



31 July 2019

## QUARTERLY REPORT

### For the Period Ending 30 June 2019

#### HIGHLIGHTS

- Completed ground EM surveys during the Quarter over 12 airborne EM (**VTEM<sub>max</sub>**) targets, including the already drilled EM1 prospect.
- Completed ground EM surveys have delineated EM targets for follow up drilling.
- The EM surveys have confirmed the two best targets are 3J and 3G. Further, given the mineralisation at the Tollu Copper Vein project (**Tollu**) is not conductive, the near surface ground EM features present at 2C, 3E and 3I, continue to be genuine geophysical targets that warrant further exploration.
- Ground EM results disclose that Redstone has not yet tested prospective areas of the Project outside of the already defined JORC compliant Copper and Cobalt resource at Tollu.
- Planning and preparation underway for follow up RC drilling program to drill test delineated EM targets.
- R&D Rebate of \$264,000 (before costs) received in April 2019.

Redstone Resources Limited (**ASX Code: RDS**) ("**Redstone**" or the "**Company**") presents its quarterly report for the period ending 30 June 2019 (the "**Quarter**").

Redstone's primary focus is advancing its 100% owned West Musgrave Project (the "**Project**"), which includes the Tollu Copper Vein project ("**Tollu**"), located in the southeast portion of the West Musgrave region of Western Australia. The Project has the right geological and structural setting for large magmatic Ni-Cu sulphide deposits just 40km east of the world-class Nebo-Babel Ni-Cu deposit.

Tollu hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km<sup>2</sup>. Copper mineralisation is exposed at the surface and forms part of a dilation system within and between two major shears.



Redstone expects the initial JORC 2012 resource at Tollu of **3.8 million tonnes at 1% Cu, containing 38,000 tonnes of copper, and 0.01% cobalt, which equates to 535 tonnes of contained cobalt** (ASX release 15 June 2016 and 1 May 2017), the mineralised area, and the volume of hydrothermal mineralisation, to increase significantly with further drilling.

Detailed geochemical analysis of the EM1 (**VTEM<sub>max</sub>**) target assay results suggest that the Project may also be prospective for Volcanic Hosted Massive Sulphide (VHMS) deposits, large continental type Molybdenum (Mo)-porphyry deposits, strata-bound Gold (Au)- Silver (Ag) deposits, Tin (Sn) – Tungsten (W) mineralisation related to granites, granite stockworks or greissens, intrusion related polymetallic veining and Intrusion Related Gold deposits (IRG).

