



REDSTONE RESOURCES LIMITED
ABN: 42 090 169 154

NOTICE OF GENERAL MEETING
AND
EXPLANATORY MEMORANDUM

For the Annual General Meeting of the Shareholders
of
Redstone Resources Limited
to be held on
Friday, 27 November 2020 at 1.30pm (WST) at
Country Women's Association WA (Inc) House
1176 Hay Street
Perth, Western Australia

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of Redstone Resources Limited will be held at Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth Western Australia, at 1.30pm WST on Friday, 27 November 2020.

The attached Explanatory Memorandum is provided to supply Shareholders with information to enable them to make an informed decision regarding the Resolutions set out in this Notice. The business of the Annual General Meeting affects your shareholding in the Company and your vote is important.

The Explanatory Memorandum is intended to be read in conjunction with, and forms part of, this Notice. Terms and abbreviations used in this Notice are defined in the Glossary contained in the Explanatory Memorandum.

In accordance with section 5(1)(f) of the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020* the Company will not be dispatching physical copies of the Notice. Instead the Notice is being made available to Shareholders electronically and can be viewed and downloaded online on the ASX Company Announcements Platform or on the Company's website at <http://www.redstone.com.au/investors/asx-announcements>.

AGENDA

Financial, Directors' and Auditor's Report

To receive and consider the 2020 Annual Report and the reports of the Directors and the auditor to the Company thereon.

Resolution 1 – Re-election of Mr Edward van Heemst

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr Edward van Heemst, being a Director who retires in accordance with the Constitution, ASX Listing Rule 14.4 and for all other purposes, and, being willing and eligible for re-election, is hereby re-elected as a Director."

Resolution 2 – Re-election of Mr Brett Hodgins

To consider and if thought fit, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr Hodgins, being a Director who retires in accordance with the Constitution, ASX Listing Rule 14.4 and for all other purposes, and, being willing and eligible for re-election, is hereby re-elected as a Director."

Resolution 3 – Adoption of the Remuneration Report (Non-Binding)

To consider and if thought fit, to pass, with or without amendment, the following resolution as a non-binding **ordinary resolution**:

"That for the purpose of section 250R(2) of the Corporations Act, and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 30 June 2020."

Note: The vote on this Resolution is advisory only and does not bind the Board or the Company.

REDSTONE RESOURCES LIMITED

ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Voting Prohibition Statement

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution but expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly with the remuneration of a member of the Key Management Personnel.

Resolution 4 – Ratification of Previous Issue of Placement Shares

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

“That under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders hereby ratify and approve the issue by the Company of 42,165,710 Placement Shares on various dates to sophisticated and professional investors at an issue price of \$0.014 per Share, on the terms and conditions and in the manner described in the Explanatory Memorandum.”

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast in favour on this Resolution by or on behalf of any person who participated in the issue of Placement Shares or an associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Resolution 5 – Ratification of Previous Issue of Vendor Shares – HanTails Gold Project Acquisition

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

“That under and for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders hereby ratify and approve the issue by the Company of 4,000,000 Vendor Shares to the vendors of the HanTails Gold Project pursuant to the terms of the Farmin and Joint Venture Agreement dated 28 July 2020, on the terms and conditions and in the manner described in the Explanatory Memorandum.”

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast in favour on this Resolution by or on behalf of any person who participated in the issue of Vendor Shares or an associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 6 – Approval of the Issue of Placement Shares to a Director, Mr Richard Homsany

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

“That under and for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue by the Company of up to 2,500,000 Placement Shares to Mr Richard Homsany, a Director (and/or his nominee(s)) as set out, on the terms and conditions and in the manner described in the Explanatory Memorandum.”

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.11, the Company will disregard any votes cast in favour on this Resolution by or on behalf of Mr Richard Homsany (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 7 – Approval of the Issue of Placement Shares to a Director, Mr Edward van Heemst

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

"That under and for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue by the Company of up to 2,500,000 Placement Shares to Mr Edward van Heemst, a Director (and/or his nominee(s)) as set out, on the terms and conditions and in the manner described in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.11, the Company will disregard any votes cast in favour on this Resolution by or on behalf of Mr Edward van Heemst (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
NOTICE OF ANNUAL GENERAL MEETING

Resolution 8 – Approval of the Issue of Placement Shares to a Director, Mr Brett Hodgins

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

“That under and for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue by the Company of up to 1,785,714 Placement Shares to Mr Brett Hodgins, a Director (and/or his nominee(s)) as set out, on the terms and conditions and in the manner described in the Explanatory Memorandum.”

