



**REDSTONE RESOURCES LIMITED**  
**ACN 090 169 154**

**CONSOLIDATED FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2018**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Redstone Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

# REDSTONE RESOURCES LIMITED

ACN 090 169 154

## CONTENTS

Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Half-Year Financial Statements	13
Directors' Declaration	19
Independent Auditor's Review Report to the Members	20

### Competent Persons Statement

The information in this document that relates to drilling and exploration results was authorised by Dr Greg Shirliff, who is engaged 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 engaged 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 Shirliff is a Member of the Australian Institute of Mining and Metallurgy. Both Mr Bourne and Dr Shirliff have sufficient experience of relevance to the tasks with which they were engaged 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 Shirliff consent to the inclusion in the report of matters based on information in the form and context in which it appears.

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

### Forward-Looking Statements

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

**REDSTONE RESOURCES LIMITED**

ACN 090 169 154

**CORPORATE DIRECTORY**

**DIRECTORS:**

Mr Richard Homsany (Chairman)  
Mr Brett Hodgins (Non-Executive Director)  
Mr Edward van Heemst (Non-Executive Director)

**COMPANY SECRETARY:**

Ms Miranda Conti

**REGISTERED AND PRINCIPAL OFFICE:**

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WEST PERTH WA 6005  
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**HOME STOCK EXCHANGE:**

Australian Stock Exchange Limited  
Level 40  
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152-158 St George's Terrace  
PERTH WA 6000  
ASX Code: RDS, RDSOB

**AUDITOR:**

Butler Settineri (Audit) Pty Ltd  
Unit 16, First Floor  
100 Railway Road (Cnr Hay Street)  
SUBIACO WA 6008

# REDSTONE RESOURCES LIMITED

ACN 090 169 154

## DIRECTORS' REPORT

Your directors submit the financial report of Redstone Resources Limited and its controlled entities ("Redstone" or the "Entity") for the half-year ended 31 December 2018 ("Half-year"). In order to comply with the provisions of the Corporations Act 2001, the directors' report follows:

### The Board of Directors

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

Richard Homsany  
Brett Hodgins  
Edward van Heemst

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

### Review of Operations

The consolidated loss after income tax for the Half-year is \$122,642 (2017: \$116,668).

## WEST MUSGRAVE PROJECT

During the Half-year Redstone held interests in two granted exploration licences, E69/2450 and E69/3456 and a further tenement in application (E69/3568), in the West Musgrave region of Western Australia (the "**West Musgrave Project**" or "**Project**"), which includes the Company's 100% owned Tollu Copper Vein project ("**Tollu**").

The Project is prospective for major copper and nickel-copper mineralisation. The tenements and Project location is shown on **Figures 1** and **2**.



