

# **REDSTONE RESOURCES LTD**

**ACN 090 169 154**

## **PROSPECTUS**

For an issue of up to 6,000,000 Listed Options at an issue price of \$0.001 per Listed Option, to raise up to approximately \$6,000 (before costs).

Each Listed Option is exercisable at \$0.20 on or before 28 February 2016.

### **IMPORTANT INFORMATION**

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

**You should also consult your professional advisers before deciding whether to invest in the Company. This Offer does not take into account your investment objectives, financial situation or particular needs. You should carefully consider the risk factors in Sections 3.2 and 7 in light of your circumstances.**

**THE LISTED OPTIONS OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE.**

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## 1. CORPORATE DIRECTORY

### Directors

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Richard Homsany  
*Non-Executive Chairman*

Anthony Ailakis  
*Executive Director*

Edward van Heemst  
*Non-Executive Director*

### Company Secretary

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Miranda Conti

### Auditor\*

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Butler Settineri (Audit) Pty Ltd  
Unit 16, First Floor  
100 Railway Road  
SUBIACO WA 6008  
Telephone: +61 8 6389 5222  
Facsimile: +61 8 6389 5255

### Share Registry\*

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Advanced Share Registry Ltd  
150 Stirling Highway  
NEDLANDS WA 6009  
Telephone: +61 8 9389 8033  
Facsimile: +61 8 9389 7871

### Registered Office & Contact Details

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Suite 3  
110 – 116 East Parade  
EAST PERTH WA 6004  
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)

### Corporate Adviser

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Argonaut Capital Limited  
Level 30, Allendale Square  
77 St Georges Terrace  
PERTH WA 6000  
Telephone: +61 8 9224 6888  
Facsimile: +61 8 9225 5511

### ASX Code

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Shares: RDS  
Listed Options: RDSO

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

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## 2. IMPORTANT DATES

Lodgement of Prospectus with ASIC	17 January 2013
Opening Date of Offer	17 January 2013
Closing Date of Offer* (5:00pm WST)	31 January 2013
Quotation of Listed Options issued under the Offer*	1 February 2013

\*Subject to the Listing Rules, the Company reserves the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such the date the Listed Options are expected to commence trading on ASX may vary with any change in the Closing Date.

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### 3. IMPORTANT NOTICE

This Prospectus is dated 17 January 2013 and was lodged with ASIC on that date. ASIC takes 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 Listed Options will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Applications for Listed Options offered pursuant to this Prospectus can only be submitted with an original Application Form which accompanies this Prospectus.

It is important that applicants read this Prospectus in its entirety and, if in any doubt about whether to apply for Listed Options, seek professional advice. The Listed Options 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 Listed Options or the price at which the underlying Shares 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) and has been prepared in accordance with section 713 of the Corporations Act. 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 their professional advisers.

#### 3.1 Applicants Outside Australia

The distribution of this Prospectus in jurisdictions outside Australia 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 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 Application 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 Listed Options or the Shares or otherwise permit a public offering of the Listed Options the subject of this Prospectus in any jurisdiction outside of Australia.

#### 3.2 Key Risks

You should be aware that subscribing for Listed Options 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 7 before deciding whether to apply for Listed Options under this Prospectus.**

**You are urged to consider those risks carefully and, if necessary, also consult your professional advisers with any questions before deciding whether to subscribe for Listed Options. You should also note that the key risks below and the Risk Factors in Section 7 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 that may have a direct influence on the Company and its activities or assets, which may therefore affect the value of an investment in the Company.

### **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 Listed Options and Shares.

### **Claims, liability and litigation**

Mr Ailakis, a Director, was a defendant in a legal claim (**Claim**) lodged against him in 21 February 2011 in the District Court of Western Australia (3982 of 2010 *Olivero v Ailakis & Anor*) in his capacity as a Director. On 14 December 2012 the District Court awarded damages to the plaintiff of \$750,000. The defendants are reviewing grounds for an appeal. The Company has entered into a Deed of Indemnity, Insurance and Access (**Deed**) with Mr Ailakis, whereby the Company has agreed to indemnify Mr Ailakis for certain liabilities incurred in defending the Claim. The Company has also lodged an insurance claim for legal expenses and losses that may arise from the Claim pursuant to the Company's Directors and Officers policy with QBE Insurance. However, as at the date of this Prospectus the amount of potential claim for defence cost reimbursement from QBE Insurance or potential loss from the Claim is not known and a reasonable estimate cannot be made.

### **Title Risk - Australia**

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 insufficient funds are 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.

A number of the Company's tenements, namely exploration licences 69/2450 (Tollu), 69/2054 (Baggaley Hills), 69/2339 (Baggaley East), 69/2340 (Baggaley South) and 69/2108-2109 (Blackstone Range) expire in the coming 12 months. 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.