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.11, the Company will disregard any votes cast in favour on this Resolution by or on behalf of Mr Brett Hodgins (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 9 – Approval of the Issue of Annexure A Options to a Director, Mr Richard Homsany

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

“That under and for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue by the Company of up to 5,000,000 Annexure A Options to Mr Richard Homsany, a Director (and/or his nominee(s)) as set out, on the terms and conditions and in the manner described in the Explanatory Memorandum.”

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.11, the Company will disregard any votes cast in favour on this Resolution by or on behalf of Mr Richard Homsany (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution but expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly with the remuneration of a member of the Key Management Personnel.

Resolution 10 – Approval of the Issue of Annexure A Options to a Director, Mr van Heemst

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

“That under and for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue by the Company of up to 2,500,000 Annexure A Options to Mr Edward van Heemst, a Director (and/or his nominee(s)) as set out, on the terms and conditions and in the manner described in the Explanatory Memorandum.”

REDSTONE RESOURCES LIMITED

ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.11, the Company will disregard any votes cast in favour on this Resolution by or on behalf of Mr Edward van Heemst (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution but expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly with the remuneration of a member of the Key Management Personnel.

Resolution 11 – Approval of the Issue of Annexure A Options to a Director, Mr Brett Hodgins

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

“That under and for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue by the Company of up to 2,500,000 Annexure A Options to Mr Brett Hodgins, a Director (and/or his nominee(s)) as set out, on the terms and conditions and in the manner described in the Explanatory Memorandum.”

REDSTONE RESOURCES LIMITED

ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.11, the Company will disregard any votes cast in favour on this Resolution by or on behalf of Mr Brett Hodgins (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

Voting Prohibition Statement

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution but expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly with the remuneration of a member of the Key Management Personnel.

Resolution 12 – Approval of the Issue of Annexure A Options to Key Consultants and/or Employees

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

“That under and for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders hereby approve the issue by the Company of up to 5,000,000 Annexure A Options to key consultants and/or employees as set out, on the terms and conditions and in the manner described in the Explanatory Memorandum.”

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast in favour on this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 13 – Approval of Issue of Shares – Equity Capital Raising

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

"That under and for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment by the Company of up to 120,000,000 Shares, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast in favour on this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Resolution 14 – Approval of 10% Placement Capacity

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, under and for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the Shares on issue (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour on this Resolution, if at the time the approval is sought the Company is proposing to make an issue of Equity Securities under ASX Listing Rule 7.1A.2, by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 15 – Approval of the Directors' Fee Sacrifice Equity Plan and the Issue of Plan Share Rights and Shares on the Exercise of Plan Share Rights Under the Directors' Fee Sacrifice Equity Plan

To consider and if thought fit, to pass the following resolution, with or without amendment, as an **ordinary resolution**:

"That, under and for the purposes of ASX Listing Rule 7.2 (exception 13), ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors' Fee Sacrifice Equity Plan and for the grant of Plan Share Rights and the issue of Shares on the exercise of the Plan Share Rights to all current Directors, on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting"

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
NOTICE OF ANNUAL GENERAL MEETING

Voting Exclusion Statement

For the purposes of ASX Listing Rules 7.2 and 10.14, the Company will disregard any votes cast in favour on this Resolution by or on behalf of any Director who is eligible to participate in the Directors' Fee Sacrifice Equity Plan or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 16 – Approval of Amendments to Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend the Constitution in the manner set out in the accompanying Explanatory Memorandum, with effect from the close of the Meeting."

Other Business

To deal with any other business that may be lawfully brought forward.

BY ORDER OF THE BOARD OF DIRECTORS



Miranda Conti
COMPANY SECRETARY
REDSTONE RESOURCES LIMITED
Dated this 4th day of November 2020

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Attendance and Voting Eligibility

The Company intends to hold a physical in-person meeting. Due to public health measures mandated by various regulatory authorities as means of combating the COVID-19 pandemic, for the health and safety of all Shareholders and Company officers Redstone Resources Limited encourages shareholders to vote by proxy, rather than attending the meeting in person.

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the Shares quoted on the ASX at the close of business on Tuesday, 24 November 2020 shall be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

Voting

Shareholders are encouraged to vote by voting online or by completing a Proxy Form.

All resolutions will be decided on a poll. The poll will be conducted based on votes submitted by proxy and at the Meeting by Shareholders who have indicated that they intend to vote at the Meeting in accordance with the instructions provided below.

Voting in Person

To vote in person attend the Meeting at the time, date and place set out in this Notice.

Voting by Proxy

A Shareholder who is entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through) its representative will not be permitted to act as proxy.

