REDSTONE RESOURCES LIMITED

ACN 090 169 154

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

REDSTONE RESOURCES LIMITED

ACN 090 169 154

Contents of Financial Report

COMPETENT PERSONS STATEMENTS:

The information in this document that relates to drilling and exploration results for the West Musgrave Project was authorised by Dr Greg Shirtliff, who is engaged as a Consultant to the Company through Zephyr Professional Pty Ltd. Dr Shirtliff is a Member of the Australian Institute of Mining and Metallurgy. Dr Shirtliff has sufficient experience which is relevant to the tasks for which he was 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. Dr Shirtliff consents 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 Mineral Resource for the West Musgrave Project was authorised by Mr Darryl Mapleson, a Principal Geologist and full time employee of BM Geological Services, 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.

ASX LISTING RULE INFORMATION

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the competent persons findings have not been materially modified from the original announcement referred to in the release.

FORWARD LOOKING STATEMENTS:

This report contains certain forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

ADDITIONAL INFORMATION:

This report does not include reference to all available information on the Company or its Projects and should not be used in isolation as a basis to invest in Redstone Resources Limited. Any potential investors should refer to Redstone Resource Limited's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CORPORATE DIRECTORY

DIRECTORS:	Mr Richard Homsany (Chairman) Mr Edward van Heemst Mr Brett Hodgins
COMPANY SECRETARY:	Ms Miranda Conti
REGISTERED AND PRINCIPAL OFFICE:	60 Havelock Street WEST PERTH WA 6005 Tel: +61 8 9328 2552 email: contact@redstone.com.au
POSTAL ADDRESS:	PO Box 8646 Perth Business Centre WA 6849
WEBSITE:	www.redstone.com.au
SHARE REGISTRY:	Advanced Share Registry Limited 110 Stirling Highway NEDLANDS WA 6009 PO Box 1156, NEDLANDS WA 6909 Tel: +61 8 9389 8033 Website: www.advancedshare.com.au
HOME STOCK EXCHANGE:	Australian Stock Exchange Limited Level 40, Central Park 152-158 St George's Terrace PERTH WA 6000 ASX Code: RDS Tel: +61 8 9224 0000
AUDITOR:	Dry Kirkness (Audit) Pty Ltd (formerly named Butler Settineri (Audit) Pty Ltd) Ground Floor 50 Colins Street WEST PERTH WA 6005 Tel: +61 8 6244 2502

DIRECTORS' REPORT

The Directors present their report on the Entity consisting of Redstone Resources Limited ('Redstone' or the 'Company') and its controlled entities ('Entity') for the financial year ended 30 June 2022.

The names and details of directors in office during the financial year until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Richard Homsany *(BCom, LLB (Hons), CPA, Grad Dip FINSIA, F Fin, MAICD),* Non-Executive Chairman, Age 52

Mr Homsany is Executive Vice President of Mega Uranium Ltd, a Toronto Stock Exchange listed company and executive chairman of Toro Energy Limited, an ASX listed uranium company. He is also currently the non-executive chairman of the Health Insurance Fund of Australia Limited.

Prior to this Mr Homsany was a corporate and commercial advisory partner with one of Australia's leading law firms. He is currently the principal of Cardinals Lawyers and Consultants and has been admitted as a solicitor for over 20 years. Mr Homsany has extensive experience in corporate law, including advising public resources and energy companies on corporate governance, finance, capital raisings, takeovers, mergers, acquisitions, joint ventures and divestments.

Mr Homsany also has significant board experience with publicly listed resource companies and in the resources industry. He has also worked for an ASX top 50-listed internationally diversified resources company in operations, risk management and corporate.

Mr Homsany is a Certified Practising Accountant and is a fellow of the Financial Services Institute of Australasia (FINSIA). He has a Commerce Degree and Honours Degree in Law from the University of Western Australia and a Graduate Diploma in Finance and Investment from FINSIA.

Over the last 3 years Mr Homsany has held a directorship in Toronto Stock Exchange (Venture Exchange) listed Central Iron Ore Limited (TSX-V) (27 October 2010 to present), ASX listed Brookside Energy Ltd (4 February 2020 to present), ASX listed Galan Lithium Ltd (5 February 2020 to present) and ASX Listed Toro Energy Limited (1 December 2013 to present).

Mr Edward van Heemst *(BCom, MBA, CA, CPA),* Non-Executive Director, Age 76

Mr Edward van Heemst is a prominent Perth businessman with over 40 years experience in the management of a diverse range of activities with large private companies.

Mr van Heemst is the Managing Director of Vanguard Press and was previously the long-time Chairman of Perth Racing (1997 to 2016). Mr van Heemst was also appointed as non-executive chairman of NTM Gold Ltd, an ASX listed company from July 2019 to March 2021.

Mr van Heemst holds a Bachelor of Commerce degree from the University of Melbourne, an MBA from the University of Western Australia and is a member of the Institute of Chartered Accountants Australia.

Mr van Heemst has an extensive knowledge of capital markets and established mining industry networks.

Over the last 3 years Mr van Heemst has held a directorship in NTM Gold Ltd (14 January 2018 to 8 March 2021).

Mr Brett Hodgins *(BSc (Hons), Grad Dip FINSIA)*, Non-Executive Director, Age 49

Mr Hodgins has over 20 years of professional experience in the resources sector primarily focused on exploration and mining operations. He began his career as a geologist with Robe River Mining and Rio Tinto Iron Ore. During that time he was involved with the commissioning and development of the West Angelas and Hope Downs operations. Mr Hodgins' recent roles include General Manager Project Development for Iron Ore Holdings and he is President / CEO of Central Iron Ore Ltd, a TSX-V listed company gold and iron ore explorer. He brings a wide range of experience in exploration, feasibility studies, operations, and has a broad knowledge of the resource sector.

Mr Hodgins has completed a Bachelor of Science Degree with Honours in Geology from Newcastle University, Diploma of Management and a Graduate Diploma in Finance and Investment from Financial Services Institute of Australasia.

Over the last 3 years Mr Hodgins has held a directorship in Toronto Stock Exchange (Venture Exchange) listed Central Iron Ore Limited (TSX-V) (27 October 2010 to present).

Company Secretary – Miranda Conti *(BCom, CPA, AGIA ACG (CS))*

Ms Conti is a chartered secretary and Certified Practising Accountant who has been engaged by the Company since March 2006.

Principal Activities

The principal activity of the Entity during the financial year was mineral exploration in Australia.

Review of Operations

The net loss after income tax attributable to members of the Entity for the financial year ended 30 June 2022 amounted to $617,589 (2021: $307,888) and net assets were $9,285,042 (2021 $9,427,307).

WEST MUSGRAVE PROJECT (E69/2450, E69/3456) – 100% REDSTONE

During the year Redstone focused on completing its 2021/2022 exploration programme (the '**Programme**') for the advancement of the Entity's West Musgrave Project ('**West Musgrave Project**' or the '**Project**'), which includes the Tollu Cu Vein Project ('**Tollu**').

West Musgrave Project Overview

The Project is located in the West Musgrave region of Western Australia and comprises 214 square kilometres of highly prospective, underexplored ground just 40km east of the world-class Nebo-Babel Ni-Cu deposit (**Figure 1**). The Project has the right geological and structural setting for large magmatic Ni-Cu deposits such as Nebo Babel or the similar Voiseys Bay deposit in Canada. However, Geological interpretation of exploration results and research activities conducted in recent years suggests that the West Musgrave 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). The early results of the Redstone research also suggest that epithermal and mesothermal lode gold systems could also be considered.

Figure 1 – Location of the West Musgrave Project in relation to the Nebo-Babel Ni-Cu-PGE deposit.

Tollu hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least $5km^2$. Copper mineralisation is exposed at the surface and forms part of a dilation system within and between two major shears. Previous drilling and research have confirmed an extension of the high grade Cu mineralisation to the east of the main dilation zone, which also extends to and is open at depth. This work has also confirmed not only the potential of Tollu to host a significant Cu orebody within itself and its extensions but also the extent of the hydrothermal mineralising systems that may be operating elsewhere on the Redstone West Musgrave Project area.

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 releases 15 June 2016 and 1 May 2017), the mineralised area, and the volume of hydrothermal mineralisation, to increase with further drilling.

WORK COMPLETED FY2022

2021/22 Exploration Programme

During the period the Entity undertook its planned RC drilling and exploration programme (the **Programme**) on the Project.

The Programme could not be conducted in a single drilling campaign due to the increased demand for drill rigs and state-wide staffing shortages arising from COVID-19 related issues. In particular, the demand for large RC drill rigs capable of drilling to the target depths needed in some of the planned drill holes (to 450m downhole depth) meant that such a rig could not be secured for the Company's particular scope and Project location. Due to some limited availability of smaller RC drill rigs capable of maximum depths of 270m it was decided to undertake the Programme in two phases, comprising approximately 3,000m of shallow drilling, which was completed in October/November 2021 and a second deep drilling programme, which commenced in late June 2022 and was completed in September 2022.

The Programme comprised follow-up drilling at the following Target Areas (**Figure 2**):

- Tollu Copper Vein deposit - to drill deeper and north of the Chatsworth Prospect and deeper and wider at the Forio Prospect;
- Opaline Quartz Target Area within a very long E-W oriented vein system with a Cu anomaly coinciding with the potential extension of the Tollu fault to the north of Tollu;
- Hiding Maggie Target – an E-W oriented magnetic rock unit coinciding near the contact of the southern gabbro at the Tollu sub-basin volcanics;
- Location of a 1957 historical diamond drill hole (A-101) completed by Southwestern Mining (SWM – formerly an INCO subsidiary) to test for a repeat of the results of 0.16% Ni over 1.6m from 99m downhole (Laine, 1957)[1]. Drill hole A-101 was drilled into a major N-S trending quartz vein associated with but not hosting the Tollu copper mineralisation; and
- EM5 electromagnetic (EM) Target and two look alike magnetic anomalies.

DIRECTORS' REPORT

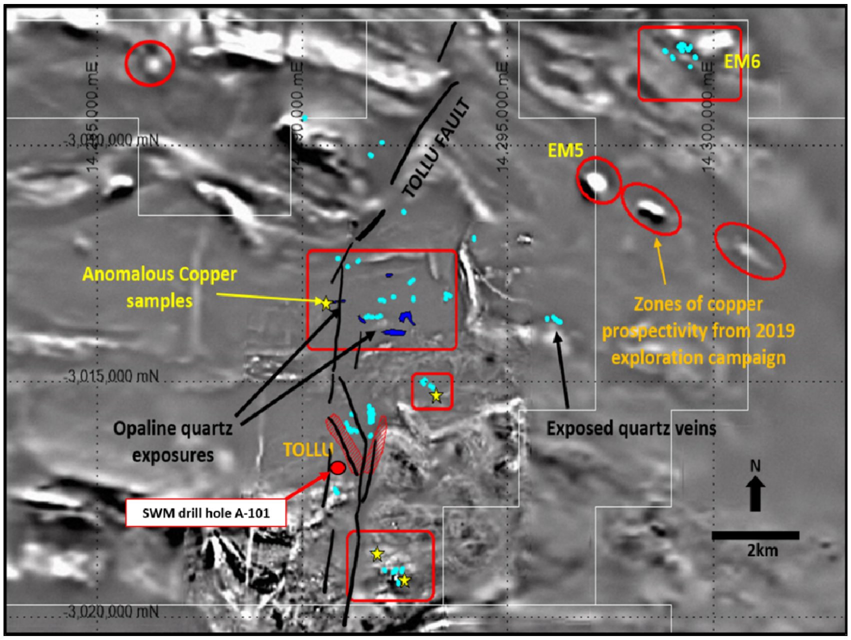

Figure 2 - Locations of 2021/22 RC drilling programme, including the EM5 Target and two look alike magnetic anomalies, the 1957 SWM drillhole A-101. The location of anomalous copper samples (yellow stars) are also shown. Opaline quartz is mapped in dark blue and quartz vein outcrops are mapped in light blue.

RC Drilling - October/November 2021

The shallow RC program was undertaken in late October/November 2021 and comprised of 19 RC holes for 3,129m drilled over the Project with the main targets drilled including the Forio and Chatsworth Prospects at the Tollu Cu vein deposit, Hiding Maggie Target Area and an investigative hole to test the historical 1957 SWM drillhole.