### **Title Risk – Brazil**

The Company owns a number of mining tenements and applications for mining tenements in Brazil. Mining tenure in Brazil is governed by Brazilian legislation. Failure to comply strictly with the applicable laws, regulations and local practices relating to mineral rights and tenure in that jurisdiction could result in the loss, reduction or expropriation of the Company's rights and entitlements in respect of those tenements.

Some of the Company's Brazilian tenements which expired in 2011, namely 866280/2007 (Arinos), and 2010, namely 880197/2007 and 880197/198 (Anebá), are currently subject to an application for extension with the National Department of Mineral Production, while a number of other Brazilian tenement applications have not yet been granted.

The Company's interests in Brazil are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require that other benefits be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in Brazil that affect ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

The legal system operating in Brazil is different to that operating in Australia and this may result in risks such as:

- (a) Different forms of legal redress in the courts whether in respect of a breach of law or regulation, or in ownership dispute.
- (b) A higher degree of discretion on the part of governmental agencies.
- (c) Differences in political and administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights.
- (d) Different attitudes of the judiciary and court.
- (e) Difficulty in enforcing judgments.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured.

The Company cannot guarantee that the tenements in which it has an interest in Brazil 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.

Further, there is no guarantee that any applications for mining tenements made by the Company will be granted or granted on conditions satisfactory to the Company.

### **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 permission has already been granted. It is possible that the presence of 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 in 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 Listed Options 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 (Western Australia), the Baggaley Hills Project (Western Australia) and the Pontal Project (Brazil) are dependent upon it and the registered holders of those tenements complying with their respective contractual obligations under joint venture agreements in respect of those tenements, and 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% 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 tenements.

In the event that the Company's joint venture partner in connection with the Baggaley Hills Project or the Pontal Project fails to meet its expenditure and other commitments under the respective joint venture agreements, Redstone would need to source alternative funding to keep the project(s) in good standing and develop the project(s).

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 Listed Options and Shares.

**Further risks associated with an investment in the Company are contained in Section 7.**

### **3.3 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 3.2 and the Risk Factors in Section 7.

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.

### **3.4 Electronic Prospectus**

Pursuant to ASIC Class Order 00/044, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and 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 Application 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 Application 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 Application Form from a person if it has reason to believe that when that person was given access to the electronic Application 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.

### **3.5 Website**

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

### **3.6 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 9.

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## 4. DETAILS OF THE OFFER

### 4.1 The Offer

Under this Prospectus, the Company invites applications from Argonaut Capital Limited or its nominee for up to 6,000,000 Listed Options at an issue price of \$0.001 per Listed Option, payable in full on application. The Listed Options are exercisable at \$0.20 on or before 28 February 2016. As at the date of this Prospectus the Company has 38,956,966 Options on issue. Please refer to Section 5.5 for information on the exercise price and expiry date of the Options on issue.

All of the Shares issued upon the exercise of the Listed Options will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the right and liabilities attaching to the Listed Options and the Shares.

The purpose of the Offer and the intended use of funds raised under the Offer are set out in Section 5.1.

### 4.2 How to apply for Listed Options

Applications for Listed Options by the parties invited to apply must be made using the Application Form. Completed Application Forms and accompanying cheques must be mailed to the Company at:

Redstone Resources Limited  
PO Box 8646  
Perth Business Centre  
PERTH WA 6849

or delivered to the Company at:

Redstone Resources Limited  
Suite 3, Level 2  
110 – 116 East Parade  
EAST PERTH WA 6004

Cheques or money orders should be made payable to “**Redstone Resources Limited– IPO Account**” and crossed “Not Negotiable”. Completed Application 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).

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

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

### 4.3 Application Forms

A completed Application Form cannot be withdrawn and constitutes a legally binding application for, and acceptance of, the number of Listed Options specified in the Application Form on the terms set out in this Prospectus.

If the Application Form is not completed correctly it may still be treated as valid. The Company’s decision as to whether to treat the acceptance as valid, and how to construe, amend or complete the Application Form is final.

### 4.4 Applicants Outside Australia

The distribution of this Prospectus in jurisdictions outside Australia 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 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 Application 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 Listed Options or otherwise permit a public offering of the Listed Options the subject of this Prospectus in any jurisdiction outside of Australia

#### **4.5 Minimum Subscription**

There is no minimum subscription to be raised under the Offer.

#### **4.6 Allotment of Listed Options**

Listed Options offered by this Prospectus will be allotted as soon as practicable after the Closing Date.

Following allotment, statements of option holdings will be dispatched to successful applicants as soon as practicable. It is your responsibility to determine your allocation prior to trading in Listed Options. If you sell Listed Options before receiving your holding statement you do so at your own risk.

Prior to allotment of the Listed Options, all Application Money shall be held by the Company on trust for the Applicants. The Company will retain any interest earned on the Application Money irrespective of whether the allotment of Listed Options takes place and each Applicant waives the right to claim interest.

