



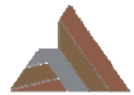
ASX ANNOUNCEMENT
29 January 2021

QUARTERLY REPORT

For the Period Ending 31 December 2020

HIGHLIGHTS

- Planning and evaluation commenced for a targeted drilling and exploration copper programme (the **Programme**) at Redstone's 100% owned West Musgrave Project, including at the Tollu Copper Vein deposit (**Tollu**), for commencement for 2021.
- Government approvals sought and heritage clearances for the Programme planned for site in February 2021. Commencement of the Programme will be subject to receipt of the requisite government, heritage approvals and availability of drilling resources.
- The excellent copper results from the most recent exploration programme confirmed the improved prospectivity for copper mineralisation across the broader West Musgrave Project tenure, beyond Tollu, warranting further evaluation and follow up including:
 - RC drilling at the EM5 Target (**EM5**), located over 7.2km north east of Tollu, which intersected a large igneous intrusion over 400m in diameter and bearing a thick sequence of disseminated copper sulphides. The anomalous copper at EM5 was intersected continuously for 95m (up to 0.06% copper) from 66m downhole (TLC170). The copper mineralisation remains untested in all directions.
 - TLC170 targeted a magnetic geophysical feature which was accompanied by an electromagnetic anomaly (the **EM5 Target**).
 - The anomalous copper at EM5, combined with two (2) other EM5 'look-a-like' magnetic anomalies have been upgraded to drilling targets (**Figure 1**).
 - The 2019 project scale mapping programme, which covered some 135 square kilometres of the West Musgrave Project, also identified new Target Areas of copper prospectivity, with surface rock chip samples returning up to 0.71% copper (**Figure 1**). Visible secondary copper mineralisation was found in quartz veins as far as 10km away from the Tollu copper vein system.
- Extension of Term for West Musgrave Project exploration licence (E69/2450) for a further two years was granted during the Quarter.
- Successful application for a West Australian Government Exploration Incentive Scheme (EIS) grant (Round 22) to co-fund a deep drill hole of approximately 1,000m at the Tollu Copper Vein system for up to \$200,000. This hole is being considered for inclusion in the Programme in 2021, subject to additional funding and availability of a diamond drill rig.



- Completion in October 2020 of an aircore and auger drilling programme at the HanTails Gold Tailings Project (**HanTails**). Further drilling via a different technique is being investigated to validate sample integrity. This follow up sonic drilling is expected to take place as soon as a rig becomes available.

Redstone Resources Limited (**ASX: RDS**) (**Redstone** or the **Company**) presents its quarterly report for the period ending 31 December 2020 (the **Quarter**).

WEST MUSGRAVE PROJECT

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

Tollu hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km². Copper mineralisation is exposed at the surface and forms part of a dilation system within and between two major shears.

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

Geological mapping of the project area along with detailed geochemical analysis of the EM1 (**VTEM_{max}**) target assay results suggest 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).

WEST MUSGRAVE PROJECT – DECEMBER 20 QUARTER ACTIVITIES

During the Quarter the Company commenced planning and evaluation for an upcoming drilling and exploration programme (the **Programme**) on the Company's 100% owned West Musgrave Project.

The proposed Programme follows from the improved market sentiment for copper and the excellent results from the Company's 2019 exploration campaign, which included reverse circulation (**RC**) drilling at the Tollu Copper Vein deposit (**Tollu**), at the EM5 electromagnetic (**EM**) Target and a project scale mapping programme, which significantly enhanced existing prospects and established new areas of copper prospectivity on the Project (**Figure 1**).

Applications for Programmes of Works and Clearing Permits are in progress and required heritage clearances with the traditional owners are planned for site in February 2021. Commencement of the Programme will be subject to availability of drilling resources and additional funding as required.