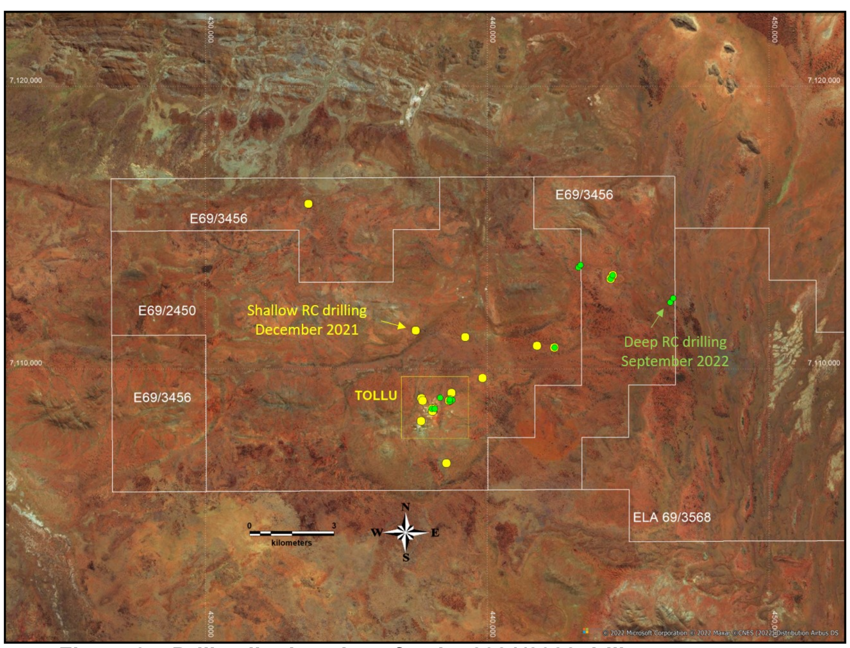

Figure 3 – Drill collar locations for the 2021/2022 drill programmes.

DIRECTORS' REPORT

Forio Prospect, Tollu

Three RC drill holes, TLC180, TLC181 and TLC182, for a total of 373m, were drilled at Forio Prospect, Tollu to test for short scale extension and to gain a better spatial understanding of the vein hosted copper mineralisation so far intersected in previous drilling. In particular, the shallow high grade copper mineralisation intersected previously in the central part of the Forio Prospect was tested for extension to the north and near surface oxide copper mineralisation was tested on a separate vein to the west of that intersected in 2019.

Significantly, RC drill hole TLC181 intersected 34m at 1.07% Cu from only 15m downhole with assay results (refer below and **Figure 4**) confirming that RC drill hole TLC181 has extended the shallow high grade copper mineralisation previously intersected in the centre of the Forio copper vein system for some 12m to the north.

- **34m at 1.07% Cu from only 15m** downhole including:
  - **1m at 3.26% Cu from 19m** downhole;
  - **1m at 2.48% Cu from 28m** downhole;
  - **1m at 1.99% Cu from 35m** downhole; and
  - **1m at 2.52% from 40m** downhole

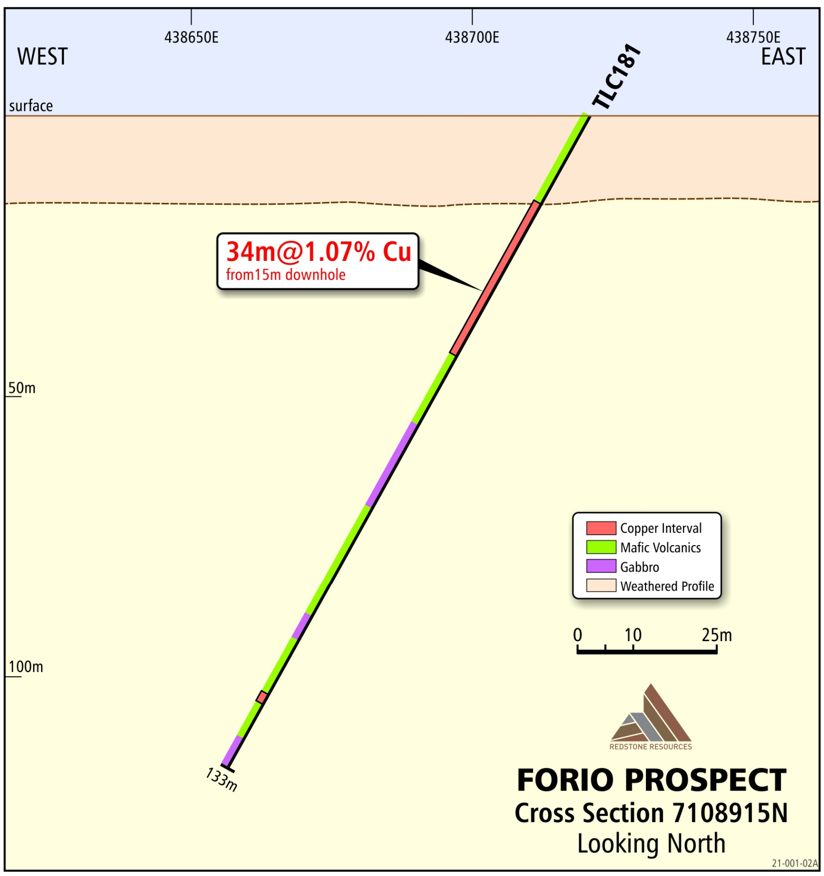

Figure 4 – Cross-section of RC drill hole TLC181 drilled at the end of 2021 at Tollu, looking north.

The previous historical intersection to the south intersected **16m at 2.8% Cu from 27m** downhole and **11m at 1.9% Cu from 58m** downhole in drill hole TLC153 (refer **Figure 5**).

DIRECTORS' REPORT

RC drillhole TLC182 was drilled to test for further oxide copper mineralisation close to the surface at Forio and on a different vein set to where oxide copper was intersected close to the surface in 2019 in RC drill hole TLC173, which intersected 11m at 1.4% Cu downhole. Geochemical assay results show TLC182 successfully intersected **10m at 0.31% Cu from only 1m** downhole some 26m to the west of TLC173.

One of the most northern intersections of copper mineralisation along the Forio vein system, **6m at 1.1% Cu from 58m** downhole in RC drill hole TLC148, was tested for vertical extension (15m vertical) by TLC180. Geochemical assay results show that the quartz vein had expanded to 10m thick (downhole) and copper mineralisation had reduced to **10m at 0.19% Cu from 73m** downhole.

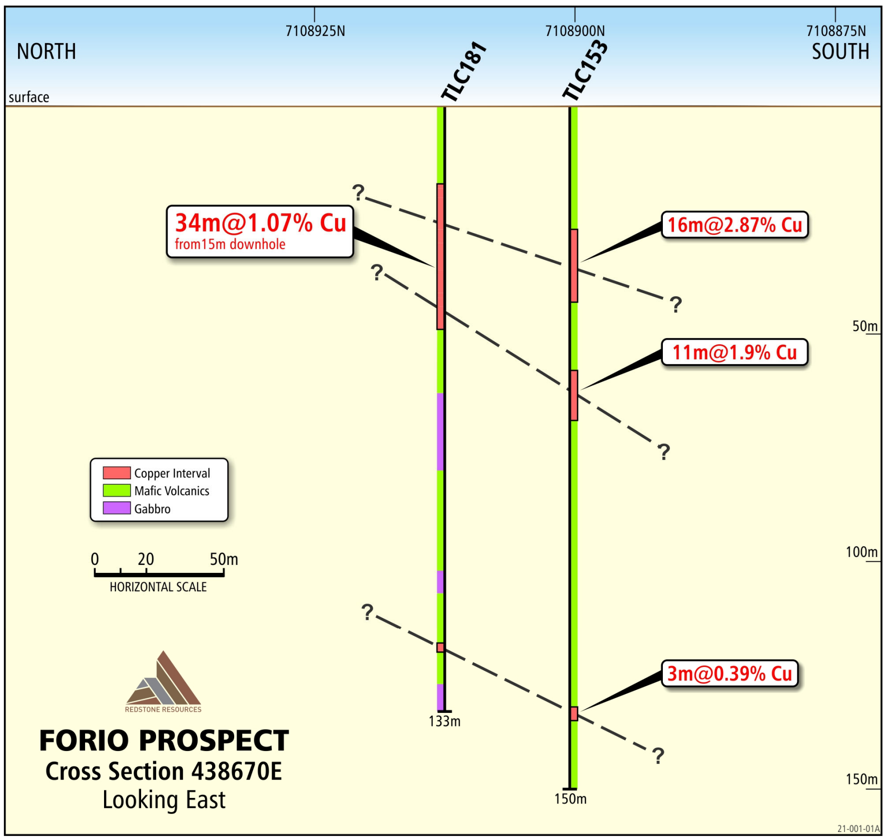

Figure 5 – Cross-section of RC drill hole TLC181 drilled at the end of 2021 at Forio to test for extension of the high grade mineralisation intersected in TLC153 in 2017. Cross-section is drawn along strike of the Forio vein system and looking towards the east.

Chatsworth Prospect, Tollu

Four RC drill holes, TLC188, TLC189, TLC190 and TLC192, for a total of 756m were drilled at the Chatsworth Prospect, Tollu. The aim of the drilling was to test for continuity of mineralisation vertically through the hosting sub-vertical vein system, and in doing so, test if the thick high grade copper mineralisation previously intersected in early drilling held volume between and beyond the historical drill holes, particularly at shallower depths than previously intersected.

DIRECTORS' REPORT

As shown in **Figure 6**, drill holes TLC188 and TLC189, targeted approximately 15-20m vertically above a high grade copper intersection in historical drill hole TLC033, drilled in 2010 and 25-30m vertically below another high grade intersection in historical drill hole TLC034, also drilled in 2010. The historical drill holes suggest the mineralisation extends vertically between them but the vertical distance between the intersections is some 35m, a considerable distance for vein hosted mineralisation. TLC188 and TLC189 have confirmed that the thick high grade copper mineralisation continues vertically, being maintained in the deeper intersection with 10m at 2.51% Cu from 174m downhole, including 3m at 4.71% Cu from 175m downhole (in TLC188) and swelling in the shallower intersection with 26m at 1.46% copper from only 61m downhole, inclusive of 1m at 5.1% Cu from 67m downhole (in TLC189).

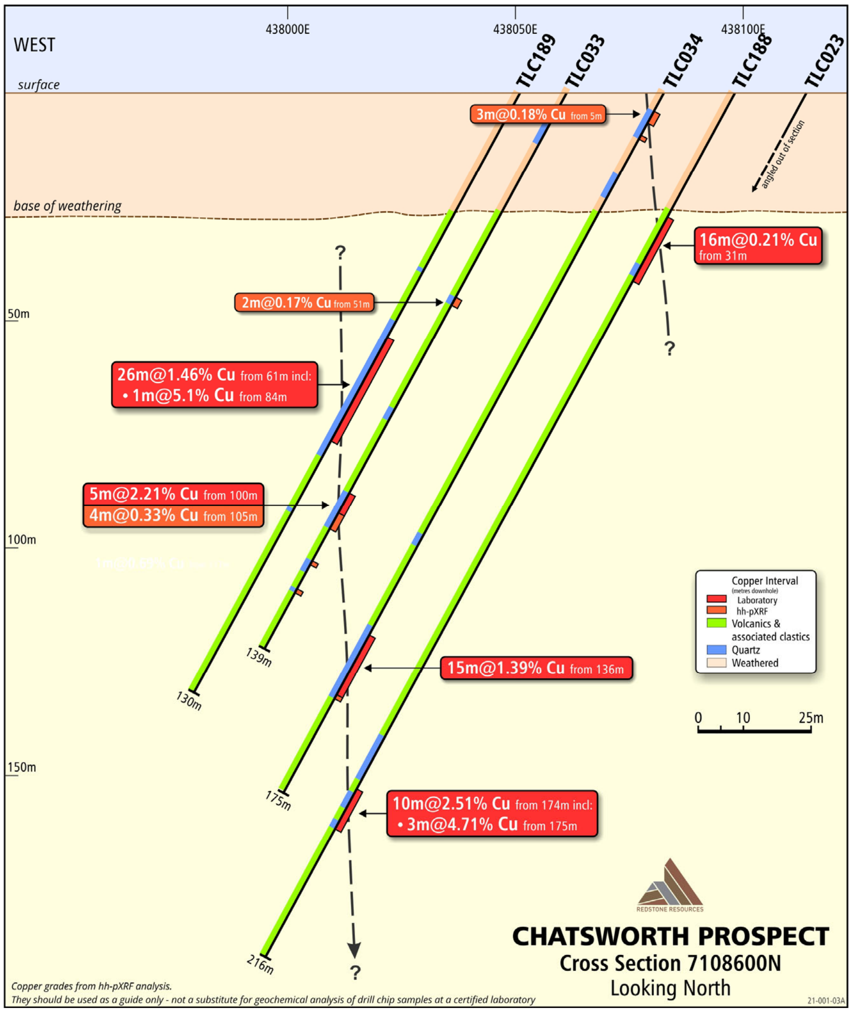

Figure 6 – E-W Cross-section of recent RC drill holes TLC188 and TLC189 along with the historical drilling at Chatsworth, Tollu, looking north. Grades on historical drill holes are both hh-pXRF and laboratory based geochemistry and they are labelled accordingly.