Figure 1 – West Musgrave - Location Map

## DIRECTORS' REPORT

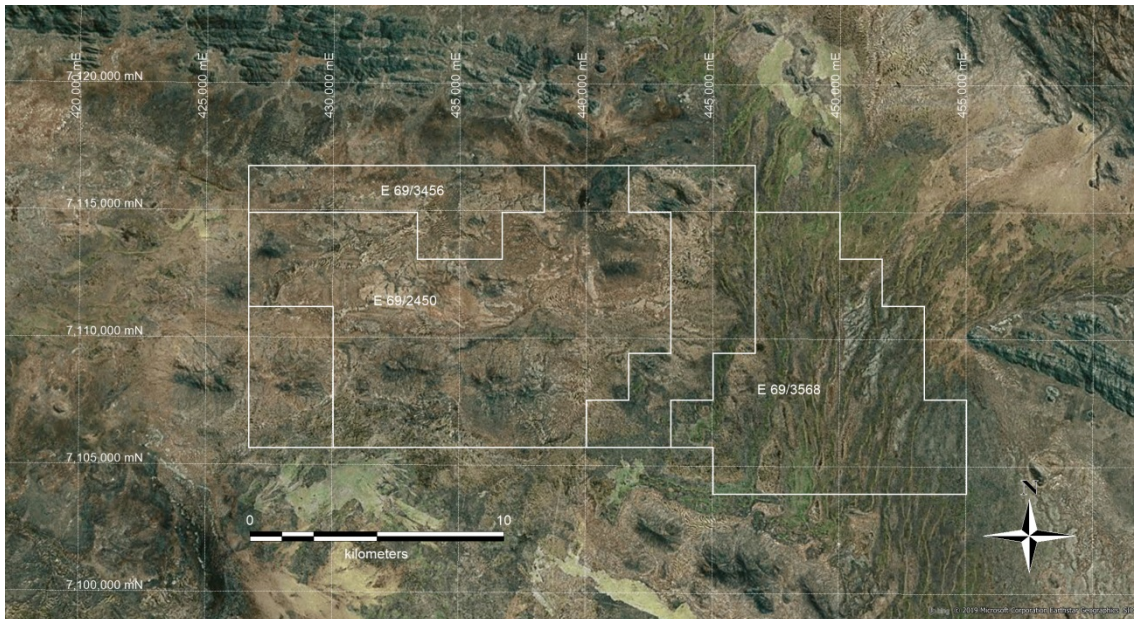


Figure 2– West Musgrave Project Tenements

Redstone's primary focus is the advancement of its 100% owned West Musgrave Project, which includes the Tollu project, 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.

In 2017, the Company completed a detailed ground-up review of the entire 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 and the Company subsequently completed an airborne EM (**VTEM<sub>max</sub>**) survey in May 2017. This survey identified 13 priority targets, with the 2017 drilled high priority EM1 target, located approximately 3km east of Tollu, identifying hydrothermal sulphide alteration in a rift related volcanic pile.

Detailed geochemical analysis in 2018 of the EM1 (**VTEM<sub>max</sub>**) target assay results suggest that the Project may also be prospective for other mineral systems such as Volcanic Hosted Massive Sulphide (VHMS) deposits, large continental type Molybdenum (Mo)-porphyry deposits, strata-bound Gold (Au)- Silver (Ag) deposits and Intrusion Related Gold deposits (IRG).

### 2019 Planned Exploration Program

During the Half-year Redstone continued its evaluation activities and preparations for its next phase of exploration planned for 2019 including for a follow up RC drilling program of up to 7,500m on selected prioritised EM targets.



## DIRECTORS' REPORT

In preparation and planning for the 2019 Project exploration program the Company completed all requisite heritage clearances and approvals for commencement of a ground EM survey over the EM1 target and the other identified 12 EM (**VTEM<sub>max</sub>**) targets (**Figure 1**) in late November 2018. However, due to severe weather conditions the ground EM survey was halted prior to any significant data being collected. Planning is underway to recommence the ground EM survey in March 2019, weather conditions permitting.

The high priority EM1 target, drilled in 2017, intersected a 100m thick zone of high grade hydrothermal pyrite mineralisation with anomalous trace elements and represents another major zone of hydrothermal sulphide mineralisation just 2.5-3km to the NW of the Tollu Project. EM1 and the modelled EM (**VTEM<sub>max</sub>**) targets confirm the potential for conductors indicative of Ni-Cu sulphide mineralisation on the Project.

The ground EM survey will aid prioritisation of the targets, as well as provide a better understanding of the nature of the sulphide mineralisation intersected at EM1 at depth. Following analysis of the ground EM survey results and further exploration and evaluation activities, the Company proposes to undertake a RC drilling program to test certain of the EM (**VTEM<sub>max</sub>**) targets confirmed by the ground EM survey. The extent of the RC drilling program will be dependent on further and sufficient funding.