A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

A Proxy Form accompanies this Notice and to be effective the Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting by:

- online vote at www.advancedshare.com.au/investor-login; or
- email to admin@advancedshare.com.au; or
- in person to Advanced Share Registry Limited, 110 Stirling Hwy, Nedlands WA 6009; or
- post to Advanced Share Registry Limited, PO Box 1156, Nedlands, WA 6909; or 110 Stirling Hwy, Nedlands WA 6009; or
- facsimile to Advanced Share Registry Limited on facsimile number (08) 9262 3723 (International: + (61 8) 9262 3723); or
- delivery to the Redstone Resources Limited registered office, 60 Havelock Street, West Perth, WA 6005.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING

Proxies must be received by the Company no later than 48 hours prior to the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

The **enclosed** Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Undirected and Directed Proxies

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on each Resolution.

The Company will not disregard any votes cast on a Resolution by a person if the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy.

If you intend to appoint the Chair as your proxy, you can direct him how to vote by marking the boxes for each Resolution (for example, if you wish to vote "For", "Against" or "Abstain"). If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on any of the Resolutions, by signing and returning the Proxy Form you are considered to have provided the Chair to vote the proxy in accordance with the Chair's intention, even if the Resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel of the Company.

If you intend to appoint a Director (other than the Chair) or another member of the Key Management Personnel, or their Closely Related Parties as your proxy, you must specify how they should vote on Resolutions 3, 6, 7, 8, 9, 10, 11 and 15 by marking the appropriate box. If you don't, your proxy will not be able to exercise your vote for Resolutions 3, 6, 7, 8, 9, 10, 11 and 15. If the Chair is your proxy (or if they are appointed by default) but you do not direct them how to vote on a Resolution (that is, you do not mark any of the boxes "For", "Against" or "Abstain" opposite that Resolution), the Chair may then vote as they see fit on that Resolution.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form. Shareholders are therefore encouraged to specify their voting intention for every Resolution in the Proxy Form.

If you mark more than one box on an item your vote will be invalid on that item.

In accordance with the Corporations Act, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair, who is required to vote proxies as directed.

It is the Chair's intention to vote all undirected proxies in favour of all Resolutions including Resolutions 3, 6, 7, 8, 9, 10, and 11.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

This Explanatory Memorandum and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

General Information

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the Annual General Meeting to be held on Friday, 27 November 2020.

The purpose of the Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the above resolutions in the Notice (of which this Explanatory Memorandum forms a part).

AGENDA

1. Financial Report, Directors' and Auditor's Report

The Corporations Act requires:

- the reports of the Directors and auditors; and
- the 2020 Annual Report,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders at the Meeting will be given reasonable opportunity to raise questions or comments.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

The Company will not provide a hard copy of the 2020 Annual Report to Shareholders unless specifically requested to do so. The 2020 Annual Report is available on the Company's website at www.redstone.com.au.

2. Resolutions 1 & 2 – Re-election of Messrs Edward van Heemst and Brett Hodgins

Rule 8.1(d) of the Constitution requires that at every annual general meeting of the Company, one third of Directors (after excluding a Director who is the Managing Director or any Director appointed by the Board since the date of the last annual general meeting of the Company), or if this number of Directors is 5 or less, then 2 of the remaining Directors, must retire from office and if eligible seek re-election in accordance with Rule 8.1(i) of the Constitution.

ASX Listing Rule 14.4 provides that other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Accordingly, Messrs Van Heemst and Hodgins retire by rotation and, being willing and eligible, offer themselves for re-election.

The experience and qualifications of, and other information about, Messrs Van Heemst and Hodgins can be found in the 2020 Annual Report.

Directors' Recommendation

The Directors (excluding Mr van Heemst) recommend that Shareholders vote in favour of Resolution 1.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

The Directors (excluding Mr Hodgins) recommend that Shareholders vote in favour of Resolution 2.

3. Resolution 3 – Adoption of the Remuneration Report (Non-Binding)

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Board or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the 2020 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Voting consequences

While the vote does not bind the Company or the Directors, there are important consequences if there is a material 'against' vote on Resolution 3. Changes to the Corporations Act that came into effect on 1 July 2011 introduced what is referred to as the 'two strikes' rule, whereby if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, a company will be required to put to its shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the company (the **Spill Resolution**) at the second annual general meeting.

If at least 25% of the votes cast on Resolution 3 at the Annual General Meeting are voted against adoption of the Remuneration Report, this will constitute a 'first strike', and if at least 25% of the votes are cast against the 2021 Remuneration Report resolution at the Company's 2021 annual general meeting, constituting a 'second strike', then the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider a Spill Resolution.

The Board considers that the Company's remuneration arrangements as set out in the Remuneration Report are fair, reasonable and appropriate, in line with industry standards and structured in a way that the Company can attract and retain suitably qualified and experienced employees to manage the Company.

Directors' Recommendation

The Directors unanimously recommend the Shareholders vote in favour of Resolution 3.