As shown in **Figure 7** drill hole TLC192, positioned some 90m to the south of TLC188 and TLC189 above, has successfully extended the high grade copper mineralisation intersected in historical drill holes TLC024, TLC031 and TLC030 vertically towards the surface. Geochemical assays confirm the intersection of copper mineralisation in TLC192 is 25m thick grading 1.1% Cu from 53m downhole, which includes 7m at 2.64% Cu from 60m downhole. The shallow extension of mineralisation by TLC192 extends the high grade mineralisation in this location to some 120m vertically and is open towards the surface (see **Figure 7**).

DIRECTORS' REPORT

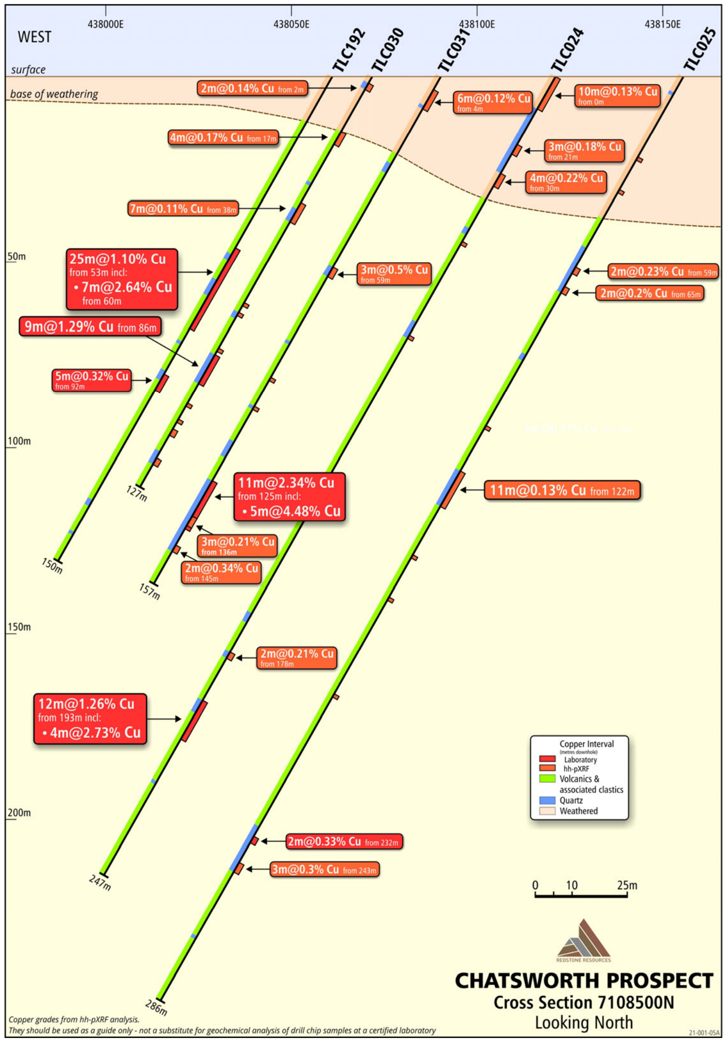

Figure 7 – E-W Cross-section of recent RC drill hole TLC192 along with the historical drilling at Chatsworth, Tollu, looking north. Grades on historical drill holes are both hh-pXRF and laboratory based geochemistry and they are labelled accordingly.

Figure 8 shows that geochemical assays have also confirmed two thick high grade copper mineralisation intersections in TLC190. TLC190 intersected 16m at 2.88% Cu from 74m downhole, which included 9m at 4.6% Cu from 76m downhole and 2m at 7.62% from 76m downhole. Then a little deeper, TLC190 also intersected 22m at 1.26% Cu from 104m downhole, which included 3m at 3.67% Cu from 122m downhole.

TLC190 was located some 40m to the north of TLC192 and 50m to the south of TLC188 and TLC189. It was aimed at testing for an extension of mineralisation in historical drill hole TLC035 because the historical drilling (TLC032) was prematurely terminated before testing the position. Figure 23 shows that TLC190 did not intersect the thick high grade mineralisation intersected in historical drill hole TLC135 but rather that it is more likely related to the mineralisation intersected further up-hole in TLC190 in a pinch and swell or lensing morphology.

DIRECTORS' REPORT

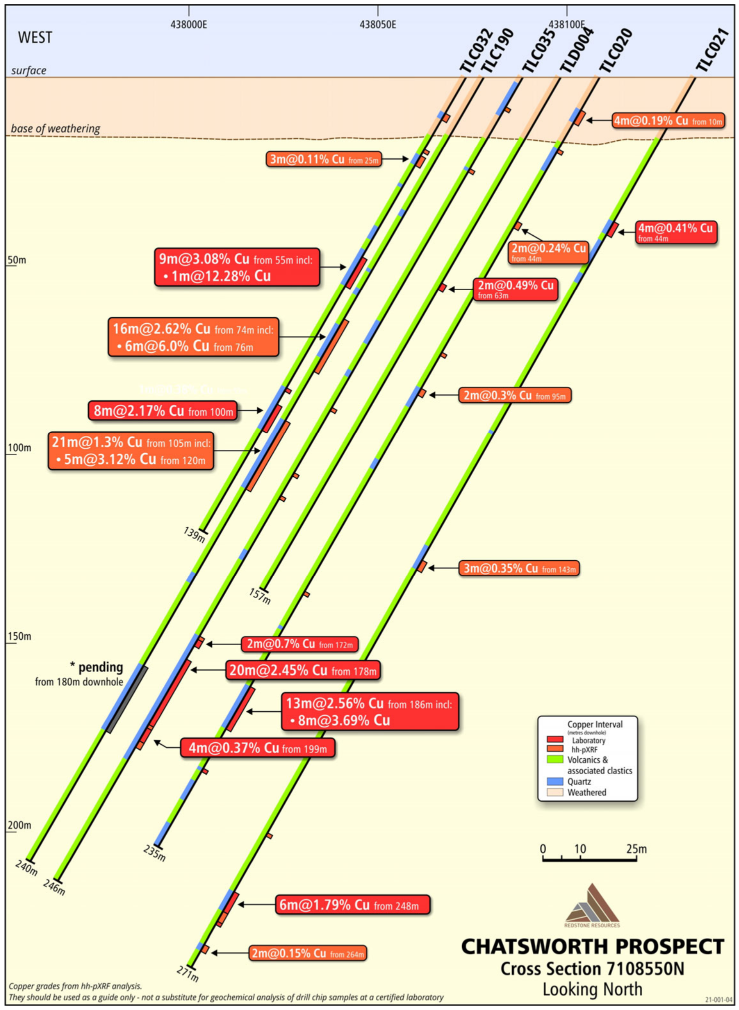

Figure 8 – E-W Cross-section of recent RC drill hole TLC190 along with the historical drilling at Chatsworth, Tollu, looking north. Refer to text for grades of pending interval, which could not be added to the figure in time for the ASX release. Note that copper grades on recent drilling are hh-pXRF only and should only be considered a guide to actual grade. Grades on historical drill holes are both hh-pXRF and laboratory based geochemistry and they are labelled accordingly.

EM5 and 'look-alike' magnetic anomalies

In the shallower program, only two holes were drilled in the area of the EM5 and 'look-alike' magnetic anomalies (refer to **Figure 2** for their location), both of these in the middle NW-SE trending cigar shaped anomaly, directly east of the magnetic anomaly at EM5. Both of these drill holes failed to reach target depth due to difficult drilling conditions caused by excessive groundwater and harder than usual rock, with TLC183 being abandoned at 150m downhole depth and TLC184 being abandoned at 196m downhole depth. The geology from these holes was technically interesting and the geochemical results are still being interpreted as to what the implications of this geology may mean for the Project.

DIRECTORS' REPORT

Hiding Maggie Magnetic Target

The Hiding Maggie target is an E-W oriented untested magnetic rock unit with a number of elevated magnetic centres, seemingly a late magnetic intrusive, that coincides with a district scale E-W linear feature in the magnetics. The major E-W lineament is coincident with the orientation of the Tollu sub-basin and the interpreted rifting responsible for the Tollu volcanic package. A strong near surface airborne electromagnetic (EM) anomaly that also trends across the E-W lineament hides any potential EM anomaly that may exist at depth. Drilling was aimed to identify and characterise the geology and test the magnetic intrusive and its contacts with the surrounding rocks for copper or nickel mineralisation potential.

Unfortunately drill holes TLC185 and 186 had to be abandoned due to difficult drilling conditions inclusive of excess water issues and therefore failed to reach their optimal target depths.

Historical 1957 SWM drill hole

This initial phase of the Programme included RC drilling for nickel prospectivity by drill testing a 1957 Southwestern Mining Ltd (SWM) diamond drillhole, A-101, which yielded a maximum value of 0.16% Ni over 1.6m from 99m downhole (Laine, 1957)[1]. The historical drill hole targeted a N-S oriented fault that is part of the fault system responsible for the Tollu copper mineralisation but situated to the west of the main body of mineralisation so far delineated by Redstone drilling.

Redstone aimed to twin the SWM diamond hole A-101 to test if the intersection of anomalous nickel values of up to 0.16% NI can be repeated and if so, ascertain the nature of the anomalous nickel, if it is associated with nickel sulphide mineralisation and where it may have originated from.

Drill hole TLC191 reached target depth but did not confirm the nickel mineralisation apparently intersected in the historical 1957 SWM drillhole. As such, the failure to intersect the apparent nickel mineralisation in the historical 1957 drill hole with the twin hole drilled in 2021 requires a rethink as to the validity of the historical result and whether there is an alternative possible location of the historical hole. Further investigation into the exact location of the historical hole has been recommended for any future follow up.

Second Phase RC drilling – June to September 2022

Commencement of the second deeper drilling campaign was significantly delayed due to limited availability of a suitable RC rig the location and scope of the programme as well as COVID related personnel issues. After finally commencing in late June 2022, the drilling campaign made very slow progress due to slow production rates and consequently not all targets were able to be drilled. The deeper drilling campaign concentrated on the EM5 and Hiding Maggie Target Areas, and the Forio, Chatsworth and Eastern Reef prospects at the Tollu Copper deposit.

The deeper drilling campaign was completed in September and drill samples have been delivered to the lab for assay. The Company's geological consultants will assess the results once available.

1. Laine HA (1957) Southwestern Mining Limited, Annual Report 1957, unpublished.

HANTAILS GOLD PROJECT – FARMIN AND JOINT VENTURE AGREEMENT (RDS: 80%)

In the 2021 financial year Redstone entered into an agreement to farm-in to an 80% interest in the HanTails Gold Project (**HanTails** or the **Project**) (Prospecting licence 26/4308 and P26/4465) (the **Agreement**). HanTails is a large scale gold mine Tailings Storage Facility (**TSF**) located on the historic Hannans South Gold Mill site, just 15kms south of Kalgoorlie-Boulder, Western Australia (see **Figure 9**).