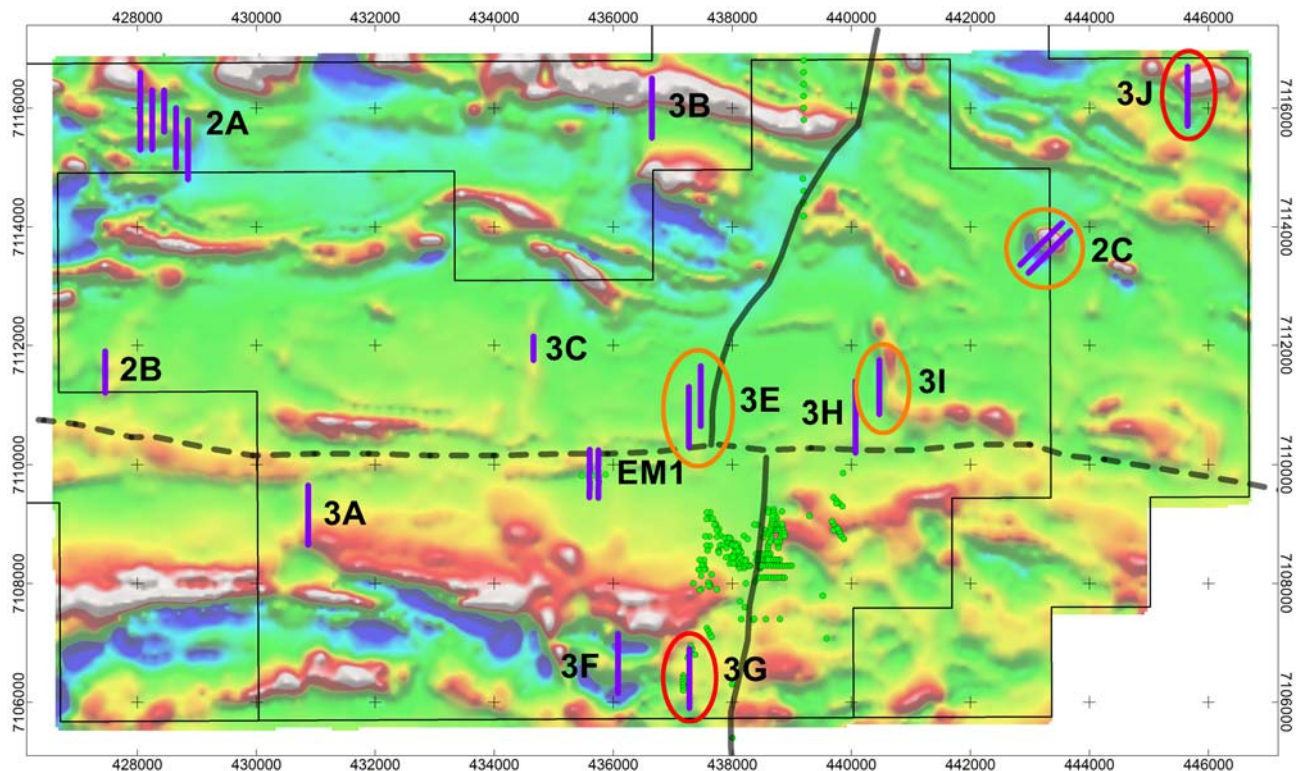
## **WEST MUSGRAVE PROJECT**

### **2019 Exploration Program**

During the Quarter Redstone re-commenced and completed its follow up ground electromagnetic (EM) surveys over twelve priority airborne EM (**VTEM<sub>max</sub>**) targets (**Figure 1**), including the already drilled EM1 target.

A fixed loop EM survey was conducted over target EM1 and consisted of 1.6 line km over two lines. The survey was acquired at 1Hz and utilised a 600x200m fixed loop with a receiver line spacing of 150m and a station spacing of 50m. A moving loop EM survey consisted of approximately 18 line km over 18 lines was conducted over 11 of the remaining airborne EM (**VTEM<sub>max</sub>**) targets. The moving loop survey was acquired at 0.5-1Hz using a 200m x 200m moving loop slingram configuration and a station spacing of 100m.

The ground EM surveys have enabled Redstone to penetrate deeper around the 12 EM targets, further delineating targets for follow up drilling. The EM surveys have confirmed the two best targets are 3J and 3G. They have been modelled as weak to moderately conductive features (150-200S) with a depth to the top of 265m/ 200m respectively. Further, given the mineralisation at the Tollu Copper Vein project is not conductive, these targets (3J and 3G) and the near surface ground EM features present at 2C, 3E and 3I, continue to be genuine geophysical targets that also warrant further exploration (**Figure 1**). Targets 3G, 3E and 3I occur along strike to the north and south of Tollu, while targets 2C and 3J are close to discrete magnetic anomalies.



**Figure 1 –Ground EM locations on reduced to pole magnetic image on tenements E69/2450 and E69/3456.**  
Ground EM lines are shown in purple. Historical drilling and Tollu prospect shown in green.

## CORPORATE

### R&D Rebate

During the March 2019 quarter the Company completed and lodged a Research and Development Incentive claim (the **R&D Rebate**). The Company determined the R&D Rebate amount under the Australian Taxation Office's self-assessment system with the final gross amount of \$264,000 received on 10 April 2019.