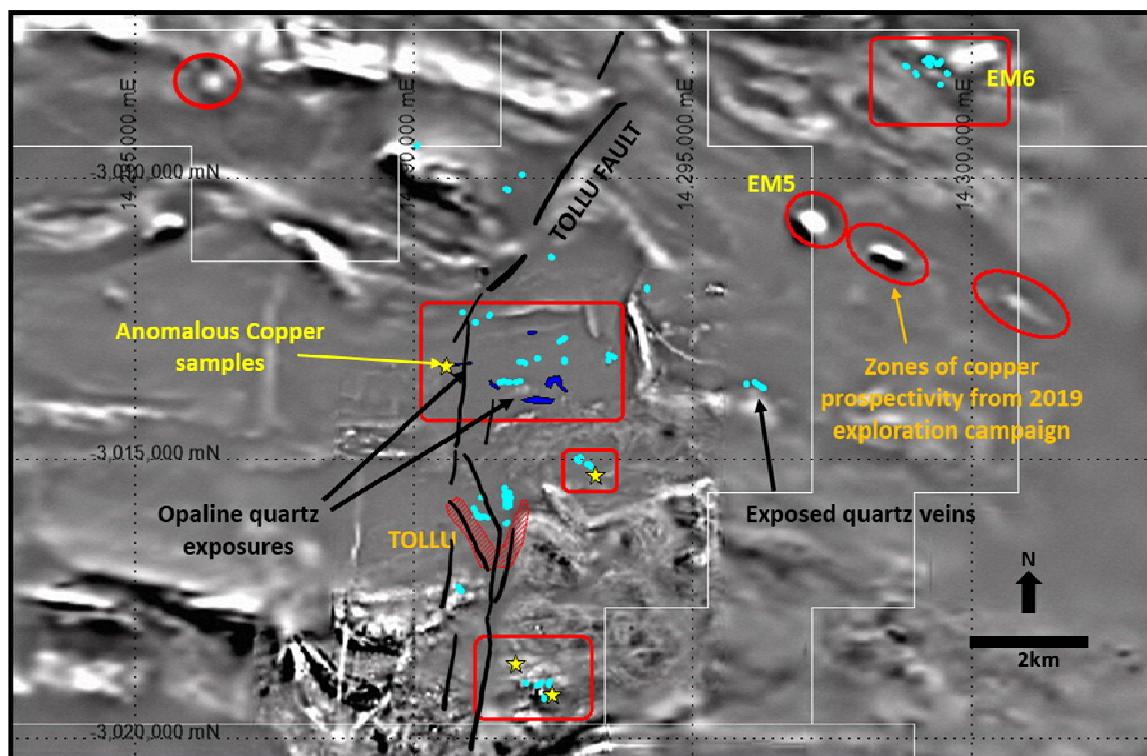
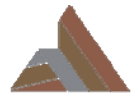


Figure 1 - Location of the anomalous copper samples (yellow stars) and the new Target Areas of prospectivity (red boundaries) identified by the recent exploration campaign (geological mapping and drilling). Opaline quartz is mapped in dark blue and quartz vein outcrops are mapped in light blue.

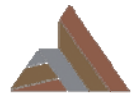
TARGET EM5 – 7.2KM NORTH EAST OF TOLLU

The Programme is proposed to include follow up drilling of EM5, an EM target coincident with a large circular magnetic anomaly located 7.2km north east of Tollu. Assay results confirmed that RC drill hole TLC170 intersected a 95m thick (downhole) sequence of disseminated copper sulphides (Chalcopyrite) from 66m downhole with copper concentrations of between 0.03-0.06% copper in a large igneous intrusion (**Figure 1**).

The magnetic anomaly shows that the gabbroic intrusion containing the disseminated copper sulphides in TLC170 is at least 400-450m in diameter, although it may be much larger at depth. A similar magnetic anomaly, 650m long and 300m wide, is located only 800m to the south east of that intersected by TLC170, possibly related to the same intrusive body at depth.

The 95m intersection of disseminated copper mineralisation in the gabbroic intrusion at EM5, proves that the West Musgrave Project is prospective for copper mineralisation in the greater Project area, beyond what is already known at Tollu. It highlights that there is potential for magmatic intrusions throughout the Project that may contain economic concentrations of metals themselves or that may have created the hydrothermal conditions necessary for mobilising and concentrating metals in the volcanic sequences they have intruded or at their contacts.