The HanTails Project contains many years of gold tailings deposition material from its original operations during 1986 to 2006, primarily undertaken by then owners Croesus Mining Limited.

DIRECTORS' REPORT

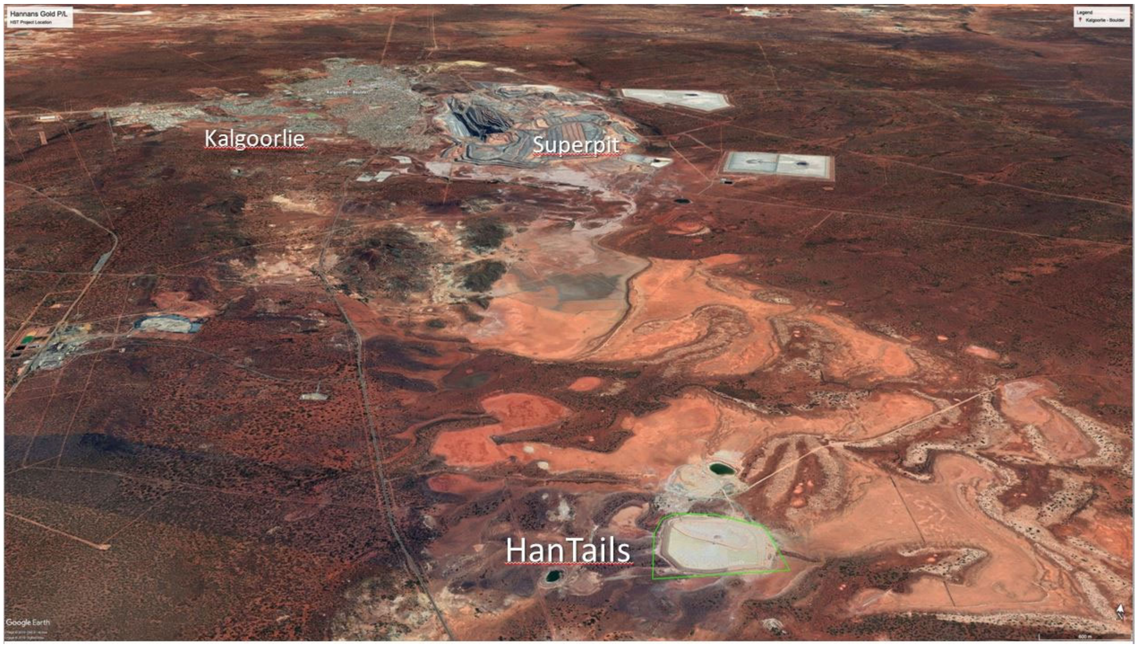

Figure 9 - Location of the HanTails Project TSF 15kms south of Kalgoorlie, Western Australia and 10kms south of the Super Pit.

An aircore and auger drilling programme was undertaken by Redstone in September 2020 to establish the overall grade of the material in the TSF and to provide bulk samples for metallurgical testing and recoveries with the aim of.

In April 2021, the Company completed a follow up sonic drilling programme comprising 6 holes each to a maximum depth of 15m with 3 holes drilled in each of the two cells of the TSF. The sonic drilling was undertaken.to validate the results from a previous aircore and auger drilling programme that had sample return and preparation issues causing inherent uncertainty associated with properly evaluating the assay results. The programmes were designed to establish the average gold grade and approximate gold endowment of the TSF to JORC 2012 status.

Analysis of the sonic drilling results were undertaken during the 2022 financial year. After taking into account the differences in the vertical profile of the downhole gold concentrations found between the sonic holes and their twinned 2020 AC or auger holes, the analysis concluded that there was no significant difference in whole hole average weighted Au concentrations between the twin holes, using the more definitive end of hole depths of the sonic drill holes.

However, despite this, the possibility that the 2020 Au results may be underestimating the overall Au content of the TSF could not be ruled out. This is because the size fraction analysis of the full core sonic drilling samples proved that the AC and auger drilling in 2020 had a poor recovery of the coarser size fraction (>106µ) and higher concentrations of Au were found in the coarse size fraction of the samples from all drilling techniques. Why the loss of the higher concentration material in the 2020 drilling did not result in generally lower whole hole weighted Au concentrations is unknown but whatever the case, the size fraction analysis shows the 2020 drilling did not always produce samples that can be considered representative of the tailings and therefore the Au concentrations from them cannot be completely relied upon.

During the Year the Company completed Stage 1 of the Agreement by sole funding a minimum $75,000 to earn a 51% legal and beneficial interest in the Project and has subsequently entered into a joint venture with the vendor. Redstone has also elected to earn into Stage 2 of the HanTails farm-in and joint venture by sole funding further farm-in spend of $75,000 for an additional interest of 29% (for a total 80%) in the Project, in accordance with the terms of the Agreement.

DIRECTORS' REPORT

CORPORATE

Capital Raising – Director Participation

On 28 February 2022 the Company issued 17,833,333 fully paid ordinary shares (**Shares**) at an issue price of $0.012 per Share to the Directors (and/or their nominee/(s)) of the Company pursuant to shareholder approval. Participation in the private placement by directors raised $214,000 (before costs).

Issue of Unlisted Options to Directors, Employee and Consultant

On 28 January 2022 the Company issued 32,000,000 unlisted options exercisable at $0.0188 on or before 23 January 2027 to the Directors, employee and consultant of the Company pursuant to shareholder approval.

Dividends

No dividends were paid during the year and the directors recommend that no dividends be paid or declared for the financial year ended 30 June 2022.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Entity to the date of this report.

Significant Events after Reporting Date

Extension of Term Applications – E69/3456 and E69/2450

West Musgrave Project - Extension of Term Applications
Tenements E69/3456 and E69/2450 held by the Company were due to expire on 13 August 2022 and 18 September 2022 respectively. Extension of term applications for exploration licence E69/3456 for a further five (5) year term to 13 August 2027 and E69/2450 for a further two year period to 18 September 2024 have been lodged with the Department of Mining, Industry, Regulation and Safety. The status of the extension of term applications remains pending at the date of this report.

Other than as stated above there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial periods.

Likely Developments

Likely developments in the operations of the Entity and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Entity.

DIRECTORS' REPORT

Environmental Issues

The Entity's operations are subject to significant environmental regulation under the law of the Commonwealth and State. The Directors of the Company monitor compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this Report.

Share Options

As at the date of this report, 47,000,000 (2021: 15,000,000) options over unissued ordinary shares in the Company have been granted.

During the period to the date of this report 32,000,000 unlisted options were issued and no options expired or were exercised.

	Number	Exercise Price	Listed/Unlisted	Expiry Date
	15,000,000	$0.0204	Unlisted	20 November 2025
	32,000,000	$0.0188	Unlisted	23 January 2027
TOTAL	**47,000,000**			

The options do not entitle the holder to participate in any new share issue of the Company.

Directors' Interests

The relevant interests of directors held, directly, indirectly or beneficially, by each specified director including their personally-related entities, in the share capital and unissued shares of the Company as at the date of this report is as follows:

Director	Fully Paid Ordinary Shares		Listed Share Options		Unlisted Share Options	
	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly
Richard Homsany	200,000	63,614,778	-	-	-	15,000,000
Edward van Heemst	-	80,583,334	-	-	-	8,500,000
Brett Hodgins	-	7,341,810	-	-	-	8,500,000

DIRECTORS' REPORT

Meetings of Directors

During the financial year, the following meetings of directors were held:

	Directors' meetings	
	Number eligible to attend	Number attended
Mr Richard Homsany	3	3
Mr Edward van Heemst	3	3
Mr Brett Hodgins	3	3

There are no board committees.

Remuneration Report (audited)

This report details the nature and amount of remuneration for each director and key management personnel, including their personally-related entities, of the Company.

- ***Remuneration Policy***

The Board of directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Board acts as the Remuneration Committee and assesses the nature and amount of compensation of key management personnel.

All remuneration paid to directors and executives is valued at cost to the Entity and expensed. Options granted to directors are valued using the Black-Scholes option pricing model. Directors are also eligible to participate in the Company's Employee Share Option Plan (**ESOP**). Any such options to be offered to Directors under the terms of the ESOP require shareholders' approval. These Options are issued for nil consideration and do not have performance conditions attached other than continued employment with the Entity.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and will review their remuneration annually, based on market practice, duties and accountability and to ensure their remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. Independent external advice is sought where required.

The maximum amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are currently fixed at up to $250,000 and are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Options have been and will be issued to directors of the Company. The purpose of issuing options to directors as part of a remuneration package is to be able to attract, retain and motivate people of the highest calibre to oversee management of the Company's operations by providing them with an opportunity to participate in the company's future growth and give them an incentive to contribute to that growth. The issue of options as a part of remuneration packages is a well-established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the directors.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

- ***Performance based remuneration***

The Board seeks to align the interests of shareholders and executive directors through a performance related incentive package where applicable. No performance based amounts have been paid or determined to be paid to executives at this stage of the Company's development.

- ***Company Performance, Shareholder Wealth and Director/Executive Remuneration***

The Company's policy is to promote company performance and shareholder wealth by issuing options to directors with the purpose of:

- aligning the interests of directors with shareholders;
- rewarding capability and experience;
- providing competitive reward for contribution to shareholder wealth;
- providing a clear structure for earning rewards; and
- providing recognition for contribution.

- ***Details of Remuneration***

Year ended 30 June 2022

Directors	Cash Salary and fees ($)	Other – Motor Vehicle ($)	Superannuation ($)	Share Options ($)	Total ($)	Performance Related ($)
Richard Homsany Non-Executive Chairman	60,000	-	6,000	82,255	148,255	-
Edward van Heemst Non-Executive Director	18,000	-	-	49,353	67,353	-
Brett Hodgins Non-Executive Director	12,000	-	-	49,353	61,353	-

Year ended 30 June 2021

Directors	Cash Salary and fees ($)	Other – Motor Vehicle ($)	Superannuation ($)	Share Options ($)	Total ($)	Performance Related ($)
Richard Homsany Non-Executive Chairman	60,000	-	5,700	47,998	113,698	-
Edward van Heemst Non-Executive Director	18,000	-	-	23,999	41,999	-
Brett Hodgins Non-Executive Director	12,000	-	-	23,999	35,999	-

There are no performance conditions attached to remuneration paid during the current or previous financial year.

- ***Options Granted as Remuneration***

During the financial year 22,000,000 options over ordinary shares in the Company were granted to directors and/or specified executives. 10,000,000 options over ordinary shares were issued in the prior reporting period.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

Share-based payments were valued using Black Scholes methodology. The value of the 22,000,000 options issued to directors for the year ending 30 June 2022 is $180,961 (30 June 2021: $95,996). The total value of options to directors on issue as at 30 June 2022 is as follows:

$	
180,961	22,000,000 Director Options granted on 28 January 2022. Exercise price $0.0188 exercisable from 28 January 2022 and expiring 23 January 2027.
95,996	10,000,000 Director Options granted on 27 November 2020. Exercise price $0.0204 exercisable from 27 November 2020 and expiring 20 November 2025.
276,957	Total Options 32,000,000

The option valuation adopted above is calculated using the following assumptions:

Options granted in financial year ending 30 June 2022:
Underlying security spot price of $0.012
Dividend rate of nil
Volatility factor of 100%
Risk free interest rate of 1.688%
The weighted average exercise price is $0.0188 and the weighted average expiry period is 4.99 years.
The weighted average value per option as at the measurement date is $0.0082 per option.

Options granted in financial year ending 30 June 2021:
Options granted in financial year ending 30 June 2022:
Underlying security spot price of $0.014
Dividend rate of nil
Volatility factor of 100%
Risk free interest rate of 0.31%
The weighted average exercise price is $0.0204 and the weighted average expiry period is 4.98 years.
The weighted average value per option as at the measurement date is $0.0096 per option.

Non-Executive Directors

Mr Homsany and his related entity Cardinals Corporate Pty Ltd, of which he is a director was paid an annual director's fee of $66,000 (inclusive of applicable superannuation) for director services for the financial year to 30 June 2022.