The funds from the R&D Rebate will contribute to the Company's capital requirements over the next 12 months in conjunction with the Company's capital raising efforts



### TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

The Company holds the following tenements at the end of the Quarter.

#### TENEMENT SUMMARY AS AT 30 JUNE 2019

##### West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date (Application Date)	Expiry	Blocks	Area km <sup>2</sup>
Tollu	E 69/2450	Redstone Resources Limited	100%	100%	19/09/2008	18/09/2020	41	126.4
Milyuga	E 69/3456	Redstone Resources Limited	100%	100%	14/08/2017	13/08/2022	28	86.4
Milyuga	ELA 69/3568	Redstone Resources Limited	0%	100%	(10/05/2018)	N/A	27	83.2
Milyuga	ELA 69/3675	Westmin Exploration Pty Limited	0%	100%	(18/02/2019)	N/A	109	336.0

The Company did not acquire or dispose of any interests in any joint ventures, farm-in or farm out arrangements during the Quarter.

#### Competent Persons Statement

The information in this document that relates to exploration results was authorised by Dr Greg Shirtliff, who is employed as a Consultant to the company through Zephyr Professional Pty Ltd. The information in this report that relates to Geophysical Exploration Results is based on information compiled by Mr Barry Bourne, who is also employed as a Consultant to the Company through geophysical consultancy Terra Resources Pty Ltd. Mr Bourne is a fellow of the Australian Institute of Geoscientists and a member of the Australian Society of Exploration Geophysicists and Dr Shirtliff is a Member of the Australian Institute of Mining and Metallurgy. Both Mr Bourne and Dr Shirtliff have sufficient experience of relevance to the tasks with which they were employed to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Both Mr Bourne and Dr Shirtliff consent to the inclusion in the report of matters based on information in the form and context in which it appears.

#### Forward-Looking Statements

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

#### REDSTONE RESOURCES

Redstone Resources Limited (**ASX: RDS**) 100% owned Tollu Copper Project ("**Tollu**"), part of the Company's broader West Musgrave Project (the "**Project**"), is located in the southeast portion of the prospective West Musgrave region of Western Australia. The Project is located central to the Cassini Resources Nebo Babel prospect to the West and the Metals X Ltd Wingellina Ni-Co project to the East.



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In 2017 the Company completed a detailed ground-up review of the project geology incorporating the historic geological, geochemical and geophysical dataset. This review identified the suitability of the electromagnetic (EM) geophysical method for identifying potential targets. The EM surveys (airborne and ground) have delineated a large thick disseminated sulphide rich volcanoclastic (ASX announcement 27 April 2018) and several targets to the north and south of Tollu.

For further information please contact:

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## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Redstone Resources Limited

### ABN

42090169154

### Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	24	42
1.2	Payments for		
	(a) exploration & evaluation	(96)	(187)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(50)	(125)
	(e) administration and corporate costs	(38)	(635)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (2017 Research & Development fee)	240	216
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>81</b>	<b>(686)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	(16)
	(c) investments	-	-
	(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(16)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,599
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(20)	(152)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(100)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(20)</b>	<b>1,347</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	706	122
4.2	Net cash from / (used in) operating activities (item 1.9 above)	81	(686)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(16)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	1,347
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>767</b>	<b>767</b>

*\*Items 1.2(e) and 3.6 include YTD payments made by way of debt offset pursuant to the Company's Entitlement Offer Prospectus dated 31 August 2018 (and Supplementary Prospectus dated 3 September 2018).*

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	253	194
5.2 Call deposits	514	512
5.3 Bank overdrafts	-	-
5.4 Other – Share Registry Trust	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)*</b>	<b>767</b>	<b>706</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

25

-

Director salary and partial payment of Entitlement Offer Underwriting Fee pursuant to Underwriting Agreement

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**

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

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

-

-

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.



<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(250)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(32)
9.5 Administration and corporate costs	(43)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(325)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



31 July 2019

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

Date: .....

Miranda Conti

Print name: .....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.