#### **4.7 ASX Listing**

The Company will apply to the ASX for Quotation of the Listed Options offered under this Prospectus within 7 days of the date of this Prospectus. If the ASX does not grant permission for Quotation of the Listed Options within three (3) months after the date of this Prospectus, or such longer period as is varied by ASIC, the Company will not issue or allot any Listed Options offered for subscription under this Prospectus and will repay all Application Monies received as soon as practicable thereafter.

The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may grant Quotation of the Listed Options and any Shares issued upon conversion of the Listed Options is not to be taken in any way as an indication of the merits of the Company, the Listed Options or the underlying Shares.

#### **4.8 No Underwriting**

The Offer is not underwritten.

#### **4.9 Risk Factors**

You should be aware that subscribing for Listed Options the subject of this Prospectus involves a number of risks. The key risks are set out in Section 3.2 and other Risk Factors are set out in Section 7. 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 3.2 and Section 7, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Listed Options and the underlying Shares. Accordingly an investment in the Company should be considered speculative.

#### **4.10 Governing Law**

The Prospectus and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

#### **4.11 Taxation**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Listed Options under this Prospectus. The acquisition and disposal of Listed Options (and Shares issued on the exercise of the Listed Options) 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 Listed Options under this Prospectus.

#### **4.12 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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## **5. PURPOSE AND EFFECT OF THE OFFER**

### **5.1 Purpose of the Offer**

The primary purpose of the Offer is to issue up to 6,000,000 Listed Options to Argonaut Capital Limited or its nominee at \$0.001 per Listed Option, which right to subscribe forms part of the consideration payable to Argonaut Capital Limited in connection with its services as corporate adviser to the Company and pursuant to the mandate agreement which is summarised in Section 8.3(a). The purpose of the issue of this Prospectus is to make the Offer with disclosure for the purposes of Chapter 6D of the Corporations Act which will remove any trading restrictions that may attach to any Listed Options issued under the Offer, any Listed Options issued prior to the Closing Date and any Shares issued upon conversion of such Listed Options. Under the Offer, an amount of approximately \$6,000 (before costs) may be raised. All of the funds raised under the Offer will be applied towards meeting the expenses of the Offer. Refer to Section 8.7 for further details relating to the estimated expenses of the Offer.

### **5.2 Effect of the Offer**

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

- (a) increase the Company's cash reserves by \$6,000 (before deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Options on issue from 38,956,966 as at the date of this Prospectus to 44,956,966 Options following completion of the Offer.

### **5.3 Pro Forma Consolidated Statement of Financial Position**

The audited Consolidated State of Financial Position as at 30 June 2012 and the unaudited Pro Forma Statement of Financial Position as at 30 June 2012 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 Statement of Financial Position (which has not been audited or reviewed by an auditor) has been prepared on the assumption that all Listed Options offered pursuant to the Offer in this Prospectus are issued and that no Options are exercised prior to the date of completion of the Offer.

The Statements of Financial Position have been prepared to provide potential investors 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 Listed Options are issued under the Offer.

### **Audited Consolidated Statement of Financial Position and Pro-Forma Unaudited Statement of Financial Position as at 30 June 2012**

	Notes	Audited Consolidated 30 June 2012 \$	Pro-Forma Unaudited Consolidated 30 June 2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		325,173	1,369,491
Trade and other receivables		33,029	33,029
Other assets		24,141	24,141
<b>TOTAL CURRENT ASSETS</b>		<b>382,343</b>	<b>1,426,661</b>
<b>NON-CURRENT ASSETS</b>			
Deferred exploration expenditure		8,922,063	9,032,063
Plant and equipment		105,473	85,473
Other financial assets		6,000	6,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,033,536</b>	<b>9,123,536</b>
<b>TOTAL ASSETS</b>		<b>9,415,879</b>	<b>10,550,197</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		476,590	241,590
Provisions		123,084	123,084
<b>TOTAL CURRENT LIABILITIES</b>		<b>599,674</b>	<b>364,674</b>
<b>TOTAL LIABILITIES</b>		<b>599,674</b>	<b>364,674</b>
<b>NET ASSETS</b>		<b>8,816,205</b>	<b>10,185,523</b>
<b>EQUITY</b>			
Issued capital		18,523,536	20,587,854
Reserves		2,338,704	2,553,704
Accumulated losses		(12,046,035)	(12,956,035)
<b>TOTAL EQUITY</b>		<b>8,816,205</b>	<b>10,185,523</b>

#### 5.4 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 2012 and completion of the Offer that should have been reflected in the audited full year financial statements of the Company as at 30 June 2012 except:

- (a) the completion of a non-renounceable entitlement issue of one Listed Option for every ten Shares held by those Shareholders who were registered at 14 November 2012 at an issue price of \$0.01 per Listed Option to raise \$105,547 (after costs);
- (b) the Company will undertake and complete the Offer, being a placement of 6,000,000 Listed Options at an issue price of \$0.001 per Listed Option to raise a maximum of \$6,000 (before costs);