Mr van Heemst and his related entity, Troyward Pty Ltd, is entitled to an annual director fee of $18,000 (inclusive of applicable superannuation) for the financial year ended 30 June 2022.

Mr Hodgins and his related entity, Jaybre Consulting Pty Ltd is entitled to $12,000 (inclusive of applicable superannuation) for director services for the financial year to 30 June 2022.

Non-Executive directors may charge consulting fees at commercial rates. Consulting fees paid to directors are separate from any responsibility they may have to the Company or the role they perform as a result of their appointment as a Director of the Company.

Transactions with Key Management Personnel

During the financial year the Entity occupied the office premises of a director-related entity of Mr Homsany on a monthly tenancy for an agreed gross commercial rent inclusive of car bay of $2,300 per month. The monthly tenancy may be terminated by either party giving at least one month's written notice to the other party
.

Remuneration Report (audited) (continued)

Option Holdings

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities, is as follows:

	Held 1 July 2021	Granted as remuneration – Unlisted Options	Exercised	Sold	Expired	Held as at 30 June 2022
Director						
Richard Homsany Non-Executive Chairman	5,000,000	10,000,000	-	-	-	15,000,000
Edward van Heemst Non-Executive Director	2,500,000	6,000,000	-	-	-	8,500,000
Brett Hodgins Non-Executive Director	2,500,000	6,000,000	-	-	-	8,500,000

All options are exercisable from the date of issue.

Equity Holdings and Transactions

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

	Held at 1 July 2021	Received on Exercise of Options	Placement - $0.012 /Share	Acquired/ (Disposed) on Market	Other changes	Held as at 30 June 2022
Directors						
Richard Homsany Non-Executive Chairman	63,814,778	-	-	-	-	63,814,778
Edward van Heemst Non-Executive Director	72,250,001	-	8,333,333	-	-	80,583,334
Brett Hodgins Non-Executive Director	6,175,143	-	1,166,667	-	-	7,341,810

Exercise of options granted as remuneration

During the period there were no shares issued on the exercise of any options granted as remuneration.

****** End of Remuneration Report ******

DIRECTORS' REPORT

Indemnification and insurance of Officers

The Company currently has Directors and Officers insurance. The Company has entered into deeds with each director indemnifying each director against liabilities arising out of their conduct while acting in the capacity of a director of the Company to the full extent permitted by law.

The insurance premium relates to liabilities that may arise from an Officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The Officers covered by the insurance policies are the Directors and the Company Secretary.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Auditor

Dry Kirkness (Audit) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

There were no non-audit services provided by the Entity's auditor during the financial year.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Legal Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors.

R Homsany
Chairman
Perth, Western Australia

Dated this 30th day of September 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Redstone Resources Limited for the year ended 30 June 2022, 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 audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

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

DRY KIRKNESS (AUDIT) PTY LTD

ROBERT HALL
Director

Perth
Date: 30 September 2022

CORPORATE GOVERNANCE STATEMENT

Redstone Resources Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council in February 2019.

The 2022 Corporate Governance Statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year.

In accordance with ASX Listing Rule 4.10.3 the Company has elected to disclose its Corporate Governance Policies and its compliance with them during the 2022 financial year on the Company's website rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance Statement is set out on the Company's website at www.redstone.com.au.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Revenue			
Other revenue	3(b)	-	184,045
Expenses			
Administration expenses		64,633	60,203
Employee and directors' benefits expenses	3(d)	206,038	204,631
Share based payments	26	263,215	143,993
Depreciation expense	3(e)	2,931	4,019
Asset write-down	3(e)	2,229	-
Finance costs	3(f)	274	1,836
Other expenses from ordinary activities		78,326	77,366
Loss before interest and taxes		**(617,646)**	**(308,003)**
Interest revenue	3(a)	57	115
Loss before income tax		**(617,589)**	**(307,888)**
Income tax expense	4	-	-
Loss after tax for the year		**(617,589)**	**(307,888)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(617,589)**	**(307,888)**
Basic and Diluted Loss per share (cents per share)	14	(0.09)	(0.05)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Consolidated 2022 $	2021 $
Current assets			
Cash and cash equivalents	5	2,073,795	2,645,571
Trade and other receivables	6	13,996	167,461
Other assets	9	4,328	4,602
Total current assets		**2,092,119**	**2,817,634**
Non-current assets			
Deferred exploration expenditure	7	7,708,446	6,847,460
Plant and equipment	8	2,547	7,707
Total non-current assets		**7,710,993**	**6,855,167**
Total assets		**9,803,112**	**9,672,801**
Current liabilities			
Trade and other payables	10	496,189	225,721
Provisions	11	21,881	19,773
Total current liabilities		**518,070**	**245,494**
Total liabilities		**518,070**	**245,494**
Net assets		**9,285,042**	**9,427,307**
Equity			
Issued capital	12(a)	28,286,711	28,074,602
Reserves	13	407,208	143,993
Accumulated losses		(19,408,877)	(18,791,288)
Total equity		**9,285,042**	**9,427,307**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Contributed Equity $	Accumulated Losses $	Share Option Reserve $	Total Equity $
At 30 June 2020	**25,200,714**	**(18,483,400)**	**-**	**6,717,314**
Total comprehensive income attributable to members	-	(307,888)	-	(307,888)
Share capital issued	3,055,320	-	-	3,055,320
Capital issue costs	(181,432)	-	-	(181,432)
Cost of share-based payment	-	-	143,993	143,993
At 30 June 2021	**28,074,602**	**(18,791,288)**	**143,993**	**9,427,307**
Total comprehensive income attributable to members	-	(617,589)	-	(617,589)
Share capital issued	214,000	-	-	214,000
Capital issue costs	(1,891)	-	-	(1,891)
Cost of share-based payment	-	-	263,215	263,215
At 30 June 2022	**28,286,711**	**(19,408,877)**	**407,208**	**9,285,042**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Payments to suppliers and employees		(341,502)	(344,994)
Interest received		57	115
Receipts from equipment hire		-	69,000
Government grants and tax incentives received		-	63,055
R&D concession received (net of fees)		50,119	-
Net cash flows used in operating activities	23	(291,326)	(212,824)
Cash flows from investing activities			
Exploration expenditure		(605,748)	(301,535)
Payments for project acquisition		-	(27,887)
Payments for plant and equipment		-	(8,062)
R&D tax concession received (net of fees)		113,189	-
Net cash flows used in investing activities		(492,559)	(337,484)
Cash flows from financing activities			
Proceeds from issue of securities		214,000	2,995,320
Payment of security issue costs		(1,891)	(181,432)
Net cash flows from financing activities		212,109	2,813,888
Net increase/(decrease) in cash held		(571,776)	2,263,580
Cash at the beginning of the financial year		2,645,571	381,991
Cash at end of financial year	5	**2,073,795**	**2,645,571**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. Corporate information

The financial report of Redstone Resources Limited and its controlled entities (the Entity or Group) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors of the Entity's parent entity, Redstone Resources Limited, on 30 September 2022.

Redstone Resources Limited (Redstone or the Company) 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 operations and principal activities of the Entity are described in the Directors' Report.

The Group is a for-profit entity for the purpose of preparing financial statements.

2. Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards, Accounting Interpretations and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis and is presented in Australian dollars.

b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2022.

c) Adoption of new and revised standards

The Entity has also reviewed all new Standards and Interpretations applicable to the Entity that have been issued and are effective for the year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Entity's accounting policies.

d) New accounting standards not yet implemented

The AASB has issued new, revised and amended standards and interpretations applicable to the Entity that have mandatory application dates for future reporting periods. A discussion of those future requirements and their impact on the Entity follows:

- AASB 2014-10*: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for annual reporting periods commencing on or after 1 January 2025). Initial application of this standard is expected to be in the financial year ending 30 June 2026.

d) **New accounting standards not yet implemented (continued)**

This amendment addresses a current inconsistency between AASB10: *Consolidated Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures (2011)*. The amendment clarifies that, on sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3: *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business.

The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2020-1*: Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current* (applicable for annual reporting periods commencing on or after 1 January 2023). Initial application of this standard is expected to be in the financial year ending 30 June 2024.

  AASB 2020-1 makes amendments to AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

  A liability is classified as current for an entity if the entity has no right at the end of the reporting period to defer settlement for the liability for at least 12 months after the reporting period.

  The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2020-3*: Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments* (applicable for annual reporting periods commencing on or after 1 January 2022). Initial application of this standard is expected to be in the financial year ending 30 June 2023.

  AASB 2020-3 amends the following Standards:
  - AASB 1 *First-time Adoption of Australian Accounting Standards* (July 2015);
  - AASB 3 *Business Combinations* (August 2015);
  - AASB 9 *Financial Instruments* (December 2014):
  - AASB 116 *Property, Plant and Equipment* (August 2015);
  - AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (August 2015); and
  - AASB 141 *Agriculture* (August 2015).

- AASB 2021-2*: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (applicable for annual reporting periods commencing on or after 1 January 2023). Initial application of this standard is expected to be in the financial year ending 30 June 2024.

  AASB 2021-2 amends the following Australian Accounting Standards:
  - AASB 7 *Financial Instruments: Disclosures* (August 2015);
  - AASB 101 *Presentation of Financial Statements* (July 2015):
  - AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (August 2015);
  - AASB 134 *Interim Financial Reporting* (August 2015); and

  The standard is not expected to have a material impact on the financial statements when first adopted.

d) **New accounting standards not yet implemented (continued)**

- AASB 2021-7a*: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB10 and AASB128 and Editorial Corrections* (applicable for annual reporting periods commencing on or after 1 January 2022). Initial application of this standard is expected to be in the financial year ending 30 June 2023.

  The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2022-1: *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information* (applicable for annual reporting periods commencing on or after 1 January 2023). Initial application of this standard is expected to be in the financial year ending 30 June 2024.

  AASB 2022-1 amends AASB 17 to add a transition option referred to as 'a classification overlay' relating to comparative information about financial assets presented on initial application of AASB 17 and AASB 9 Financial Instruments at the same time. The amendments relate to financial assets for which comparative information presented on initial application of AASB 17 and AASB 9 has not been restated for AASB 9. Applying the transition option would permit an entity to present comparative information about such a financial asset as if the classification and measurement requirements of AASB 9 had been applied to that financial asset.

  The standard is not expected to have a material impact on the financial statements when first adopted.

The adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Entity's reported results and financial position as they do not result in any changes to the Entity's accounting policies. Adoption, may however, result in changes to information currently disclosed in the financial statements. The Entity does not intend to adopt any of these pronouncements before their effective dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

e) **Parent entity information**

The financial information for the Parent Entity, Redstone Resources Limited, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements.

f) **Significant accounting judgments, estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Capitalisation of exploration and evaluation expenditure
Under AASB 6 Exploration for and Evaluation of Mineral Resources the Entity has the option to either expense exploration and evaluation expenditure as incurred or to capitalise such expenditure provided that certain conditions are satisfied. The Entity applies the latter policy as outlined in note 2(n).

Impairment of plant and equipment
Plant and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

Share based payment transactions
The Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either Black-Scholes or binomial methodology.

g) **Revenue Recognition**

Revenues are recognised to the extent that it is probable that the economic benefit will flow to the Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue can be recognised.

(i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services
Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. Contracts with customers for the provision of exploration equipment are invoiced monthly in arrears for a predetermined rate.

(iii) Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Dividends
Revenue is recognised when the Entity's right to receive the payment is established.

(v) R&D Incentive
Research and Development (R&D) Incentive revenue is recognised upon lodgement of the Entity's annual Company Tax return with the Australian Taxation Office, which includes the amount of R&D incentive rebate determined as per the annual R&D Incentive application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

h) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

i) **Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

j) **Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less credit loss allowances. Trade receivables are generally due for settlement within 30 days.