4. Resolution 4 - Ratification of Previous Issue of Placement Shares

4.1. Background

On 30 July 2020 the Company announced a placement of Shares (**Placement Shares**), at an issue price of \$0.14 per Placement Share, to raise gross proceeds of \$750,000.

The announcement also stated that all Directors would participate in the placement. The issue of Placement Shares to any of the Directors and/or their nominee(s) is dependent on the Company obtaining Shareholder approval, which Shareholder approval is the subject of Resolutions 6 to 8 inclusive.

42,165,710 Placement Shares were issued on 10 August 2020 (**Issue Date**). The ratification of the issue of the Placement Shares is sought under Resolution 4 in accordance with the requirements of ASX Listing Rule 7.4.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

4.2. ASX Listing Rule 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15 % of the fully paid ordinary securities it had on issue at the start of that period.

The Issue of 42,165,710 Placement Shares on the Issue Date does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the Issue Dates.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with Shareholder approval for the purposes of those Listing Rules if Shareholders subsequently approve it and the issue did not breach Listing Rule 7.1, and so does not reduce Redstone's capacity to issue further equity securities without Shareholder approval under that Listing Rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, Resolution 4 seeks Shareholder approval for the issue of the 42,165,710 Placement Shares under and for the purposes of ASX Listing Rule 7.4.

To this end Resolution 4 seeks Shareholder approval to the issue of 42,165,710 Placement Shares on the Issue Date under and for the purposes of Listing Rule 7.4.

If Resolution 4 is passed, the issue of 42,165,710 Placement Shares on the Issue Date will be excluded in calculating the Company's 15% limit under ASX Listing Rule 7.1 effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 4 is not passed, the issue of 42,165,710 Placement Shares on the Issue Date will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

4.3. ASX Listing Rule Disclosure Requirements

The following information is provided for the purpose of ASX Listing Rule 7.5:

(a) Number and class of securities issued

Placement Shares – 42,165,710 fully paid ordinary shares

(b) The price or other consideration the entity has received or will receive for the issue

\$0.14 per Placement Share

(c) If the securities are not fully paid ordinary securities, a summary of the material terms of the securities

The Placement Shares are fully paid ordinary shares and rank pari passu in all respects with the Company's other Shares on issue and are listed on the ASX.

(d) The date or dates on which the securities were issued

The 42,165,710 Placement Shares were issued on 10 August 2020.

(e) The name of the persons to whom Redstone issued the securities or the basis on which those persons were identified or selected

The Placement Shares were issued to various professional or sophisticated investors who were clients of Barclay Wells Ltd, the Lead Manager to the Placement, or persons identified by the Directors. None of the persons to whom Placement Shares the subject of Resolution 4 were issued were related parties of the Company or associates of those persons. The issue of Placement Shares to Directors is the subject of the Shareholder approval sought pursuant to Resolutions 6, 7 and 8.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

- (f) The purpose of the issue, including the use (or intended use) of funds raised

The net funds raised by the issue of the Placement Shares will enable Redstone to evaluate and develop the recently acquired HanTails Gold Project Farmin and Joint Venture, to continue to evaluate its 100% owned West Musgrave Project and for working capital purposes.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 4 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

5. Resolution 5 - Ratification of Previous Issue of Vendor Shares – HanTails Gold Project Acquisition

5.1. Background

On 28 July 2020 the Company announced that Redstone had entered into a Farmin and Joint Venture agreement to farm-in up to 80% interest in the privately owned Hannans South Gold Tailings Project (**HanTails Gold Project**), a large scale gold Tailings Storage Facility located on the historic Hannans South Gold Mill site in Kalgoorlie, Western Australia.

Pursuant to the terms of the Farmin and Joint Venture Agreement Redstone was required to pay an exclusivity fee by the issue of four (4) million fully paid ordinary shares to the vendor in consideration for an exclusive due diligence period (**Vendor Shares**).

The four (4) million Vendor Shares were subsequently issued to the vendors on 29 July 2020 (**Issue Date**) at a deemed issue price of \$0.015 per Share, being the last traded Share price prior to issue and representing a 5.7% premium to the 5 day VWAP of the Company's Shares prior to issue.

The ratification of the issue of the HanTails Gold Project Vendor Shares is sought under Resolution 5 in accordance with the requirements of ASX Listing Rule 7.4.

5.2. ASX Listing Rule 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15 % of the fully paid ordinary securities it had on issue at the start of that period.

The Issue of Vendor Shares does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the Issue Date.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if Shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end Resolution 5 seeks Shareholder approval for the issue of the four (4) million Vendor Shares under and for the purposes of ASX Listing Rule 7.4.