No other exploration has been carried out in the immediate area, which leaves the copper occurrence at EM5 untested in all directions, including at depth. As a result the EM5 Target area and two (2) other EM5 'look-a-like' magnetic anomalies have been upgraded to drill targets for the Programme (**Figure 1**).



NEW PROSPECTIVE TARGET AREAS IDENTIFIED OUTSIDE TOLLU

A project scale geological mapping programme undertaken in the 2019 exploration campaign covered an area of approximately 135 square kilometres. The mapping focused on a region that encompassed the major Tollu Fault from the southern to northern property boundaries, west to cover the EM1 target area and northeast through EM5 to the EM6 target area (**Figure 1**). The returned assay results from the rock chip samples along with the observations made in the field highlighted at least four (4) areas of prospectivity for future copper exploration on the Project (ASX Announcement 15 July 2020). These areas are shown in **Figure 1**, along with the locations of the samples containing anomalous copper.

First pass aircore drilling and/or limited RC drilling is being considered to further evaluate the new prospective Target Areas of copper propsectivity identified by the 2019 mapping program, in particular a 700m long intermittent exposure of opaline quartz and quartz veining north of Tollu, striking approximately E-W and for which the opaline quartz was found to be anomalous in copper.

TOLLU

Additional drilling is also proposed at Tollu, where three RC drill holes for 662m completed in 2019 continued to return high grade copper results as follows;

The 2019 significant copper intercepts (ASX Announcement 25 June 2020) included:

- **26m @ 1.03% Cu from 277m downhole (TLC166), including:**
 - **2m @ 2.9 % Cu from 281m downhole.**
- **13m @ 3.04% Cu from 56m downhole (TLC172), including:**
 - **8m @ 4.4% from 57m downhole.**
- **11m @ 1.4% Cu from 4m downhole (TLC173), including:**
 - **4m @ 2.7% from 7m downhole.**

Exploration Incentive Scheme Co-Funded Drilling Grant - Tollu

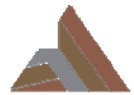
During the Quarter Redstone was successful in its application for a West Australian Government Exploration Incentive Scheme (**EIS**) grant (Round 22) to co-fund a deep drill hole at Tollu.

Redstone was awarded the co-funding grant applicable for the year to 31 December 2021 for up to \$200,000, to assist with a single deep drill hole of approximately 1,000m at the Chatsworth Prospect. The deep drill hole has been designed to test the transition of Cu-only hydrothermal mineralisation to a potential primary, magmatic Cu-Ni-(Co) mineralisation at depth and has the potential to considerably increase the copper resource at Tollu.

The co-funded deep hole is being considered for inclusion in the Programme, subject to additional funding and availability of a diamond drill rig.

Extension of Term – Exploration Licence E69/2450

During the September quarter the Company completed and lodged an Extension of Term (**EoT**) application for the Tollu exploration licence E69/2450 for a further two year term to 18 September 2022. The EoT was successfully granted on 2 October 2020.



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

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 (**TSF**) located on the historic Hannans South Gold Mill site, just 15kms south of Kalgoorlie-Boulder, Western Australia.

HanTails contains many years of gold tailings deposition material from its original operations during 1986 to 2006, primarily undertaken by then owners Croesus Mining Limited. The specific gravity and the average TSF gold grade have not yet been determined.

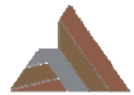
A planned 42 hole aircore drill programme and sampling commenced in the previous quarter to attempt to establish the overall grade of the material in the two cell tailings storage facility (**Figure 2**) and to provide bulk samples for metallurgical testing and recoveries. The aim of the programme was to enable Redstone to establish the average gold grade and approximate gold endowment of the HanTails TSF to JORC 2012 status.

Seventeen drill holes were planned on the northern cell and 25 drill holes were planned on the southern cell. The drill holes were planned on an approximately 80 metre grid and a planned depth was 23 metres.