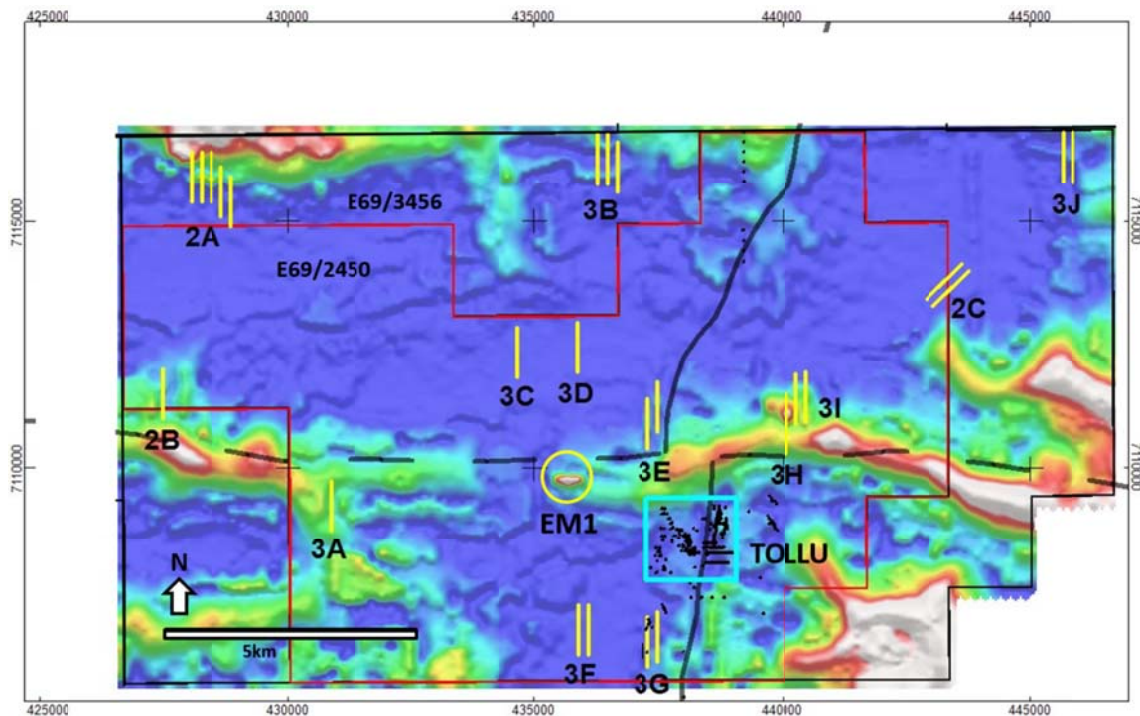


Figure 1 –Planned ground EM on VTEM tau (dBdt) on tenements E69/2450 and E69/3456. Planned ground EM lines are shown in yellow. Historical drilling and Tollu prospect shown in black.

### Exploration Incentive Scheme Co-funded Drilling Grant

During the Half-year Redstone applied for a West Australian Government Exploration Incentive Scheme (EIS) grant (Round 18) to co-fund drilling at three EM targets.

In December 2018 the Company was successfully awarded the EIS co-funding grant (applicable to 31 December 2019) for up to the value of \$150,000, to assist with three diamond drill holes totalling approximately 2,100m at three EM targets on the Project.

## REDSTONE RESOURCES LIMITED

ACN 090 169 154

# DIRECTORS' REPORT

Amongst other things, the diamond drill holes have the potential for Redstone to re-interpret the tectonic setting for the West Musgrave region and the Tollu Sub-basin, which, if proved correct, would dramatically expand the types of deposits (currently it is just magmatic Ni-Cu-Co sulphide deposits) that should be targeted for exploration within the area. The decision to proceed with a diamond drill program will be dependent on results from the ground EM survey and the initial RC drilling.

## CORPORATE

### FUNDRAISING – ENTITLEMENT OFFER AND SHORTFALL OFFER

On 31 August 2018 the Company lodged a Prospectus (along with a Supplementary Prospectus on 3 September 2018) with ASIC and ASX (together the **Prospectus**) for a partially underwritten pro rata non renounceable entitlement offer to raise up to \$2,152,960 (before costs) (**Entitlement Offer**) to eligible shareholders. The Entitlement Offer was made on the basis of one (1) new fully paid ordinary share in the capital of the Company (**New Shares**) for every three (3) existing fully paid ordinary shares at an issue price of \$0.017 per New Share. Eligible Shareholders were also invited to apply for New Shares in excess of their entitlement through the Additional New Shares Offer.

