 \$0.35 options exercisable on or before 6 July 2015; and
- 750,000 \$0.45 options exercisable on or before 6 July 2015.

Reconciliation of options on issue

Share Options	As at 30 June 2015	Issued/ (Exercised or lapsed)	As at 31 December 2015	Exercise price \$	Exercisable from	Expiry
Unlisted options	750,000	(750,000)	-	0.35	7 Jul 11	6 Jul 15
Unlisted options	750,000	(750,000)	-	0.45	7 Jul 11	6 Jul 15
Unlisted options	2,000,000	-	2,000,000	0.20	5 Dec 12	4 Dec 17
Listed Options	31,356,966	-	31,356,966	0.20	10 Oct 12	28 Feb 16
- (ASX: RDSO)						
Listed Options	-	55,631,193	55,631,193	0.03	11 Dec 15/ 30 Dec 15	31 Jul 17
- (ASX: RDSOA)						
Total options	34,856,966	54,131,193	88,988,159			

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

On 11 December 2015 and 30 December 2015 the Entity issued 72,007,774 fully paid ordinary shares and 67,070,081 fully paid ordinary shares respectively.

(c) Earnings per Share

	Half-year ended 31 December 2015	Half-year ended 31 December 2014
Basic loss per share (cents per share)	(0.20)	(0.29)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (number)	195,160,833	186,969,390
Earnings used in the calculation of basic loss per share (\$)	(380,890)	(548,690)

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

REDSTONE RESOURCES LIMITED

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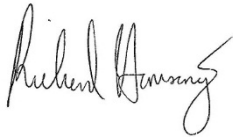
DIRECTORS' DECLARATION

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

In the opinion of the directors:

1. The financial statements and notes of the Entity set out on pages 12 to 21 are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date of the Entity; and
 - b. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

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

R Homsany
Chairman
Perth, Western Australia
15 March 2016

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

Report on the half year financial report

We have reviewed the accompanying half year financial report of Redstone Resources Limited ("the company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a statement of significant accounting policies and other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half year financial report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Redstone Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Going Concern

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

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth

Date: 15 March 2016