- (c) total costs expected to be incurred in relation to the Offer of \$11,671 are recognised directly against equity;
- (d) the placement of 11,600,000 Shares at an issue price of \$0.10 per Share (together with 5,800,013 free attaching Options) announced to ASX on 4 October 2012 and net proceeds received of \$1,126,150 (after ASX listing and capital raising fees);
- (e) the placement of 8,400,000 Shares at an issue price of \$0.10 per Share (together with 4,200,014 free attaching Options) announced to ASX on 13 December 2012 and net proceeds received of \$814,950 (after ASX listing and capital raising fees);
- (f) cash proceeds totalling \$280,000 received between 1 July 2012 and the date of this Prospectus relating to instalments due in accordance with the Anebá (Potash) Sale and Purchase Agreement dated 7 May 2012; and
- (g) Net expenditure totalling approximately \$1,300,000 between 1 July 2012 and the date of this Prospectus on continuing activities recorded through accumulated losses, reserves or capitalised to exploration projects.

## 5.5 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all Listed Options 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	151,969,390 <sup>(1)</sup>	Nil	151,969,390
Unquoted Options	14,600,000 <sup>(2)</sup>	Nil	14,600,000
Unquoted Listed Options for which application for Quotation will be sought	14,359,361	Nil	14,359,361
Quoted Listed Options	9,997,605	6,000,000 <sup>(3)</sup>	15,997,605

(1) Assuming no unquoted Options are exercised prior to the date of completion of the Offer.

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

(3) Assumes all Listed Options under the Offer are issued and an application for Quotation of the Listed Options will be made.

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

	Number
<b>Options currently on issue</b>	
Unquoted Options exercisable at \$0.75 12 months from 20 February 2008 until on or before 20 February 2013	300,000
Unquoted Options exercisable at \$0.25 on or before 30 November 2014	1,500,000
Unquoted Options exercisable at \$0.30 on or before 30 November 2014	500,000
Unquoted Options exercisable at \$0.35 on or before 30 November 2014	500,000
Unquoted Options exercisable at \$0.40 on or before 19 October 2013	3,750,000
Unquoted Options exercisable at \$0.50 on or before 4 November 2013	650,000
Unquoted Options exercisable at \$0.50 on or before 1 December 2013	500,000
Unquoted Options exercisable at \$0.50 on or before 24 February 2014	1,100,000
Unquoted Options exercisable at \$0.35 on or before 6 July 2015	950,000
Unquoted Options exercisable at \$0.45 on or before 6 July 2015	850,000
Unquoted Options exercisable at \$0.30 on or before 21 December 2014	1,000,000
Unquoted Options exercisable at \$0.30 on or before 26 February 2015	1,000,000
Listed Options exercisable at \$0.20 on or before 28 February 2016, in respect of which an application for Quotation has been made subject to the	14,359,361



requirements of the Listing Rules and the Corporations Act	
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>28,959,361</b>
Quoted Listed Options exercisable at \$0.20 on or before 28 February 2016	9,997,605
<b>Listed Options offered pursuant to the Offer (to be quoted, exercisable at \$0.20 on or before 28 February 2016)</b>	<b>6,000,000</b>
<b>Total Options on issue after completion of Offer</b>	<b>44,956,966</b>

On a fully diluted basis, including the Listed Options, the Company would have 190,926,326 Shares on issue at the date of this Prospectus and 196,926,326 Shares on issue at completion of the Offer assuming all of the Listed Options under the Offer are issued and no Options are exercised prior to the date of completion of the Offer.

No Shares or Options on issue as at the date of this Prospectus are subject to escrow restrictions, either voluntary or imposed by ASX. Up to 3,000,000 of the Listed Options to be issued under the Offer will not vest until the Company's Share price trades about \$0.25 for at least three consecutive business days. Those 3,000,000 Listed Options will be subject to voluntary escrow restrictions, and are prohibited from being transferred, assigned or otherwise disposed of, until the vesting condition is met.

## 5.6 Effect of Control of the Company

The Offer is not expected to have any impact on control of the Company.

## 5.7 Details of Substantial Holders

Based on information available to the Company as at the date of this Prospectus, those persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	% shareholding before the Offer	Entitlements under the Offer
Edward van Heemst	12,417,331	8.2%	Nil
Eastern Prospecting Pty Ltd	9,875,758	6.5%	Nil
Samarkand Holding Pty Ltd	9,875,758	6.5%	Nil
Bullrun Investments Pty Ltd	9,725,758	6.4%	Nil

Only Argonaut Capital Limited or its nominees are entitled to participate in the Offer as the purpose of the Offer is to provide Argonaut Capital Limited with consideration to which it is entitled under the corporate adviser mandate agreement, summarised in Section 8.3(a). Accordingly Argonaut Capital Limited is the only holder whose interests in the Company may increase as a result of the Offer.