Credit loss allowances of trade receivables are continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. A credit loss allowance account is used when there is objective evidence that the Entity will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Entity in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Entity. The credit loss allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the credit loss allowance is recognised in the consolidated statement of comprehensive income within other expenses. When a trade receivable for which a credit loss allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other income in the consolidated statement of comprehensive income.

k) **Financial Assets**

Financial assets in the scope of AASB 9 *Financial Instruments* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

k) **Financial Assets (continued)**

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

l) **Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

m) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. The net amount of GST recoverable or payable is included as a current asset or current liability in the consolidated statement of financial position. Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable or payable are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

n) **Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

o) **Plant and equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing balance basis over their useful lives to the Entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	**Depreciation rate**
Office furniture & equipment	7.5% to 20%
Exploration & digital equipment	10% to 20%
Computer equipment	25% to 50%

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain of loss arising on derecognition of the asset (calculated as the difference between the net disposal and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

p) **Derecognition of financial assets and liabilities**

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Entity has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset, or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Entity's continuing involvement is the amount of the transferred asset that the Entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

q) **Impairment**

The Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

q) **Impairment (continued)**

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

r) **Goodwill**

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

s) **Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Entity.

t) **Employee benefits**

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Annual leave entitlements are accounted for as a provision.

ii. Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is in accordance with i. above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii. Superannuation

Contributions are made by the Entity to employee superannuation funds and are charged as expenses when incurred.

u) **Interest-Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

w) **Share-based payment transactions**

The Entity provides incentives to employees (including directors) of the Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company has in place an Employee Share Option Plan (ESOP) which provides benefits to directors, senior executives and key employees. Key terms of the ESOP are as follows:

- The ESOP is available to eligible persons who will be determined by the Board but must be persons who are Directors or employees of the Entity;
- Options are issued for nil consideration;
- The exercise price is determined by the Board with regard to the market value of the Company's shares at the time it resolves to offer the options;
- Options will be issued subject to certain conditions that must be satisfied for them to be exercised to be determined by the Board when it resolves to offer the Options and in accordance with the purpose of the ESOP;
- The expiry date of the Options will be determined by the Board prior to the offer of the relevant options, subject to any restrictions in the Corporations Act, but in any event no longer than 5 years from the date of issue;
- Options will lapse if the eligible person ceases to be an eligible person for any reason other than retirement, permanent disability, redundancy or death;
- Options are not transferable;
- Any shares issued will rank equally with the Company's then existing issued shares;
- The issue of Options to Directors will require shareholder approval in accordance with the ASX Listing Rules and the Corporations Act.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using Black-Scholes and binomial methods.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Redstone Resources Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Where the Entity acquires some form of interest in an exploration tenement and the consideration comprises share based payment transactions, the fair value of the equity instruments granted is measured at the grant date. The cost of the equity securities is recognised within capitalised exploration expenditure together with a corresponding increase in equity.

w) **Share-based payment transactions (continued)**

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

x) **Share capital**

Ordinary share capital is recognised at the fair value of the consideration received by the Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

y) **Earnings per share**

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Entity, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to potential ordinary shares.

z) **Joint venture arrangements**

Jointly controlled operations

Where the Entity is a venturer (and so has joint control) in a jointly controlled operation the Entity recognises the assets that it controls and the liabilities it incurs, along with the expenses that it incurs and the Entity's share of the income that it earns from the sale of goods and services by the joint venture.

aa) **Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

ab) **Foreign currency**

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of the Entity, and the presentation currency for the consolidated financial statements.

ac) **Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Redstone Resources Ltd and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

ad) **Principles of going concern**

The Entity recorded a loss of $617,589 for the year ended 30 June 2022 and as at 30 June 2022 had net current assets of $1,574,049 and exploration commitments of $41,110 for the next year (note 21). The financial report has been prepared on a going concern basis, as the Directors are of the opinion that the Entity will be able to pay its debts as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

		Consolidated 2022 $	Consolidated 2021 $
3.	**Revenue and expenses**		
(a)	**Interest**		
	Interest income	57	115
(b)	**Revenue**		
	Exploration equipment hire income	-	65,000
	Other income		
	Government incentives and rebates	-	63,055
	R&D concession	-	55,990
		-	184,045
(c)	**Rent payable under short term leases**	27,600	27,600
(d)	**Employee and directors' benefits expenses**		
	Employee and director benefits	206,038	204,631
	Share option expense	263,215	143,993
		469,253	348,624
(e)	**Depreciation expense and asset write down**		
	Plant and equipment - depreciation	2,931	4,019
	Plant and equipment – asset write down	2,229	-
		5,160	4,019
(f)	**Finance costs**		
	Other third parties	274	1,836

Interest is expensed as it accrues.

		2022 $	2021 $
(g)	**Dividends**	-	-

No dividends have been paid or are proposed as at 30 June 2022.
As at 30 June 2022 the Company has no franking credits available for use in future years.

4. Income tax

		2022 $	2021 $
(a)	**The components of tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
		-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4. Income tax (continued)

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense in the financial statements is as follows:

	Consolidated	
	2022 $	2021 $
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2021: 30%)	(185,277)	(92,366)
Add/(less) tax effect of:		
- Revenue losses and other deferred balances not recognised	106,163	72,358
- Other non-deductible items	79,114	45,282
- Other non-assessable items	-	(25,274)
Income tax expense	-	-

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

(c) Deferred tax recognised at 30% (2021: 30%):

	2022	2021
Deferred tax liabilities:		
Exploration expenditure	(2,406,736)	(2,148,441)
Plant and equipment	(646)	(1,590)
Prepayments	(153)	(120)
Deferred tax assets:		
Carry forward revenue losses	2,407,535	2,150,151
Net deferred tax	-	-

(d) Unrecognised deferred tax recognised at 30% (2021: 30%):

	2022	2021
Carry forward revenue losses	4,489,589	4,357,303
Carry forward capital losses	21,692	21,692
Capital raising costs	43,196	64,619
Provisions and accruals	8,182	10,879
	4,562,659	4,454,493

These deferred tax assets will only be obtained if:

a) future assessable income is derived of a nature and of an amount sufficient to enable the benefits to be utilised;

b) the Entity continues to comply with the conditions for deductibility imposed by law; and

c) no changes in the income tax legislation adversely affect the Entity in utilising the benefits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4. Income tax (continued)

It is considered that it is not probable that the Entity will utilise all its carry forward tax losses in the foreseeable future, hence it is not expected to pay tax in the foreseeable future. The deferred tax balances noted above have therefore not been accounted for in the consolidated statement of financial position.

Redstone Resources Limited and its controlled entities have not elected to form a tax consolidated group.

		Consolidated	
		2022	2021
		$	$
5.	**Cash and cash equivalents**		
	Cash at bank	2,063,795	2,635,571
	Cash on deposit	10,000	10,000
		2,073,795	2,645,571
6.	**Trade and other receivables**		
	Current		
	R&D tax concession receivable	-	163,300
	GST receivable	13,996	4,161
		13,996	167,461
7.	**Deferred exploration expenditure**		
	Exploration costs brought forward	6,847,460	6,652,408
	Expenditure incurred on exploration assets	860,986	210,355
	Project acquisition costs - HanTails	-	97,887
	Reimbursement of capitalised costs	-	(113,190)
	Carrying amount at the end of the year	7,708,446	6,847,460

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated 2022 $	Consolidated 2021 $
8. Plant and equipment		
At cost	8,061	153,000
Accumulated depreciation	(5,514)	(145,293)
Total written down value	2,547	7,707

Reconciliation
A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial period.

Plant and equipment

	2022 $	2021 $
Carrying amount at beginning of year	7,707	3,666
Additions	-	8,060
Depreciation expense	(2,931)	(4,019)
Asset write-downs	(2,229)	-
Total plant and equipment	2,547	7,707

	2022 $	2021 $
9. Other assets		
Current		
Prepayments	4,328	4,601

10. Trade and other payables

	2022 $	2021 $
Current		
Trade creditors (i)	247,148	90,259
Other creditors (ii)	249,041	135,462
Total current trade and other payables	496,189	225,721

Terms and conditions relating to the above financial instruments:
(i) Trade creditors are non-interest bearing and are normally settled on 14-30 days terms, other than for related party creditors of the Entity totalling $62,404 (2021: $85,574) which, by mutual agreement with the Entity, currently have no set term for payment.

(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 $124,300 (2021: $101,700) which, by mutual agreement with the Entity, currently have no set term for payment.

Trade and other payables include $180,875 (2021: $8,962) relating to exploration expenditure.

	Consolidated	
	2022	2021
	$	$
11. Provisions		
Employee entitlements		
Opening balance as at 1 July 2021	19,773	18,142
Provision additions	10,755	10,661
Amounts used/paid out	(8,647)	(9,030)
Balance as at 30 June 2022	21,881	19,773
Current	21,881	19,773

Provision for employee entitlements relates to the Group's liability for annual leave and long service leave.

12. Issued Capital

(a) Issued and paid up capital

736,832,396 (2021: 718,999,063) ordinary shares fully paid	28,286,711	28,074,602

2022 Financial Year
On 28 February 2022 the Company issued 17,833,333 fully paid ordinary shares (Shares) at an issue price of $0.012 per Share to the Directors (and/or their nominee/(s)) of the Company pursuant to shareholder approval. Participation in the private placement by directors raised $214,000 (before costs).

2021 Financial Year
Pursuant to the terms of the HanTails Farm-in and Joint Venture Agreement the Company issued four (4) million Shares to the vendor on 29 July 2020 in return for an exclusive due diligence period.

During the 2021 financial year the Company issued and allotted 51,451,424 Shares at $0.014 per Share to complete a capital raising totalling $720,320 (before costs) by private placement to sophisticated and professional investors.

On 27 February 2021 the Company completed a further private placement of up to 189,583,333 million Shares at $0.012 per share to raise to $2,275,000 (before costs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

12. Issued Capital (continued)

(b) Movements in fully paid ordinary shares during the year were as follows:

	2022		2021	
	No. of Shares	$	No. of Shares	$
Movements in shares on issue				
Opening balance	718,999,063	28,074,602	473,964,306	25,200,714
Placement – 29 July 2020 HanTails Vendor	-	-	4,000,000	60,000
Placement – 10 August 2020	-	-	42,165,710	590,320
Placement – 30 September 2020	-	-	2,500,000	35,000
Placement – 24 December 2020	-	-	6,785,714	95,000
Placement – 27 February 2021	-	-	189,583,333	2,275,000
Placement – 28 February 2022	17,833,333	214,000	-	-
Share issue costs	-	(1,891)	-	(181,432)
Closing balance	736,832,936	28,286,711	718,999,063	28,074,602

(c) Movements in options issued during the year were as follows:

	2022		2021	
	No. of Listed Options (RDSOB)	$	No. of Listed Options (RDSOB)	$
Movements in listed options on issue				
Opening balance	-	-	47,015,048	-
Option expiry (ASX: RDSOB) - 30 April 2021	-	-	(47,015,048)	-
Closing balance	-	-	-	-

12. Issued Capital (continued)

(c) Movements in options issued during the year (continued):

Movements in unlisted options on issue

During the financial year 32,000,000 unlisted options over ordinary shares were issued. No unlisted options over ordinary shares expired or were converted into ordinary shares.

Unlisted share options	As at 30 June 2021	Issued/ (lapsed)	As at 30 June 2022	Exercise price	Exercisable from	Expiry
Unlisted options	15,000,000	-	15,000,000	0.0204	27 Nov 20	20 Nov 25
Unlisted options	-	32,000,000	32,000,000	0.0188	28 Jan 22	23 Jan 27
Total options	**-**	**15,000,000**	**47,000,000**			
Weighted average exercise price (cents/share)	0.0204		0.0193			
Weighted average exercise price of lapsed options (cents/share)		-				
Weighted average exercise price of issued options (cents/share)		0.0188				

The weighted average remaining contractual life of unlisted options on issue as at 30 June 2022 is 4.19 years (2021: 4.39 years). As at 30 June 2022 there are 47,000,000 unlisted options on issue.

(d) Terms and conditions of contributed equity

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Option holders do not have the right to receive dividends nor are they entitled to vote at a meeting of the company.

(e) Employee Share Option Plan (ESOP)

Key terms relating to the Employee Share Option Plan (ESOP) are set out in note 2(w).

During the financial year no options were issued to eligible persons pursuant to the ESOP (2021: nil) and no options lapsed or expired (2021: nil).

13. Reserves

	Consolidated	
	2022 $	2021 $
Share option reserve (i)	407,208	143,993

(i) This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration and as consideration for other equity settled transactions.