If Resolution 5 is passed, the issue of four (4) million Vendor Shares will be excluded in calculating the Company's 15% limit under ASX Listing Rule 7.1 effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If Resolution 5 is not passed, the issue of four (4) million Vendor Shares will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

5.3. ASX Listing Rule Disclosure Requirements

The following information is provided for the purpose of ASX Listing Rule 7.5:

- (a) Number and class of securities issued
Vendor Shares – 4,000,000 fully paid ordinary shares
- (b) The price or other consideration the entity has received or will receive for the issue
The Vendor Shares were issued in accordance with the terms of the HanTails Farmin and Joint Venture agreement dated 28 July 2020 in return for an exclusive due diligence period at a deemed issue price of \$0.015. The deemed issue price is the last closing price of the Shares prior to the date of issue on 29 July 2020.
- (c) If the securities are not fully paid ordinary securities, a summary of the material terms of the securities
The Vendor Shares are fully paid ordinary shares and rank pari passu in all respects with the Company's other Shares on issue and are listed on the ASX.
- (d) The name of the persons to whom Redstone issued the securities or the basis on which those persons were identified or selected
The Vendor Shares were issued to the vendors of the HanTails Farmin and Joint Venture Agreement dated 28 July 2020. None of the persons to whom Vendor Shares the subject of Resolution 5 were issued were related parties of the Company or their associates.
- (e) The date or dates on which the securities were issued
The Vendor Shares were issued on 29 July 2020.
- (f) The purpose of the issue, including the use (or intended use) of funds raised
Pursuant to the terms of the Hantails Gold Project Farmin and Joint Venture Agreement dated 28 July 2020 the purpose of the issue of the Vendor Shares was to enable Redstone a due diligence exclusivity period.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 5 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

6. Resolutions 6,7 and 8 - Approval of the Issue of Placement Shares to Redstone Directors

6.1. Background

Please see Section 4.1 of this Explanatory Memorandum for the background to Resolutions 6 to 8 (inclusive), which seek Shareholder approval for the grant of a total of up to 6,785,714 Placement Shares to Directors and/or their nominee(s). Resolutions 6, 7 and 8 are separate resolutions and they are not conditional on the passing of each other.

The number of Placement Shares Redstone is proposing to issue to the Directors and/or their nominee(s), subject to the receipt of Shareholder approval, for the purposes ASX Listing Rule 10.11, is as follows:

Resolution	Director	# of Placement Shares
Resolution 6	Richard Homsany	2,500,000
Resolution 7	Edward van Heemst	2,500,000
Resolution 8	Brett Hodgins	1,785,714
Total		6,785,714

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

6.2. ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party (ASX Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company (ASX Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (ASX Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (ASX Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issues of Placement Shares, the subject of Resolutions 6 to 8 (inclusive), to Messrs Homsany, van Heemst and Hodgins fall within Listing Rule 10.11.1 as they are to related parties of the Company, in their capacity as Directors. As the proposed issue does not fall within any of the exceptions in Listing Rule 10.12 it therefore requires the approval of Shareholders under Listing Rule 10.11.

Accordingly, Resolutions 6 to 8 seek the required Shareholder approval for the issue of Placement Shares, the subject of Resolutions 6 to 8 (inclusive), to Messrs Homsany, van Heemst and Hodgins respectively under and for the purposes of Listing Rule 10.11.

If Resolutions 6 to 8 are passed, the Company will be able to proceed with the issue of the Placement Shares to Directors to raise additional funds up to a total of \$95,000 for the Company to use for the purpose as outlined in item (g) below.

If Resolutions 6 to 8 are not passed, the Company will not be able to proceed with the Issue of Placement Shares to raise additional funds up to a total of \$95,000 for the Company to use for the purpose as outlined in item (g) below.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolutions 6 to 8 is set out below.

- (a) The name of the person

Resolution 6 – to be issued to Mr Homsany (and/or his nominee(s)).
Resolution 7 – to be issued to Mr van Heemst (and/or his nominee(s)).
Resolution 8 – to be issued to Mr Hodgins (and/or his nominee(s)).

- (b) Which category in Listing Rules 10.11.1 – 10.11.5 the person falls within and why

Each of Messrs Homsany, van Heemst and Hodgins is a Director and is therefore a related party of the Company for the purposes of ASX Listing Rule 10.11.1.

- (c) The number and class of securities to be issued to the person

Mr Homsany – 2,500,000 Placement Shares (Resolution 6)
Mr van Heemst – 2,500,000 Placement Shares (Resolution 7)
Mr Hodgins – 1,785,714 Placement Shares (Resolution 8)

- (d) If the securities are not fully paid ordinary securities, a summary of the material terms of the Securities

The Placement Shares are fully paid ordinary shares and will rank pari passu with existing issued Shares from the date of issue.

- (e) The date or dates by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

The Placement Shares will be issued within one month after the date of this Annual General Meeting (or such later date as may be permitted by any ASX waiver or modification of the ASX Listing Rules).