As at the date of this Prospectus Argonaut Capital Limited and its related bodies corporate have an interest in 3,150,678 Shares and 3,546,582 Options and accordingly would have an interest in 4.3% of the Shares on issue if all their Options were exercised and assuming no other Options were exercised. As a result of the Offer, the number of Options held by Argonaut Capital Limited and its related bodies corporate will increase by up to 6,000,000 to a maximum of 9,546,582 Options. If all of the 6,000,000 Listed Options under the Offer are issued and all of the Options held by Argonaut Capital Limited and its related bodies corporate were exercised at the conclusion of the Offer (and assuming no other Options were exercised) this would mean that Argonaut Capital

Limited and its related bodies corporate would hold an interest in 12,697,260 Shares or an 7.9% interest in the Shares on issue.

## **5.8 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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## 6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

### 6.1 Terms and Conditions of Listed Options

Each Listed Option entitles the holder to subscribe for Shares on the following terms and conditions:

- (a) **Entitlement**  
Each Listed Option entitles the holder to subscribe for one Share upon exercise of each Listed Option.
- (b) **Exercise Price**  
The exercise price of the Listed Option is \$0.20.
- (c) **Expiry Date**  
Each Listed Option has an expiry date of 28 February 2016.
- (d) **Exercise Period**  
Each Listed Option is exercisable at any time on or before 28 February 2016.
- (e) **Quotation**  
Application for Quotation of Listed Options will be made, subject to the requirements of the Listing Rules and the Corporations Act.
- (f) **Notice of Exercise**  
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.
- (g) **Timing of issue of Shares**  
After a Listed Option is validly exercised, the Company must as soon as possible:
  - A. issue and allot the Share; and
  - B. 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.
- (h) **Shares issued on exercise**  
Shares issued on exercise of the Listed Options rank equally with the then issued Shares.
- (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 Listed Options.
- (j) **Participation in new issues**  
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.
- (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 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
- B. no change will be made to the exercise price of the Listed Options.

(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 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.

(m) Adjustments for reorganisation

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 Listing Rules which apply to the reconstruction at the time of the reconstruction.

(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 Listed Options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

## 6.2 Rights and Liabilities attaching to Shares

The underlying Shares into which the Listed Options offered for subscription under this Prospectus will convert upon exercise of the Listed Options are new Shares that will rank equally with the issued Shares. The rights attaching to Shares are set out in the Constitution and in certain circumstances are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and general law. The rights, privileges and restrictions attaching to Shares are summarised below. This is not exhaustive nor is it a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement you should obtain independent legal advice. 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 ASX Settlement Operating 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 ASX Settlement Operating 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 ASX Settlement Operating Rules.

(d) General meetings

Each Shareholder is entitled to, receive notice of, attend and vote at general meetings of the 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 Shareholders 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 Shareholders the whole or any part of the property of the Company and determine how the division is to be carried out as between Shareholders of different classes.

(g) Issue of further Shares

Subject to the Constitution, the Corporations Act 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 three 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 of the Board does not have a casting vote.

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## **7. RISK FACTORS**

### **7.1 Introduction**

Subscribing for Listed Options 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 Listed Options 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 Listed Options pursuant to this Prospectus.

**The risk factors set out below and others not specifically referred to below must not 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 of the Listed Options offered under this Prospectus and the underlying Shares. Accordingly the Listed Options to be issued pursuant to this Prospectus and the underlying Shares 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**

#### **7.2 Key Risks**

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

- (a) Additional Requirements for Capital.
- (b) Claims, liabilities and litigation.
- (c) Title Risk – Australia.
- (d) Title Risk – Brazil.
- (e) Exploration Risks.
- (f) Access Risks – Native Title and Aboriginal Heritage.
- (g) Reliance on Key Personnel.
- (h) Exploration Costs.
- (i) Contractual and Joint Venture Risk.

**Details of these key risks are contained in Section 3.2 and have not been repeated in this Section 7.**

## **INDUSTRY RISKS**

### **7.3 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.

### **7.4 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 Listed Options and Shares.

### **7.5 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.

### **7.6 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.

### **7.7 Insurance Risks**

Exploration for minerals and development of mineral resource projects involves hazards and risks that could result in the Company incurring losses or liabilities that 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.

## **7.8 Environmental Risks**

The operations and proposed activities of the Company are subject to Western Australian and Commonwealth laws and regulations concerning the environment as well as all laws and regulations concerning the environment in Brazil. 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.

## **7.9 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.

## **GENERAL RISKS**

### **7.10 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.

### **7.11 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 Listed Options and underlying Shares 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 Listed Options or the Shares and subsequently any return on an investment in the Company. Shareholders who exercise their Listed Options and sell the Shares into which they convert may not receive the entire amount of their original investment.