Shareholders also received one (1) free attaching option, exercisable at \$0.035 on or before 30 April 2021 (**New Listed Options**) for every two (2) New Shares subscribed for and issued under the Entitlement Offer and Additional New Shares Offer.

The Entitlement Offer closed on 3 October 2018, raising a total of \$1,451,500 (before costs). Accordingly, the Company issued 85,382,485 New Shares and 42,691,267 free attaching New Listed Options - ASX: RDSOB, these being a new class of quoted security.

The Company raised further funds from the shortfall of 41,262,218 New Shares and 20,631,109 free attaching New Listed Options (**Shortfall Securities**) in accordance with the Prospectus (**the Shortfall Offer**).

Funds raised will be predominantly used for an exploration program and RC drilling of EM (**VTEM<sub>max</sub>**) targets on the Company's Project.

### R&D Rebate

During the Half-year the Company completed its preparation for a Research and Development Incentive claim (**the R&D Rebate**) in relation to the 2018 financial year for a claim amount of \$264,000 (before fees). The R&D rebate claim and FY2018 company tax return have been lodged subsequent to 31 December 2018.

### Subsequent Events

#### Issue and allotment of Shortfall Shares and Listed Options

On 3 January 2019 the Company issued and allotted 588,236 fully paid ordinary shares (**Shares**) at an issue price of \$0.017 per Share and 294,118 free attaching listed options (ASX: RDSOB) exercisable at \$0.035 on or before 30 April 2021, to raise \$10,000. The Shares and options were issued pursuant to a Shortfall Offer in accordance with an Entitlement Offer Prospectus dated 31 August 2018 (and Supplementary Prospectus dated 3 September 2018).

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**DIRECTORS' REPORT**

**Lodgement of Research and Development Tax Incentive Claim**

Subsequent to the Half-year the Company has completed and lodged a Research and Development Tax Incentive claim (the **R&D Rebate**), followed by lodgement of its FY2018 tax return in March 2019. The Company has determined the R&D Rebate amount under the Australian Taxation Office's self-assessment system for an amount of \$264,000 (before fees).

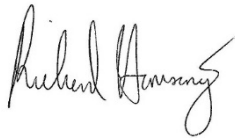
No other matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Entity in future financial years.

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settineri (Audit) Pty Ltd, to provide the directors of Redstone with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2018.

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

On behalf of the Directors



R Homsany  
Chairman  
Perth, Western Australia  
15 March 2019



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Redstone Resources Limited for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Redstone Resources Limited and the entities it controlled during the half year period.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 15 March 2019

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year ended 31 December 2018 \$	Half-year ended 31 December 2017 \$
<i>Revenue</i>			
Other Income		57,623	124,027
<b>Total revenue</b>		<b>57,623</b>	<b>124,027</b>
<i>Expenses</i>			
Administration and other expenses from ordinary activities		(80,417)	(95,573)
Employee benefit expense		(97,878)	(142,912)
Depreciation and amortisation expense		(1,095)	(1,571)
Finance costs		(1,064)	(794)
Exploration expenditure		-	-
<b>Total expenses</b>		<b>(180,454)</b>	<b>(240,850)</b>
<b>Loss before interest and taxes</b>		<b>(122,831)</b>	<b>(116,823)</b>
Interest revenue		189	155
<b>Loss before income tax</b>		<b>(122,642)</b>	<b>(116,668)</b>
Income tax expense		-	-
<b>Loss after income tax for the period</b>		<b>(122,642)</b>	<b>(116,668)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(122,642)</b>	<b>(116,668)</b>
Earnings per share (cents per share)		Cents	Cents
- Basic and diluted loss for the half-year	11(c)	(0.03)	(0.03)