Movements in reserves are set out in the Statement of Changes in Equity.

14. Loss per share

	Consolidated	
	2022	2021
Basic loss per share (cents per share)	(0.09)	(0.05)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	724,959,793	584,327,742
Earnings used in the calculation of basic loss per share	(617,589)	(307,888)

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

15. Key management personnel disclosures

(a) *Key management personnel*

The directors of Redstone Resources Limited during the financial year were:

Richard Homsany (*BCom, LLB (Hons), CPA, Grad. Dip. FINSIA, F Fin, MAICD)* – Non-Executive Chairman
Edward van Heemst *(B Com, MBA, CA, CPA)* – Non-Executive Director
Brett Hodgins (*BSc (Hons), Grad Dip FINSIA*) – Non-Executive Director

15. Key management personnel disclosures (continued)

(b) *Remuneration of key management personnel*

Refer to the Remuneration Report included on pages 16 to19 for details of remuneration paid to directors and the specified executives.

(c) *Share holdings of key management personnel*

2022	Held as at 1 July 2021	Acquired/ (Disposed) on Market	Acquired/ (Disposed) off Market	Placement	Other Changes	Held as at 30 June 2022
Directors						
R Homsany	63,814,778	-	-	-	-	63,814,778
E van Heemst	72,250,001	-	-	8,333,333	-	80,583,334
B Hodgins	6,175,143	-	-	1,166,667	-	7,341,810

2021	Held as at 1 July 2020	Acquired/ (Disposed) on Market	Acquired/ (Disposed) off Market	Placement	Other Changes	Held as at 30 June 2021
Directors						
R Homsany	61,314,778	-	-	2,500,000	-	63,814,778
E van Heemst	69,750,001	-	-	2,500,000	-	72,250,001
B Hodgins	4,389,429	-	-	1,785,714	-	6,175,143

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(d) Transactions with key management personnel

Refer to the Remuneration Report included on pages 16 to 19 for details of transactions with key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated 2022 $	Consolidated 2021 $
16. Employee benefits		
Aggregate liability for employee benefits		
Current		
Trade and other payables	21,985	21,764
Employee entitlement provision	21,881	19,773
	43,866	41,537
Non-Current		
Employee entitlement provision	-	-
	-	-

The Entity has in place an employee share option plan (ESOP) for the granting of non-transferable options to certain directors, senior executives and key employees, further details of which are provided in note 2(w).

17. Auditors remuneration

	2022 $	2021 $
Amounts received or due and receivable by the auditors of the Entity for:		
- an audit or review of the financial statements of the Entity	20,000	20,000
- non audit services	-	-
	20,000	20,000

18. Subsequent events

West Musgrave Project - Extension of Term Applications

Tenements E69/3456 and E69/2450 held by the Company were due to expire on 13 August 2022 and 18 September 2022 respectively. Extension of term applications for exploration licence E69/3456 for a further five (5) year term to 13 August 2027 and E69/2450 for a further two year period to 18 September 2024 have been lodged with the Department of Mining, Industry, Regulation and Safety. The status of the extension of term applications remains pending at the date of this report.

Other than as stated above there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial periods.

19. Segment Reporting

The Entity has one operating segment being the distinct geographical location of its Area of Interest in Australia (the Entity’s primary basis of segmentation).

20. Related Party Transactions

Other than disclosed in note 15 there were no other related party transactions during the financial year.

21. Expenditure commitments

Exploration expenditure commitments

Australian tenements
In order to maintain current rights of tenure over its Australian mineral tenement leases, the Entity will be required to outlay amounts in respect of rent and to meet minimum expenditure requirements of the Department of Mines, Industry, Regulation and Safety (**DMIRS**). Further, those tenements for which access agreements have been signed require annual access payments to be paid to the traditional owners.

The expenditure commitments (including access fees) on granted tenements as at 30 June 2022 amount to $41,110 (2021: $232,100).

In August and September 2022 the Company applied to the Department of Minerals, Industry, Regulation and Safety (**DMIRS**) for extensions of term for exploration licences E69/3456 and E69/2450 for a further five year and two year periods respectively. If the extension of term applications are granted the annual minimum expenditure commitments for these tenements from the tenement anniversary date will be $214,000.

HanTails Farmin and Joint Venture Agreement
In July 2020 Redstone entered into an agreement to farm-in to an 80% interest in the HanTails Project (**HanTails** or the **Project**). HanTails is a historic large scale gold mine Tailings Storage Facility located on the historic Hannans South Gold Mill site, just 15kms south of Kalgoorlie-Boulder, Western Australia.

Pursuant to the terms of the HanTails Farm-in and Joint Venture Agreement (**HanTails Farm-in and JV**) Redstone will be required to incur a minimum farm-in spend of $75,000 to earn a 51% interest in the Project (**Stage 1**), including a guaranteed minimum spend of $50,000, within a 9 month period. Following Stage 1 and the establishment of an unincorporated joint venture with the vendor, Redstone will be required to incur a further farm-in spend of $75,000 to earn an 80% interest in the Project (**Stage 2**). After Stage 2, Redstone will be required to free carry joint venture expenditure until a Decision to Mine based on the completion of an economic study. At the end of the free carry period the vendor will have the election to contribute 20% to Project joint venture expenditure or dilute to a 2% gross proceeds royalty on any gold produced and sold.

A variation to the HanTails Farm-in and JV was executed in April 2021 which has the effect of extending each of the farm-in Stages 1 and 2 by a further 6 months and to add another proximal tenement to the Joint Venture.

As at 30 June 2022 Redstone has completed Stage 1 of the HanTails Farm-in and JV and acquired a 51% interest in the HanTails Project.

The future exploration commitment (including access payments) of the Entity relating to granted tenements that the Entity has an interest in is as follows:

	Consolidated	
Cancellable operating lease commitments for exploration tenements	2022 $	2021 $
Within one year	40,466	200,000
One year or later and no later than five years	644	32,100
Later than five years	-	-
	41,110	232,100

These obligations may vary from time to time, are subject to approval and are expected to be fulfilled in the normal course of operations by the relevant entity. Further, these obligations are subject to the possibility of adjustment to the amount and timing of such obligations or extinguished upon any surrender of the tenement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

21. Expenditure commitments (continued)

Capital commitments

The Entity does not have any capital commitments at reporting date.

Operating lease commitments

Cancellable operating lease commitments	Consolidated 2022 $	Consolidated 2021 $
Within one year	2,300	2,300
One year or later and no later than five years	-	-
Later than five years	-	-
	2,300	2,300

22. Financial Risk Management

(a) Overview
The Entity has exposure to the following risks from use of their financial instruments

- credit risk
- liquidity risk
- market risk

This note presents information about the Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework.

(b) Credit risk
Credit risk is the risk of financial loss to the Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Entity's receivables from customers and investments.

(c) Liquidity risk
Liquidity risk is the risk that the Entity will not be able to meet its financial obligations as they fall due. The Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Entity's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

It is the Entity's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days (excluding those amounts due to related party creditors of the Entity), including the servicing of financial obligations.

The contractual maturities of the financial liabilities referred to in note 10 to the financial report for the Entity at reporting date are less than 3 months, other than for related party creditors of the Entity ($186,704), which by mutual agreement currently have no set date for payment.

(d) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Entity's income or the value of its holdings of financial instruments.

(i) Price Risk
The Entity has no exposure to price risk.

(ii) Currency risk
The Entity is exposed to currency risk on purchases and investments that are denominated in a currency other than their functional currency, namely the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are the United States dollar (USD).

To date, currency risk has not been material to the Entity.

22. Financial Risk Management (continued)

(d) Market risk (continued)

(iii) Interest rate risk
The cash balance of $2,073,795 as at 30 June 2022 is sensitive to interest rate risk whereby a 1% per annum movement in interest rates would impact the consolidated statement of comprehensive income and net equity by $20,738. This risk is not considered to be material.

At reporting date the Entity does not have any short term borrowings.

(e) Capital risk management
Management's policy is to control the capital of the Company in order to maintain a strong capital base so as to maintain investor, creditor and market confidence and to ensure that the Entity can fund its operations and continue as a going concern.

The Entity's capital includes ordinary share capital and financial liabilities, comprising trade and other payables totalling $496,189 (2021: $225,721) and financial assets of $2,087,791 (2021: $2,813,032). The financial liabilities of $225,721 include related party creditors of the Entity totalling $186,704, which by mutual agreement currently have no set date for payment.

Financial risk management objectives and policies
The Entity's principal financial instrument is cash. The main purpose of these financial instruments is to provide working capital for operations.

The Entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. The main risks currently arising from the Entity's financial instruments are interest rate risk and credit risk.

It is not expected that the Entity will be undertaking transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations are not expected to arise.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any credit loss allowances of those assets, as disclosed in the statement of financial position and the notes to the consolidated financial statements.

The Entity does not have any material credit risk exposure to debtors under financial instruments it has entered into.

As at 30 June 2022, financial assets primarily comprise cash held with reputable financial institutions and receivables from the Australian Taxation office. These financial assets are therefore not considered to present material credit risk.

Net fair values
The carrying amount of financial assets and financial liabilities approximate their net fair values at balance date.

22. Financial Risk Management (continued)

Interest rate risk
The following table sets out the carrying amount and maturity of the financial instruments exposed to interest rate risk:

Consolidated – 2022 Category	Time Period	Interest Bearing (Floating)	Non-Interest Bearing	Total Carrying Amount as per the consolidated statement of financial position	Weighted Average Effective Interest Rate %
Financial assets:					
Cash	<1 year	10,000	-	10,000	0.51%
Cash	<1 year	-	2,063,795	2,063,795	-
Total financial assets		10,000	2,063,795	2,073,795	
Financial liabilities					
Trade creditors and other payables*	<1 year	-	496,189	496,189	-
Total financial liabilities		-	496,189	496,189	

**Trade creditors and other payables include $186,704 payables or accrued amounts owing to director related parties of the entity which have no set date of repayment.*

Consolidated – 2021 Category	Time Period	Interest Bearing (Floating)	Non-Interest Bearing	Total Carrying Amount as per the consolidated statement of financial position	Weighted Average Effective Interest Rate %
Financial assets:					
Cash	<1 year	2,645,571	-	2,645,571	0.01%
Trade and other receivables	<1 year	-	163,300	163,300	-
Total financial assets		2,645,571	163,300	2,808,871	
Financial liabilities					
Trade creditors and other payables*	<1 year	-	225,721	225,721	-
Total financial liabilities		-	225,721	225,721	

**Trade creditors and other payables include $187,274 payables or accrued amounts owing to director related parties of the entity which have no set date of repayment.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

23. Cash flow information

	Consolidated 2022 $	Consolidated 2021 $
Loss from ordinary activities after income tax	(617,589)	(307,888)
Depreciation	2,931	4,019
Asset write-downs	2,229	-
Share based payment	263,215	143,993
Changes in operating assets and liabilities		
Increase/(decrease) in provisions	2,109	1,631
Increase/(decrease) in trade creditors and accruals	15,230	(9,044)
Decrease/(increase) in sundry receivables and prepayments	40,549	(45,535)
Net cash flow used in operating activities	(291,326)	(212,824)

Non-Cash Transactions

Financial year ended 30 June 2022

During the year 32,000,000 options were granted to Directors, Consultants and Employee for nil consideration. Further information on granted options is available at note 26.

Financial year ended 30 June 2021

Pursuant to the terms of the HanTails Farm-In and JV Agreement the Entity issued four (4) million Shares to the vendor of the HanTails Project on 29 July 2020 in return for an exclusive due diligence period.

During the year 15,000,000 options were granted to Directors, Consultants and Employee for nil consideration. Further information on granted options is available at note 26.

24. 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 30 June 2022.

25. Parent Information

	Parent Entity 2022 $	Parent Entity 2021 $
Current assets	2,092,094	2,817,608
Non-current assets	7,713,058	6,857,232
Total Assets	**9,805,152**	**9,674,840**
Current liabilities	518,071	245,494
Total Liabilities	**518,071**	**245,494**
Net Assets	**9,287,081**	**9,429,346**
Equity		
Issued capital	28,286,711	28,074,602
Reserves	407,208	143,993
Accumulated losses	(19,406,838)	(18,789,249)
Total RDS equity	**9,287,081**	**9,429,346**
Net loss for the year before other comprehensive income	(617,589)	(307,280)
Total comprehensive income for the year	(617,589)	(307,280)
Earnings per share (EPS) – (cents per share)	(0.09)	(0.05)

Controlled entities

Redstone Resources Limited is the ultimate parent entity of the controlled entities.

