



31 October 2019

QUARTERLY REPORT

For the Period Ending 30 September 2019

HIGHLIGHTS

- Planning and preparations underway for follow up RC drilling of the five best EM targets, EM2 to EM6.
- RC drilling of up to 2,000m on EM targets EM2 to EM6 confirmed by the ground EM survey is planned to commence in November 2019.
- Continued review and assessment of the West Musgrave Project tenure of additional potential prospective areas identified for future exploration and testing.

Redstone Resources Limited (**ASX Code: RDS**) ("**Redstone**" or the "**Company**") presents its quarterly report for the period ending 30 September 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 5km². 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_{max}**) 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 commenced preparations for follow up reverse circulation (**RC**) drilling program aimed at drill testing the five best EM targets identified from the completed ground EM survey, namely EM targets EM2 through to EM6. Targets EM2, EM3 and EM4 occur along strike to the north and south of Tollu while targets EM5 and EM6 are close to discrete magnetic anomalies along a NE trend from Tollu (**Figure 1**).

A preferred drilling contractor familiar with the Project has been identified that will create efficiencies in the field. The drilling program will consist of up to 2,000m of RC drilling at various depths.

Subsequent to the end of the Quarter the Company completed its prospectivity assessment and review of the Project and identified new target areas (**Target Areas**) for Redstone to consider as potentially prospective for future exploration and testing. Some of these Target Areas may be included in the upcoming November exploration campaign subject to availability of funds. Importantly, a number of these Target Areas are also co-incident with the five best EM Targets, EM2 through to EM6, soon to be drilled. Further information regarding the prospective Target Areas are detailed in the ASX announcement of 24 October 2019.

These additional potentially prospective areas have further enhanced Redstone's confidence that the most prospective areas of the Project have not yet been tested outside of the already defined JORC compliant Copper and Cobalt resource at Tollu.

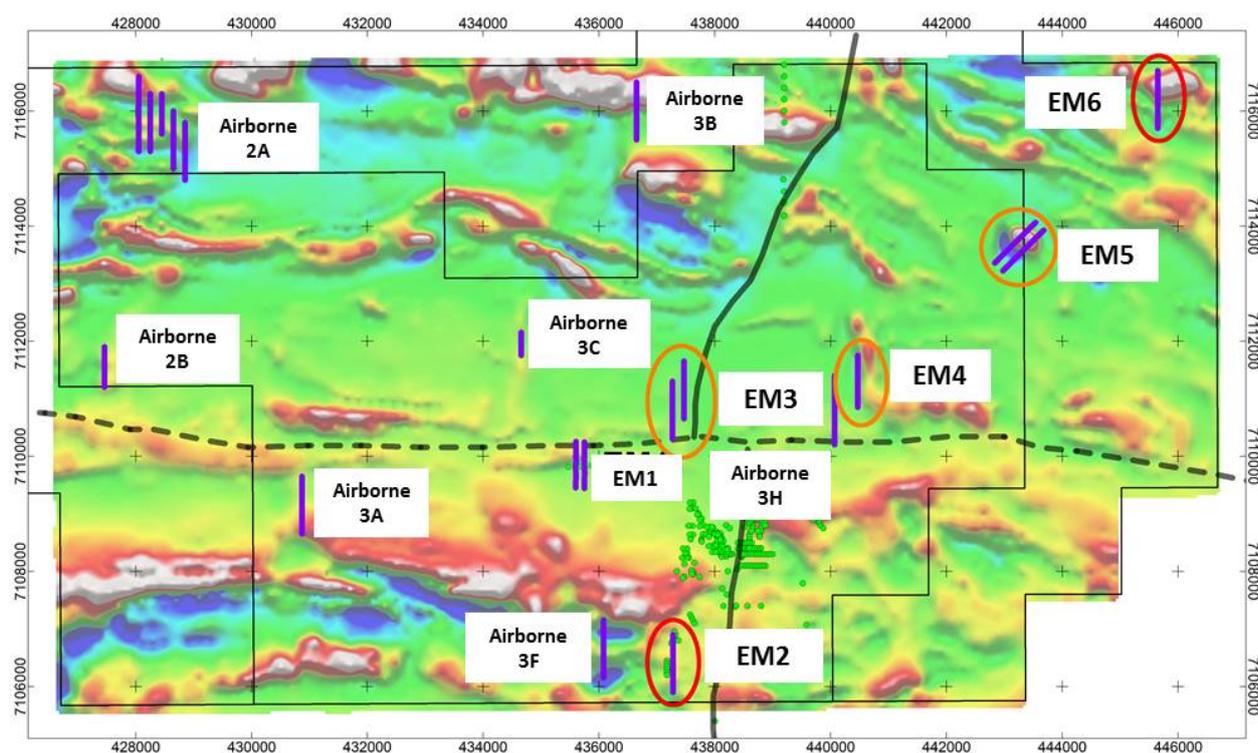
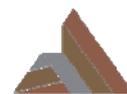


Figure 1 – Prioritised EM Targets EM1 to EM6 and airborne EM anomalies. Ground EM locations on reduced to pole magnetic image on the West Musgrave Project tenements E69/2450 and E69/3456. Ground EM lines are shown in purple. Historical drilling and Tollu Project shown in green.

TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

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

During the quarter the Company withdrew its application for ELA 69/3675 and applied for ELA 69/3750.

TENEMENT SUMMARY AS AT 30 SEPTEMBER 2019

West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date (Application Date)	Expiry	Blocks	Area km ²
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 69/3750	Westmin Exploration Pty Limited	0%	100%	(17/09/2019)	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 Tollar Copper Project ("**Tollar**"), 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.

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 Tollar.

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 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	--	-
1.2 Payments for		
(a) exploration & evaluation	(132)	(132)
(b) development	-	-
(c) production	-	-
(d) staff costs	(36)	(36)
(e) administration and corporate costs	(32)	(32)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(199)	(199)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	(16)	(16)
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	(16)	(16)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	(2)	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(2)	(2)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	767	767
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(199)	(199)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(16)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	(2)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	550	550

Mining exploration entity and oil and gas exploration entity quarterly report

5. Reconciliation of cash and cash equivalents 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	35	253
5.2 Call deposits	515	514
5.3 Bank overdrafts	-	-
5.4 Other – Share Registry Trust	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)*	550	767

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	14
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	

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

	Current quarter \$A'000
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	

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(250)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(32)
9.5	Administration and corporate costs	(38)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(320)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E69/3675	Application	0%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E69/3750	Application	0%	0%

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 October 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.