Figure 2 – Planned drill hole location and pattern of HanTails TSF

The Programme commenced with a track mounted aircore rig. Fourteen drill holes were completed on the first day. However, by the end of the day drilling was halted to evaluate the efficacy of the air core method. As a result of issues with sample return it was decided that the best course of action was to source an auger drill to continue with the remainder of 28 drill holes, to complete a total of 675 metres.



Due to issues with sample return and preparation arising from the drilling and the inherent uncertainty associated with properly evaluating the assay results, the Company will be undertaking an alternative follow up drilling programme using an alternate drilling technique such as sonic.

Pursuant to the terms of the HanTails Farm in and Joint Venture Agreement 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.

CORPORATE

Capital Raising and Cash

Placement Shares totalling 6,785,714 were issued to directors at an issue price of \$0.014 per share following shareholder approval at the Company's Annual General Meeting, for total funds of \$95,000 (before costs).

The funds raised from the placement will be used to evaluate HanTails, to continue targeted evaluation and exploration on the Company's 100% owned West Musgrave Project and for working capital.

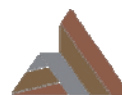
Shares on issue at the end of the Quarter total 529,415,730.

At the end of the Quarter the Company had available cash of \$794,000. Cash requirements are considered sufficient for the short to medium term.

Payments to related parties of \$65,000 comprises remuneration of directors (refer section 6 of Appendix 5B).

PROJECT OPPORTUNITIES

During the Quarter the Company continued investigating and reviewing potential new project opportunities to add to the Company's project tenure.



TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

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

TENEMENT SUMMARY AS AT 31 DECEMBER 2020

West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date (Application Date)	Expiry	Blocks	Area km ²
Tollu	E 69/2450	Redstone Resources Limited	100%	100%	19/09/2008	18/09/2022	41	126.4
Milyuga	E 69/3456	Redstone Resources Limited	100%	100%	14/08/2017	13/08/2022	28	86.4
Milyuga	ELA 69/3568	Redstone Resources Limited	0%	100%	(10/05/2018)	N/A	27	83.2
Milyuga	ELA 69/3750	Westmin Exploration Pty Limited	0%	100%	(17/09/2019)	N/A	109	336.0

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

For further information please contact:

Richard Homsany	Miranda Conti
Chairman	Company Secretary
Redstone Resources Limited	Redstone Resources Limited
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contact@redstone.com.au	contact@redstone.com.au

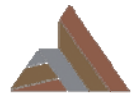
This Announcement has been approved for release by the Board of Redstone Resources Limited.

REDSTONE RESOURCES

Redstone Resources Limited (**ASX: RDS**) is a base and precious metals developer exploring the 100% owned prospective West Musgrave Project, which includes the Tollu Copper deposit, in Western Australia. The West Musgrave Project is located between Cassini Resources' Nebo Babel prospect and Metals-X Wingellina Ni-Co project. Redstone is also actively evaluating the HanTails Gold Project at Kalgoorlie, Western Australia for potential development in future.

Competent Persons Statements

The information in this document that relates to exploration results for the West Musgrave Project was authorised by Dr Greg Shirtliff, who is employed as a Consultant to the company through Zephyr Professional Pty Ltd. Dr Shirtliff is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience of relevance to the tasks with which he is employed to qualify as a Competent Person as defined in the 2012 Edition of the '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 document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Redstone Resources Limited's (**Redstone**) planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Redstone believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Redstone Resources Limited

ABN

42 090 169 154

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	20	36
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(87)	(122)
	(e) administration and corporate costs	(25)	(68)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	11	55
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(81)	(99)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(5)
	(d) exploration & evaluation	(46)	(171)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(46)	(176)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	95	720
3.2	Proceeds from issue of convertible debt securities		-
3.3	Proceeds from exercise of options		-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(34)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	87	686

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	834	383
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(81)	(99)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(46)	(176)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	87	686

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	794	794

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	784	824
5.2	Call deposits	10	10
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	794	834

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	65
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(81)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(46)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(127)
8.4	Cash and cash equivalents at quarter end (item 4.6)	794
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	794
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.25
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 29/01/2021.....

Authorised by: By the board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.