- (f) The price or other consideration the entity will receive for the issue

Each Placement Share will be issued at a price of \$0.14 per Placement Share.

- (g) The purpose of the issue, including the use (or intended use) of funds raised.

The net funds raised by the issue of the Placement Shares will contribute to cash reserves to enable Redstone to evaluate and develop the recently acquired HanTails Gold Project Farmin and Joint Venture, to continue to evaluate its 100% owned West Musgrave Project and for working capital purposes.

6.3. ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 provides that prior approval of Shareholders is required for an issue of Equity Securities if the Equity Securities will, when aggregated with the Equity Securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required under Exception 14 to ASX Listing Rule 7.1 in order to issue the Placement Shares to the Directors and/or their nominee(s) if approval is obtained under ASX Listing Rule 10.11.

If Shareholders approve Resolutions 6 to 8 inclusive, the issue of a total of 6,785,714 Placement Shares to the Directors and/or their nominee(s) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

6.4. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of Placement Shares to the Directors under Resolutions 6 to 8 inclusive, constitutes the provision of a financial benefit to related parties.

It is the view of the Directors that the issue of Placement Shares falls within the arm's length exception under section 210 of the Corporations Act. In forming this view, the Directors consider the issue of Placement Shares:

- were negotiated at arm's length;
- are issued on the same terms and conditions as those for the other placement participants;
- and
- are reasonable in the circumstances at the time if the Company were dealing at arm's length.

Accordingly, the Directors have determined that Shareholder approval under section 208 of the Corporations Act is not required for the issue of Placement Shares to the Directors pursuant to Resolutions 6 to 8 inclusive.

Directors' recommendation

Mr Homsany declines to make a recommendation to Shareholders in relation to Resolution 6 due to his personal interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6.

Mr van Heemst declines to make a recommendation to Shareholders in relation to Resolution 7 due to his personal interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 7, recommend that Shareholders vote in favour of Resolution 7.

Mr Hodgins declines to make a recommendation to Shareholders in relation to Resolution 8 due to his personal interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 8, recommend that Shareholders vote in favour of Resolution 8.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 to 8 (inclusive).

7. Resolutions 9 to 12 (inclusive) - Approval of the Issue of Annexure A Options to Directors

7.1. Background

Resolutions 9 to 11 inclusive seek the approval of Shareholders for the issue of up to 10,000,000 Annexure A Options to Directors and/or their nominee(s) for the purposes ASX Listing Rule 10.11 as follows:

Resolution	Director	# of Annexure A Options (*)
Resolution 9	Richard Homsany	5,000,000
Resolution 10	Edward van Heemst	2,500,000
Resolution 11	Brett Hodgins	2,500,000
Total		10,000,000

(*) Expiry date on or before 5.00pm WST on 20 November 2025 and an exercise price that is at least 145% of the volume weighted average price for Shares traded on the ASX over the five (5) Trading Days immediately preceding the day of the 2020 Annual General Meeting.

7.2. Options to Directors (Resolutions 9 to 11 inclusive)

ASX Listing Rule 10.11 provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a related party without shareholder approval.

The object of Resolutions 9 to 11 inclusive is to provide the Directors with a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company. The Directors believe that the success of the Company in the future will depend in part, largely, upon the skills of the people engaged to manage the Company's operations. Accordingly, it is important that the Company is able to attract and retain people of the highest calibre. The Directors consider that the most appropriate means of achieving this is to provide directors with an opportunity to participate in the Company's future growth and an incentive to contribute to that growth.

The Directors believe that the grant of the Annexure A Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties.

7.3. Terms of Annexure A Options

Subject to Shareholder approval, the Annexure A Options will be granted on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

The Annexure A Options will have an expiry date on or before 5.00pm WST on 20 November 2025 and an exercise price that is at least 145% of the volume weighted average price for Shares traded on the ASX over the five (5) Trading Days immediately preceding the day of the 2020 Annual General Meeting

7.4. Part 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Annexure A Options to Messrs Homsany, van Heemst and Hodgins under Resolutions 9, 10 and 11 respectively, constitutes the provision of a financial benefit to related parties.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

It is the view of the Directors that the proposed grant of Annexure A Options pursuant to Resolutions 9 to 11 inclusive, falls within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the positions held by Messrs Homsany, van Heemst and Hodgins. Accordingly, the Directors have determined not to seek Shareholder approval under section 208 of the Corporations Act for the grant of the Annexure A Options to Messrs Homsany, van Heemst and Hodgins pursuant to Resolutions 9, 10 and 11 respectively.