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

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

	Note	At 31 December 2018 \$	At 30 June 2018 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		787,655	122,818
Trade and Other Receivables		254,233	928
Other Assets		21,693	5,102
<b>TOTAL CURRENT ASSETS</b>		<b>1,063,581</b>	<b>128,848</b>
<b>NON-CURRENT ASSETS</b>			
Deferred Exploration Expenditure	5	6,266,807	6,341,048
Property, Plant and Equipment		6,253	7,348
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,273,060</b>	<b>6,348,396</b>
<b>TOTAL ASSETS</b>		<b>7,336,641</b>	<b>6,477,244</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	6	356,778	755,431
Provisions		16,852	17,404
<b>TOTAL CURRENT LIABILITIES</b>		<b>373,630</b>	<b>772,835</b>
<b>TOTAL LIABILITIES</b>		<b>373,630</b>	<b>772,835</b>
<b>NET ASSETS</b>		<b>6,963,011</b>	<b>5,704,409</b>
<b>EQUITY</b>			
Issued Capital	11	25,126,983	23,745,739
Reserves		138,256	138,256
Accumulated Losses		(18,302,228)	(18,179,586)
<b>TOTAL EQUITY</b>		<b>6,963,011</b>	<b>5,704,409</b>

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

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

**Six months ended 31 December 2018**

	Issued Capital	Accumulated Losses	Share based Payments Reserve	Total Equity
	\$	\$	\$	\$
<b>At 1 July 2018</b>	<b>23,745,739</b>	<b>(18,179,586)</b>	<b>138,256</b>	<b>5,704,409</b>
Total comprehensive income attributable to members	-	(122,642)	-	(122,642)
Share capital issued	1,537,511	-	-	1,537,511
Capital issue costs	(156,267)	-	-	(156,267)
<b>At 31 December 2018</b>	<b>25,126,983</b>	<b>(18,302,228)</b>	<b>138,256</b>	<b>6,963,011</b>

**Six months ended 31 December 2017**

	Issued Capital	Accumulated Losses	Share based Payments Reserve	Total Equity
	\$	\$	\$	\$
<b>At 1 July 2017</b>	<b>23,741,629</b>	<b>(17,987,620)</b>	<b>274,656</b>	<b>6,028,665</b>
Total comprehensive income attributable to members	-	(116,668)	-	(116,668)
Share capital issued	4,110	-	-	4,110
Share-based payments expiring	-	157,000	(157,000)	-
<b>At 31 December 2017</b>	<b>23,745,739</b>	<b>(17,947,288)</b>	<b>117,656</b>	<b>5,916,107</b>

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

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year ended 31 December 2018 \$	Half-year ended 31 December 2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	6,000	-
Payments to suppliers and employees	(48,169)	(84,962)
Interest received	189	155
Interest paid	-	-
Net R&D tax concession	(11,534)	-
Net cash flows used in operating activities	(53,514)	(84,807)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration expenditure	(92,323)	(507,816)
Net R&D tax concession	(12,216)	-
Net cash used in investing activities	(104,539)	(507,816)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	862,511	4,110
Payment of share issue costs	(39,621)	-
Net cash flows from financing activities	822,890	4,110
Net increase/(decrease) in cash held	664,837	(588,513)
Cash at the beginning of the half-year	122,818	624,460
<b>CASH AT THE END OF THE HALF-YEAR</b>	<b>787,655</b>	<b>35,947</b>

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

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

#### 1. Corporate Information

The financial report of Redstone Resources Limited (the "Company") for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 15 March 2019.

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

The nature of the operations and principal activities of the Company are described on pages 3 to 7 in the Directors' Report.

#### 2. Summary of Significant Accounting Policies

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

This half-year financial report should be read in conjunction with the annual financial report of Redstone Resources Limited for the year ended 30 June 2018.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

##### a) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Redstone Resources Limited and its controlled entities as at 31 December 2018 (the "Entity" or "Group") - refer note 10.

##### b) Basis of Accounting

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

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



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

#### 2. Summary of Significant Accounting Policies (continued)

##### c) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as the annual financial statements for the year ended 30 June 2018.