#### **7.12 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 Listed Options and Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

#### **7.13 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 and its Listed Options and Shares. The same adverse impact is possible by the introduction of new government policy or amendments to existing government policy.

#### **7.14 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 Listed Options and Shares.

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## 8. ADDITIONAL INFORMATION

### 8.1 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 to the market any information it has 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 most recently lodged by the Company with ASIC;
  - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC; and
  - (iii) 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 (i) 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 2012 annual financial report and before the lodgement of this Prospectus with ASIC:

<b>Date</b>	<b>Description of Announcement</b>
14/01/2013	Appendix 3B
18/12/2012	Change of Director's Interest Notice x 2
17/12/2012	Company Update
13/12/2012	Section 708A(5)(e) Notice
13/12/2012	Appendix 3B
07/12/2012	Appendix 3B – Listed Options
06/12/2012	Appendix 3B - Amended
06/12/2012	Change of Director's Interest Notice
06/12/2012	Change of Director's Interest Notice
06/12/2012	Appendix 3B
04/12/2012	Entitlement Issue Shortfall Notification
30/11/2012	Results of Meeting
29/11/2012	AGM Presentation
16/11/2012	Despatch of Prospectus
07/11/2012	Letters to Shareholders and Optionholders
05/11/2012	Appendix 3B
02/11/2012	Entitlement Issue Prospectus
01/11/2012	Quarterly Activities Report
01/11/2012	Quarterly Cashflow Report
26/10/2012	Annual Report to Shareholders
26/10/2012	Notice of Annual General Meeting/Proxy Form
22/10/2012	Non-renounceable Entitlement Issue of Options
11/10/2012	Notice under Section 708A(5)(e)(i) of the Corporations Act
11/10/2012	Appendix 3B
04/10/2012	Redstone Raises \$2m and Appoints New Corporate Advisor
02/10/2012	Trading Halt

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).

## 8.2 Market price of Shares and Listed Options

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

There have been no trades in the Listed Options since their Quotation. The highest, lowest and last market sale prices of the Shares 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** \$0.29 on 23 January 2012

**Lowest** \$0.08 on 19 July 2012

**Last** \$0.14 on 16 January 2013

## 8.3 Material Contracts

The following are summaries of the significant terms of material contracts which relate to the Offer:

### (a) Corporate Adviser Mandate with Argonaut Capital Limited

On 4 October 2012 the Company announced that it had entered into a mandate agreement (**Mandate**) pursuant to which it has appointed Argonaut Capital Limited (which is also the Underwriter to the Offer) as the Company's corporate adviser, and that a \$2,000,000 placement was to be undertaken by the Company with Argonaut Capital Limited as the lead manager by the issue and allotment of 20,000,000 Shares at an issue price of \$0.10 (together with 10,000,000 free attaching Options on a one (1) for two (2) Shares basis, exercisable at \$0.20 on or before 28 February 2016) to take place in two tranches (**Capital Raising**). The Capital Raising has been completed, where \$2,000,000 (before costs) was raised by the issue of 20,000,000 Shares (together with 10,000,027 free attaching Options).

Argonaut Capital Limited's engagement as corporate and financial adviser to the Company under the Mandate is for a period of six (6) months from the date of the Mandate or such other date as is agreed in writing or as extended to complete the transactions completed by or defined in the Mandate. Should the Company elect to terminate the Mandate early the Company is liable to pay a \$100,000 termination fee. The following fees and other consideration are payable to Argonaut Capital Limited under the Mandate:

- (i) a fee of \$5,000 per calendar month, payable for six months from the date of the Mandate;
- (ii) a capital raising fee equivalent to 2.5% of any funds raised by the Company pursuant to the Capital Raising; and
- (iii) in the event Argonaut Capital Limited introduces a strategic investor to the Company who commits to provide capital or, or otherwise fund expenditure on the Company or its assets, a fee equivalent to 4% of any unconditional funds committed by the strategic investor plus 2% of any conditional funds committed by a strategic investor as they are expended, which fee shall not exceed \$2,000,000 in aggregate and the right to the fee shall cease four (4) years after the date of a strategic investor's first commitment.

Under the Mandate, Argonaut Capital Limited is also entitled (subject to Shareholder approval which was obtained at the 2012 annual general meeting of Shareholders), but is not required, to subscribe for up to 6,000,000 Listed Options at a price of \$0.001 per Listed Option. It is those Listed Options which are the subject of this Prospectus and the Offer. 3,000,000 Listed Options shall not vest until the Share price trades above \$0.25 for at least three (3) consecutive business days and will be the subject of a voluntary restriction agreement until they vest. The Company is also required to pay all reasonable out of pocket expenses incurred by Argonaut Capital Limited in connection with the Mandate.

The Mandate contains representations and warranties that are considered standard for a mandate of this type and entitles Argonaut Capital Limited to a first right of refusal to assist the Company should it elect to undertake certain transactions in the 12 months from the date of the Mandate.