The Board's view concluded that the totality of Messrs Homsany, van Heemst and Hodgins remuneration packages, including the equity component of 10,000,000 Annexure A Options now to be considered for approval by Shareholders, is fair and reasonable in the circumstances of Redstone given its size and stage of development, market practice of other companies in the mineral exploration industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves, and in light of Messrs Homsany, van Heemst and Hodgins' management experience and knowledge of the mineral exploration industry.

7.5. ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party (ASX Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company (ASX Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (ASX Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (ASX Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issues of Annexure A Options, the subject of Resolutions 9 to 11 (inclusive), to Messrs Homsany, van Heemst and Hodgins fall within Listing Rule 10.11.1 as they are to related parties of the Company, in their capacity as Directors. As the proposed issue does not fall within any of the exceptions in Listing Rule 10.12 it therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

Accordingly, Resolutions 9, 10 and 11 seek the required Shareholder approval to the issue of Annexure A Options, the subject of Resolutions 9, 10 and 11, to Messrs Homsany, van Heemst and Hodgins under and for the purposes of Listing Rule 10.11.

If Shareholders do not approve Resolutions 9, 10 and 11, the Company will not be able to issue the Annexure A Options, the subject of Resolutions 9, 10 and 11, to Messrs Homsany, van Heemst and Hodgins.

If Shareholder approval is obtained for Resolutions 9, 10 and 11, the Annexure A Options, the subject of Resolutions 9, 10 and 11, to Messrs Homsany, van Heemst and Hodgins will be issued by the Company within one month of Shareholder approval.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolutions 9 to 11 inclusive is set out below:

(a) *Name of the persons*

Resolution 9 – to be issued to Mr Homsany (and/or his nominee(s)).
Resolution 10 – to be issued to Mr van Heemst (and/or his nominee(s)).
Resolution 11 – to be issued to Mr Hodgins (and/or his nominee(s)).

(b) *Which category in Listing Rules 10.11.1 – 10.11.5 the person falls within and why*

Each of Messrs Homsany, van Heemst and Hodgins is a Director and is therefore a related party of the Company for the purposes of ASX Listing Rule 10.11.1.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

- (c) *The number and class of securities to be issued to the person*
Mr Homsany (Resolution 9) – 5,000,000 Annexure A Options
Mr van Heemst (Resolution 10) – 2,500,000 Annexure A Options
Mr Hodgins (Resolution 11) – 2,500,000 Annexure A Options
- (d) *If the securities are not fully paid ordinary securities, a summary of the material terms of the securities*
The terms and conditions of the Annexure A Options are set out in Annexure A.
- (e) *The date by which the entity will issue the securities, which must not be more than one month after the date of the meeting*
The Annexure A Options will be issued within one month of the date of the Meeting.
- (f) *The price or other consideration the entity will receive for the issue*
No consideration is payable by Messrs Homsany, van Heemst or Hodgins on grant of the Annexure A Options.
- (g) *The purpose of the issue, including the intended use of funds raised*
As the Annexure A Options are being issued for no consideration, no funds will be raised by their issue. Any funds received by the Company upon exercise of the Annexure A Options will be used for general exploration and development work on Redstone projects and for working capital purposes.

7.6. ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Annexure A Options to Messrs Homsany, van Heemst and Hodgins and/or their nominee(s) as approval is being obtained under ASX Listing Rule 10.11.

Shareholders should note that the issue of securities to Messrs Homsany, van Heemst and Hodgins and/or their nominee(s) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

Other Information

All the Director's relevant interests (direct and indirect) in Securities as at the date of this Notice of Meeting, and annual remuneration, are set out below:

Name	Shares	Listed Options (ASX: RDSOB) ⁽¹⁾	Annual Salary (including Superannuation)	Estimated Value of Director Options to be issued ⁽²⁾
Mr Homsany	61,314,778	8,021,471	\$65,700	\$51,480
Mr van Heemst	69,750,001	6,914,707	\$18,000	\$25,740
Mr Hodgins	4,389,429	882,353	\$12,000	\$25,740

(1) Quoted options (ASX: RDSOB) exercisable at \$0.035 on or before 30 April 2021

(2) Refer to Annexure B of this Explanatory Memorandum for the Black & Scholes option valuation of Annexure A Options and the assumptions used.

Directors' Recommendation

Mr Richard Homsany declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Homsany) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 9.

Mr Edward van Heemst declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

van Heemst) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 10.

Mr Brett Hodgins declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Hodgins) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 11.

8. Resolution 12 – Approval of the Issue of Annexure A Options to Key Consultants and/or Employees

8.1. Background

The Board has decided to reward the efforts of key consultants and/or employees for services previously rendered to the Company over the past 18 months or more. The Company is seeking Shareholder approval for the issue of up to 2,500,000 Annexure A Options to Dr Greg Shirliff of Zephyr Professional Pty Ltd, a key technical geological consultant for Company's the West Musgrave Project, and 2,500,000 Annexure A Options to Ms Miranda Conti, Company Secretary, a key employee of the Company.