The Entity has reviewed all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. It has been determined that there is no impact, material or otherwise, and therefore no change is required to the Entity's accounting policies.

The Entity has also reviewed all new standards and interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore, no change necessary in the Entity's accounting policies.

##### d) Going Concern

The Entity recorded a loss of \$122,642 for the half-year ended 31 December 2018 and as at 31 December 2018 had net current assets of \$689,951 and exploration and operating commitments for the following 12 months to 31 December 2019 of \$115,953 (note 7). The financial report has been prepared on a going concern basis as the Directors are of the opinion that the Group will be able to pay its debts as and when they fall due. The Directors contemplate continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

#### 3. Dividends

The Entity has not declared or paid a dividend during the half-year ended 31 December 2018.

#### 4. Segment Information

The Entity has one operating segment being mineral exploration in Australia.

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

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**5. Deferred Exploration Expenditure**

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

Of the \$6,266,807 carrying value, \$6,261,827 relates to the net deferred exploration spend incurred on the West Musgrave Project tenements (E69/2450 and E69/3456) to 31 December 2018. The balance of \$4,980 relates to application fees incurred for the Milyuga tenement of 27 blocks (E69/3568), which is located adjacent to the E69/2450 tenement.

	31 December 2018 \$	30 June 2018 \$
Exploration costs brought forward	6,341,048	5,900,934
Expenditure incurred on exploration assets	124,145	559,270
Reimbursement of capitalised costs Other creditors (ii)	(198,386)	(119,156)
<b>Carrying amount at the end of the year</b>	<b>6,266,807</b>	<b>6,341,048</b>

**6. Trade and Other Payables**

**Current**

Trade creditors (i)	159,064	65,468
Other creditors (ii)	197,714	689,963
	<b>356,778</b>	<b>755,431</b>

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.
- (ii) Other creditors are non-interest bearing and have an average term of 30 days, other than for related party creditors of the Entity totalling \$161,546 (30 June 2018: \$670,800) which, by mutual agreement with the Entity, currently have no set term for payment.

Trade and other payables include \$70,554 (30 June 2018: \$67,465) relating to exploration expenditure.

**7. Capital and Exploration Expenditure Commitments**

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

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

**7. Capital and Exploration Expenditure Commitments (Continued)**

<b>Cancellable operating lease commitments for exploration tenements</b>	31 December 2018 \$	30 June 2018 \$
Within one year	115,953	28,000
One year or later and no later than five years	196,597	84,000
Later than five years	-	3,375
	<u>312,550</u>	<u>115,375</u>

**Joint venture commitments**

As at and during the half-year ended 31 December 2018 the Entity had no joint venture commitments.

**Capital Commitments**

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

**Operating lease – corporate office premises**

As of 1 July 2018 the Entity is leasing office premises for a gross rent inclusive of car bay of \$2,300 per month on a monthly tenancy. The monthly tenancy may be terminated by either party giving at least one month's written notice to the other party.

<b>Cancellable operating lease commitments</b>	31 December 2018 \$	30 June 2018 \$
Within one year	2,300	4,300
One year or later and no later than five years	-	-
Later than five years	-	-
	<u>2,300</u>	<u>4,300</u>

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

#### 8. Contingent Assets and Liabilities

##### *Foreign Subsidiary Obligations*

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

However, as at 30 June 2015, the Entity considered that it was more likely that a present obligation no longer existed for any of these amounts and that it was more likely that no economic outflow would be required. Further the timing and amount of any potential economic outflow is uncertain. Accordingly, there may be a contingent liability for potential obligations required to be paid in any eventual winding up of Redstone Brazil for which the timing is uncertain and amount cannot be measured reliably. The Entity considers that its position on these potential foreign subsidiary obligations remains unchanged as at 31 December 2018.

The Company had no other contingent assets or liabilities as at 31 December 2018.