#### 8.4 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 years preceding lodgement of this Prospectus with the 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 personally related entities, have the following relevant interests in Securities as at the date of this Prospectus:

Name	Shares	Options
Richard Homsany	2,367,330	4,183,665
Anthony Ailakis	Nil	2,000,000
Edward van Heemst	12,417,331	3,688,666

#### 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 the Directors, including their personally related entities, have been paid or are entitled to be paid.

Name	Year Ended 30 June 2011	Year Ended 30 June 2012	1 July 2012 to date of this Prospectus
Richard Homsany <sup>(3)</sup>	\$75,500	\$97,620	\$74,197
Anthony Ailakis <sup>(1)</sup>	\$517,030	\$199,224	\$99,000
Edward van Heemst <sup>(2)</sup>	Nil	Nil	\$6,540

Notes:

- (1) Mr Ailakis was appointed as Executive Director on 9 July 2012 and did not receive any remuneration in FY 11 or FY12 as a Director, however he received remuneration as an executive officer (Operations Manager) of the Company as disclosed in the Company's 2012 annual report. During the 2011 financial year Mr Ailakis was granted 2,000,000 Options valued at \$289,900 included in his total remuneration of \$517,030.
- (2) Mr van Heemst was appointed as Non-Executive Director on 9 July 2012.

## 8.5 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
- 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.

Argonaut Capital Limited has been appointed as corporate adviser to the Company and will be paid for these services on the terms and conditions in Section 8.3(a). During the 24 months preceding lodgment of this Prospectus with ASIC, the Company has incurred fees of approximately \$68,589.23 to Argonaut Capital Limited for services provided to the Company. The Listed Options to be issued pursuant to this Prospectus form part of the consideration for services provided to the Company by Argonaut Capital Limited.

## 8.6 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 8.6.

Argonaut Capital Limited has given its written consent to being named as corporate adviser to the Company in this Prospectus, in the form and context in which it is named. Argonaut Capital Limited has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

## 8.7 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$11,671 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	(\$)
ASIC fees	2,171
ASX fees	1,500
Advisory fees, printing, miscellaneous and other expenses	8,000
<b>TOTAL</b>	<b>11,671</b>

## 8.8 Litigation

Mr Ailakis, a Director, was a defendant in a legal claim (**Claim**) lodged against him in 21 February 2011 in the District Court of Western Australia (3982 of 2010 Olivero v Ailakis & Anor). On 14 December 2012 the District Court awarded damages to the plaintiff of \$750,000 in relation to the Claim. The defendants are reviewing grounds for an appeal.

The Company has in place Deeds of Indemnity, Insurance and Access with its officers including Mr Ailakis, whereby inter alia the Company has agreed to indemnify and keep indemnified Mr Ailakis against:



- (a) all liabilities incurred by Mr Ailakis as a Director; and
- (b) without limiting the above, all legal expenses incurred by Mr Ailakis as a Director.

The indemnity only applies to the extent and amount that Mr Ailakis is not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Company.

To date, the Company has indemnified Mr Ailakis for all legal expenses incurred in defending the Claim. The Company has also lodged an insurance claim for legal expenses and losses that may arise from the Claim pursuant to the Company's Directors and Officers policy with QBE Insurance. However as at the date of this Prospectus, the amount of potential claim for defence cost reimbursement from QBE Insurance or potential loss from the Claim is not known and a reasonable estimate cannot be made.

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

## **8.9 Privacy Statement**

If you complete an Application 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 Application Form the Company may not be able to accept or process your application.

## **8.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). CHESS 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 CHESS 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 Listed Options. 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.

## **8.11 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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## 9. GLOSSARY

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

**\$** means an Australian dollar.

**Applicants** means a person who applies for Listed Options pursuant to the Offer using the Application Form.

**Application Form** means the application form attached to and forming part of this Prospectus.

**Application Money** means money for Listed Options received by the Company pursuant to the Offer.

**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.

**Baggaley Hills Project** means the exploration project located in the West Musgrave, Australia, comprising exploration licences 69/2200, 69/2249, 69/2053, 69/2054, 69/2339 and 69/2340 applied for and granted under the Mining Act.

**Blackstone Range Project** means the exploration project located in the West Musgrave, 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 a day other than a Saturday or a Sunday when trading banks are ordinarily open for business in Perth, Western Australia.

**Closing Date** means the closing date of the Offer as set out in Section 2 (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.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004) 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 an Option issued under the Offer on the terms and conditions set out in Section 6.1.

**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.

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

**Offer** means the invitation to subscribe for Listed Options under this Prospectus.

**Opening Date** means the opening date of the Offer as set out in in Section 2.

**Option** means an option to acquire a Share.

**Pontal Project** means the exploration project located in the Xingu region, Brazil comprising tenements 850738/2011 and 850739/2011 applied for and granted under the Federal Mining Code (1967) of Brazil.