(a) **Particulars in relation to controlled entities**	Country of incorporation	2022 Ownership %	2021 Ownership %
Allhawk Nominees Pty Ltd	Australia	100	100
Minex Services Pty Ltd	Australia	100	100
Westmin Exploration Pty Ltd	Australia	100	100
River Gold Exploration Pty Ltd	Australia	100	100
Earaheedy Resources Pty Ltd	Australia	100	100
Redstone Mineracao Do Brasil Ltda[1]	Brazil	98	98

[1] Redstone Mineraco Do Brasil Ltda is 98% owned by the Company. The remaining 2% shareholding is held by a previous consultant of the Entity, who is a Brazilian citizen and is holding these shares on trust for the Company. The Board and shareholding structure is in accordance with Brazilian law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

25. Parent Information (continued)

(b) Contribution to consolidated result

The results of the controlled entities inclusion in the consolidated statement of comprehensive income is nil (2021: $608 loss).

26. Share based payments

The impact of share based payments on the consolidated statement of comprehensive income for the financial year ended 30 June 2022 is as follows:

	Consolidated 2022 $	Consolidated 2021 $
Net loss after income tax and including share based payments	(617,589)	(307,888)
Add: share based payments expense	263,215	143,993
Net loss after income tax excluding share based payments	(354,374)	(163,895)

During the financial year 32,000,000 unlisted share options were granted for nil consideration (2021: 15,000,000). Share-based payments were valued using either Black Scholes or binomial methodology as detailed in note 2(w). The value of existing options for the year ending 30 June 2022 is $407,208 as follows.

$	
263,215	32,000,000 Director, Consultant and Employee Options granted on 28 January 2022. Exercise price $0.0188 exercisable from 28 January 2022 and expiring 23 January 2027.
143,993	15,000,000 Director, Consultant and Employee Options granted on 27 November 2020. Exercise price $0.0204 exercisable from 27 November 2020 and expiring 20 November 2025.
407,208	Total Options 47,000,000

The option valuation adopted above is calculated using the following assumptions:

Options granted in financial year ending 30 June 2022:
Underlying security spot price of $0.012
Dividend rate of nil
Volatility factor of 100%
Risk free interest rate of 1.688%
The weighted average exercise price is $0.0188 and the weighted average expiry period is 4.99 years.
The weighted average value per option as at the measurement date is $0.0082 per option.

Options granted in financial year ending 30 June 2021
Underlying security spot price of $0.014
Dividend rate of nil
Volatility factor of 100%
Risk free interest rate of 0.31%
The weighted average exercise price is $0.0204 and the weighted average expiry period is 4.98 years.
The weighted average value per option as at the measurement date is $0.0096 per option.

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 23 to 56 are in accordance with the Corporations Act 2001, including:
   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the Entity's financial position as at 30 June 2022 and its performance for the financial year ended on that date and

b) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by s295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

R Homsany
Chairman
Perth, Western Australia

Dated this 30th day of September 2022

DRY KIRKNESS

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

Report on the Financial Report

Opinion

We have audited the financial report of Redstone Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a while, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Deferred exploration expenditure (*refer note 7)* The Group operates as an exploration entity and as such its primary activities entail expenditure focussed on the exploration for and evaluation of economically viable mineral deposits. These activities are currently focused on the West Musgrave and HanTails Projects. All exploration and evaluation expenditure incurred has been capitalised and recognised as an asset in the Statement of Financial Position. The closing value of this asset is $7,708,446 as at 30 June 2022. The carrying value of deferred exploration assets is subjective and is based on the Group's intention and ability, to continue to explore the asset. The carrying value may also be affected by the results of ongoing exploration activity indicating that the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the asset value included within the financial statements may not be recoverable.	Our audit procedures included the following: • ensuring the Group's continued right to explore for minerals in the relevant project areas including assessing documentation such as exploration and mining licences; • enquiring of management and the directors as to the Group's intentions and strategies for future exploration activity and reviewing budgets and cash flow forecasts; • assessing the results of recent exploration activity to determine whether there are any indicators suggesting a potential impairment of the carrying value of the asset; • assessing the Group's ability to finance the planned exploration and evaluation activity; and • assessing the adequacy of the disclosures made by the Group in the financial report.
Deferred Taxation *(refer note 4)* The Company relies on the use of an expert to prepare the taxation disclosures which are included in the financial statements	In accordance with Australian Auditing Standards, we relied on the work of management's expert with respect to the assumptions used in the calculation of deferred taxes. Our audit procedures included: • examining the qualifications, objectivity and experience of management's expert; • evaluating the assumptions, methodologies and conclusions used by the Group in preparing their estimate of deferred taxes; and • assessing the adequacy of the disclosures made by the Group in the financial report
Equity Structure and Share Options *(refer note 12 and 26)* During the year, the Group successfully issued fully paid ordinary shares as well as share options**.**	Our audit procedures included an examination of the issue of fully paid ordinary shares during the year as disclosed in note 12. We reconciled the third-party share registry to information announced to the public. Our audit procedures also included an examination of share options issued during the year as disclosed in note 26. We assessed whether share-based payments should have been recognised and assessed the assumptions used in the calculation and disclosure of share-based payments.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.

Report on the Remuneration Report
Opinion

We have audited the Remuneration Report included on pages 16 to 19 of the directors' report for the year ended 30 June 2022.

In our opinion the Remuneration Report of Redstone Resources Limited for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DRY KIRKNESS (AUDIT) PTY LTD

ROBERT HALL CA

Director

Perth
Date: 30 September 2022

SHAREHOLDER INFORMATION AS OF 23 SEPTEMBER 2022

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period can be found on the Company's website at www.redstone.com.au/corporate_governance.html.

B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the company's register:

Shareholder	Number
MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST <LYNWARD SUPER FUND A/C>	72,733,334
CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	63,614,778

2. Number of holders in each class of equity securities and the voting rights attached

There are 1,816 holders of ordinary shares. Each shareholder is entitled to one vote per share held. On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

There are 5 holders of unlisted options.

3. Distribution schedule of the number of holders in each class is.

	Holders of Ordinary Shares	Number of Ordinary Shares	%
1 - 1,000	111	47,727	0.01
1,001 - 5,000	284	860,640	0.12
5,001 - 10,000	222	1,831,254	0.25
10,001 - 100,000	686	28,557,382	3.88
100,001 and over	513	705,535,393	95.75
TOTALS	1,816	736,832,396	100.00

4. Marketable Parcel

There are 1,150 shareholders with less than a marketable parcel.

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds are as follows:

SHAREHOLDER INFORMATION

Fully Paid Ordinary Shares – ASX: RDS

Rank	Name	No. of Ordinary Shares	%
1	MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST <LYNWARD SUPER F	72,733,334	9.87
2	CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	63,614,778	8.63
3	GREYHOUND INVESTMENTS PTY LTD <GREYHOUND INVESTMENTS A/C>	32,650,136	4.43
4	CARDINALS INVESTMENTS PTY LTD	31,344,380	4.25
5	MR DALE JAMES CHAMPION+MRS ANITA MARIA CHAMPION <CHAMPION INVESTMENT	18,750,000	2.54
6	TORO ENERGY LTD	17,500,000	2.38
7	VYSCARD PTY LTD<LE ROY SUPER FUND A/C>	17,000,000	2.31
8	MR ILIAS LEE RISKAS <RISKAS FAMILY A/C>	13,000,000	1.76
9	THE DUTCHINA INVESTMENTS PTY LTD	11,000,000	1.49
10	BNP PARIBAS NOMINEES PTY LTD	8,274,187	1.12
11	MEMPHIS HOLDINGS PTY LTD <SUPER FUND A/C>	8,000,000	1.09
12	TROYWARD PTY LTD	7,850,000	1.07
13	GRAHAM JOHN FISHER PTY LTD <GRAHAM JOHN FISHER S/F A/C>	6,184,588	0.84
14	ACEDAY INVESTMENTS PTY LTD <THE HOFMANN SUPER FUND A/C>	6,000,000	0.81
15	KINGRTH PTY LTD	6,000,000	0.81
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,813,801	0.79
17	MRS LUCY KOPPES	5,800,003	0.79
18	ABDUL FIDA PTY LTD <AR&F DANNAOUI FAMILY A/C>	5,500,000	0.75
19	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	5,500,000	0.75
20	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	5,258,177	0.71
		347,773,384	47.20

6. Details of Restricted Securities

   No securities are subject to escrow.

7. Details of Unlisted Options

% or No. holders	No. Options	Name / Class of Option
5	15,000,000	Options Exercise price $0.0204 from 27 November 2020 and expiring 20 November 2025
5	32,000,000	Options Exercise price $0.0188 from 28 January 2022 and expiring 23 January 2027
	47,000,000	Total Unlisted Options

Unquoted Securities > 20% Holders

Class - Unlisted Options: Exercise price $0.0204 from 27 November 2020 and expiring 20 November 2025

Holder	No. Options
CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	5,000,000

SHAREHOLDER INFORMATION

Unquoted Securities > 20% Holders (continued)

Class - Unlisted Options: Exercise price $0.0188 from 28 January 2022 and expiring 23 January 2027

Holder	No. Options
CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	10,000,000

C. OTHER DETAILS

1. Company Secretary

   The name of the company secretary is Miranda Conti.

2. Address and telephone details of the entity's registered and administrative office

   60 Havelock Street
   West Perth WA 6005
   Tel: + 61 8 9328 2552
   Fax: + 61 8 9328 2660
   email: contact@redstone.com.au

3. Address and telephone details of the office at which a register of securities is kept.

   Advanced Share Registry Limited
   Website: www.advancedshare.com.au

   Western Australia – Main Office
   110 Stirling Highway, NEDLANDS WA 6009
   PO Box 1156, NEDLANDS WA 6909
   Tel: +61 8 9389 8033
   Fax: +61 8 9262 3723

   New South Wales - Branch
   Suite 601, Level 6
   225 Clarence Street
   SYDNEY NSW 2000

   PO Box Q1736
   Queen Victoria Building
   SYDNEY NSW 1230
   Tel: + 61 2 8906 3502

   Victoria
   Tel: +61 3 9018 7102

   Queensland
   Tel: +61 7 3103 3838

SHAREHOLDER INFORMATION

4. Stock exchange on which the Company's securities are quoted

   The Company's listed equity securities are quoted on the Australian Stock Exchange (ASX: RDS).

5. Review of Operations

   A review of operations is contained in the Directors' Report.

D. TENEMENT SUMMARY

Following is a list of the Entity's tenements which are live or active as at the date of this report.

West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date/ (Application Date)	Expiry	Blocks	Area km2
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	E 69/3568	Redstone Resources Limited	0%	0%	(10/05/2018)	N/A	27	83.2
Milyuga	E 69/3750	Westmin Exploration Pty Ltd	0%	0%	(17/09/2019)	N/A	107	330.0
							203	626.0

** Tenements E69/3456 and E69/2450 held by the Company were due to expire on 13 August 2022 and 18 September 2022 respectively. Extension of term applications for exploration licence E69/3456 for a further five (5) year term to 13 August 2027 and E69/2450 for a further two year period to 18 September 2024 have been lodged with the Department of Mining, Industry, Regulation and Safety. The status of the extension of term applications remains pending at the date of this report.*

Kalgoorlie, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date/ (Application Date)	Expiry	Blocks	Area km2
HanTails	P26/4308	Hannans Gold Pty Ltd	49%	51%	3/04/2019	2/04/2023	N/A	0.6
HanTails	P26/4465	Hannans Gold Pty Ltd	49%	51%	5/08/2019	4/08/2023	N/A	1.7
							-	2.3

As at 30 June 2022 Redstone has completed Stage 1 of the HanTails Farm-in and JV and acquired a 51% interest in the HanTails Project.