#### 9. Events After Balance Date

##### *Issue and allotment of Shortfall Shares and Listed Options*

On 3 January 2019 the Company issued and allotted 588,236 fully paid ordinary shares (**Shares**) at an issue price of \$0.017 per Share and 294,118 free attaching listed options (ASX: RDSOB) exercisable at \$0.035 on or before 30 April 2021, to raise \$10,000. The Shares and options were issued pursuant to a Shortfall Offer in accordance with an Entitlement Offer Prospectus dated 31 August 2018 (and Supplementary Prospectus dated 3 September 2018).

##### *Lodgement of Research and Development Tax Incentive Claim*

Subsequent to the Half-year the Company has completed and lodged a Research and Development Tax Incentive claim (the **R&D Rebate**), followed by lodgement of its FY2018 tax return in March 2019. The Company has determined the R&D Rebate amount under the Australian Taxation Office's self-assessment system for an amount of \$264,000 (before fees).

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

#### 10. Controlled Entities

Redstone Resources Limited is the parent entity of the Group.

	At 31 December 2018	At 30 June 2018
	%	%
Particulars in relation to wholly owned entities:		
Allhawk Nominees Pty Ltd	100	100
Minex Services Pty Ltd	100	100
Westmin Exploration Pty Ltd	100	100
Rivergold Exploration Pty Ltd	100	100
Redstone Mineracao Do Brasil Ltda*	98	98

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

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**11. Contributed Equity**

	31 December 2018 \$	30 June 2018 \$
(a) Issued and Paid Up Capital		
Shares issued and fully paid – 470,376,070 (June 2018: 379,934,261 ordinary shares fully paid)	25,126,983	23,745,739
Listed \$0.035 options issued expiring 30 April 2021 – (ASX: RDSOB) – 45,220,930 (June 2018: Nil)	-	-
Issued and fully paid capital	<u>25,126,983</u>	<u>23,745,739</u>

**Reconciliation of options on issue**

Share Options	As at 30 June 2018	Issued/ (Exercised or lapsed)	As at 31 December 2018	Exercise price \$	Exercisable from	Expiry
Unlisted options	10,000,000	-	10,000,000	0.015	28 Feb 17	28 Feb 20
Unlisted options	10,000,000	-	10,000,000	0.020	28 Feb 17	28 Feb 20
Unlisted options	2,000,000	-	2,000,000	0.015	7 Mar 18	31 Jan 20
Unlisted Option	2,000,000	-	2,000,000	0.020	7 Mar 18	31 Jan 20
Listed Options - (ASX: RDSOB)	-	45,220,930	45,220,930	0.035	9 Oct 18 & 18 Dec 18	30 Apr 21
<b>Total options</b>	<b>24,000,000</b>	<b>45,220,930</b>	<b>69,220,930</b>			

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

Pursuant to an Entitlement Offer Prospectus dated 31 August 2018 (and Supplementary Prospectus dated 3 September 2018) 90,441,809 fully paid ordinary shares of the Company at an issue price of \$0.017 per Share along with 45,220,930 free attaching listed options (ASX: RDSOB), exercisable at \$0.035 per share on or before 30 April 2021, were issued during the half-year period.

**(c) Earnings per Share**

	Half-year ended 31 December 2018	Half-year ended 31 December 2017
Basic loss per share (cents per share)	<u>(0.03)</u>	<u>(0.03)</u>
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (number)	418,806,639	379,915,218
Earnings used in the calculation of basic loss per share (\$)	(122,642)	(116,668)

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

**REDSTONE RESOURCES LIMITED**

ACN 090 169 154

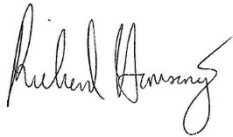
**DIRECTORS' DECLARATION**

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

In the opinion of the directors:

1. The financial statements and notes of the Entity set out on pages 9 to 18 are in accordance with the Corporations Act 2001 including:
  - a. giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the Entity; and
  - b. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



R Homsany  
Chairman  
Perth, Western Australia  
15 March 2019



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

### Conclusion

We have reviewed the accompanying half year financial report of Redstone Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Directors' responsibility for the half year financial report

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

### Auditor's responsibility for the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### **Independence**

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

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 15 March 2019