**Prospectus** means this prospectus dated 17 January 2013.

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

**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.

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


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**10. 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 17 January 2013.



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

# REDSTONE RESOURCES LIMITED

ACN 090 169 154

## APPLICATION FORM

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

REGISTERED OFFICE: Suite 3, 110-116 East Parade, East Perth WA 6004

SHARE REGISTRY: Advanced Share Registry Ltd, Unit 2, 150 Stirling Highway Nedlands WA 6009

**Offer of up to 6,000,000 Listed Options, at an issue price of \$0.001 per Listed Option.  
The Offer closes at 5.00 pm (WST) on 31 January 2013.**

To the Directors  
Redstone Resources Limited

I/We the above mentioned hereby apply for the number of Listed Options shown below in accordance with the enclosed Prospectus;

By submitting this Application Form to accept the Offer, I/we represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of this Application Form, and declare that all details and statements made by me/us are complete and accurate.

I/We agree to be bound by the constitution of Redstone Resources Limited and agree to the terms and conditions of the Offer. I/We represent and warrant that I/we have not relied on any other information provided by or on behalf of the Company other than as set out in the Prospectus when making my/our decision to invest.

I/We hereby authorise you to place my/our name(s) on the registers of option holders in respect of the number of Listed Options (if any) allotted to me/us.

**RETURN OF THIS DOCUMENT WITH THE REQUIRED PAYMENT WILL CONSTITUTE YOUR APPLICATION FOR THE NUMBER OF LISTED OPTIONS SET OUT BELOW**

### APPLICATION FOR LISTED OPTIONS

NUMBER OF LISTED OPTIONS APPLIED FOR	TOTAL AMOUNT ENCLOSED AT \$0.001 PER LISTED OPTION
	\$

### PAYMENT

Payment of Application Money may only be made by cheque or money order. Cash will not be accepted.

PLEASE ENTER CHEQUE DETAILS THANK YOU	Drawer	Bank	Branch	Amount

NOTE: Cheques or money orders should be made payable to Redstone Resources Limited – IPO Account, crossed NOT NEGOTIABLE and must accompany your Application Form and be mailed to Redstone Resources Limited, PO Box 8646, Perth Business Centre, Perth, Western Australia 6849 or delivered to Redstone Resources Limited, Suite 3, Level 2, 110 – 116 East Parade, East Perth, Western Australia 6004 to arrive no later than 5.00 pm WST on Thursday, 31 January 2013. Please ensure that you submit the correct amount. Incorrect payments may result in your Application being rejected.

My/Our contact numbers in the case of enquiry are:

Telephone : ( )

Fax : ( )

Email :

Complete this panel and sign below only if a change of address is to be registered with the Company

New Address :	_____
Signature(s) :	_____ Date : _____
Please indicate correct title: Director / Secretary /	_____

**THE OFFER CLOSSES 5.00 PM WST ON THURSDAY 31 JANUARY 2013, (UNLESS EXTENDED). THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS APPLICATION FORM WHERE APPROPRIATE. PLEASE REFER OVERLEAF FOR INSTRUCTIONS.**

## **APPLICATION INSTRUCTIONS**

### **Payment**

The price payable upon each Application is \$0.001 per Listed Option.

You can apply for Listed Options by utilising the payment options detailed below.

Your cheque or money order must be made payable to Redstone Resources Limited – IPO Account, in Australian currency and crossed Not Negotiable. Your cheque must be drawn on an Australian branch of a financial institution. 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) or money order(s) to the Application Form. Cash will not be accepted. A receipt for payment will not be provided.

### **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 Application Form.

### **Lodgement of Application**

The Company must receive your Application at the address set out below no later than 5.00pm WST on Thursday, 31 January 2013. You should allow sufficient time for this to occur. Return your Application Form with your cheque or money order attached.

The Company does not accept any responsibility if you lodge your Application Form at any other address or by any other means.

### **Privacy Statement**

Personal information is collected on this Application Form by Advanced Share Registry Ltd, 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 Advanced Share Registry Ltd, or you would like to correct information that is inaccurate, incorrect or out of date, please contact Advanced Share Registry Ltd. 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 Advanced Share Registry Ltd. You can contact Advanced Share Registry Ltd using the details provided on the front of this Application Form.

If you have any enquiries concerning this Application Form, please contact the Company Secretary, Ms Miranda Conti, on +61 8 9328 2552.

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

#### *By Mail*

Redstone Resources Limited  
PO Box 8646  
Perth Business Centre  
Perth, Western Australia 6849

Or

#### *By Delivery*

Redstone Resources Limited  
Suite 3, Level 2  
110 – 116 East Parade  
East Perth, Western Australia 6004

Capitalised terms used in this Application Form have the same meaning as those terms in the Prospectus unless the context requires otherwise.