The Annexure A Options will have an expiry date on or before 5.00pm WST on 20 November 2025 and an exercise price that is at least 145% of the volume weighted average price for Shares traded on the ASX over the five (5) Trading Days immediately preceding the day of the 2020 Annual General Meeting.

8.2. ASX Listing Rule 7.3

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15 % of the fully paid ordinary securities it had on issue at the start of that period.

The issue of up to 5,000,000 Annexure A Options to key consultants and/or employees of the Company does not fit within any of these exceptions. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the issue of up to 5,000,000 Annexure A Options to key consultants and/or employees of the Company under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

To this end, Resolution 12 seeks Shareholder approval to the issue of up to 5,000,000 Annexure A Options to key consultants and/or employees of the Company under and for the purposes of Listing Rule 7.1.

If Resolution 12 is passed, the issue of up to 5,000,000 Annexure A Options to key consultants and/or employees of the Company can proceed without using up any of the Company's 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

If Resolution 12 is not passed, the issue of up to 5,000,000 Annexure A Options to key consultants and/or employees of the Company can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue of up to 5,000,000 Annexure A Options to key consultants and/or employees of the Company.

The following information is provided for the purpose of ASX Listing Rule 7.3.

(a) *The name of the persons to whom Redstone issued the securities or the basis on which those persons were identified or selected*

Key consultants and/or employees (and/or their nominee(s)), none of whom are related parties or substantial shareholders of the Company:

- Dr Greg Shirliff (or his nominee), Geological Consultant – 2,500,000 Annexure A Options

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

- Ms Miranda Conti (or her nominee), Company Secretary – 2,500,000 Annexure A Options

(b) Number and class of securities issued

5,000,000 Annexure A Options.

(c) If the securities are not fully paid ordinary securities, a summary of the material terms of the securities

The Annexure A Options will have an expiry date on or before 5.00pm WST on 20 November 2025 and an exercise price that is at least 145% of the volume weighted average price for Shares traded on the ASX over the five (5) Trading Days immediately preceding the day of the 2020 Annual General Meeting.

The terms and conditions are set out in Annexure A.

(d) The date or dates on or by which the entity will issue the securities.

The Annexure A Options will be issued within three months of the date of the Meeting (or such later date as may be approved by ASX (including such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

(e) The price or other consideration the entity has received or will receive for the issue

Nil. The Annexure A Options were issued as an incentive for technical, management and administration services providers to the Company.

(e) The purpose of the issue, including the use (or intended use) of funds raised

As the Annexure A Options are being issued for no consideration, no funds will be raised by their issue. Any funds received by the Company upon exercise of the Annexure A Options will be used for general exploration and development work on Redstone projects and for working capital purposes.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 12, as it approves the above issue of up to 5,000,000 Annexure A Options to key consultants and/or employees and retains the Company's flexibility to issue further securities representing up to 15% of the Company's Share capital during the next 12 months.

9. Resolution 13 – Approval of the Issue of Shares – Equity Capital Raising

9.1. Background

Resolution 13 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue and allotment of up to 120,000,000 Shares to sophisticated and/or professional investors under any proposed private placement (**Proposed Private Placement**).

The net funds raised by any proposed issue of the Shares will contribute to cash reserves to enable Redstone, where warranted, to further evaluate and develop the recently acquired HanTails Gold Project, including, if warranted, for metallurgical testing of recoveries of metal and evaluation of the HanTails resource to JORC 2012 status, as well as undertake a reverse circulation (RC) and/or aircore drilling programme at its 100% owned West Musgrave Project to test targets (structural geophysical and geochemical) generated from the 2019 exploration programme, which incorporated RC drilling, field mapping and geochemical rock chip sampling, and for working capital purposes.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15 % of the fully paid ordinary securities it had on issue at the start of that period.

The Proposed Private Placement does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

Resolution 13 seeks the required Shareholder approval to the Proposed Private Placement under and for the purposes of Listing Rule 7.1.

If Resolution 13 is passed, Redstone will be able to proceed with the Proposed Private Placement to sophisticated and/or professional investors and raise funds for the purposes set out above. In addition, the Proposed Private Placement will be excluded from the calculation of the number of equity securities that Redstone can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 13 is not passed, and Redstone has the requisite capacity under Listing Rule 7.1 and 7.1A, the issue of up to 120,000,000 Shares under the Proposed Private Placement will reduce to that extent the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue of up to 120,000,000 Shares under the Proposed Private Placement.

ASX Listing Rule 7.3 Disclosure Requirements

The following information is provided for Resolution 13 in accordance with ASX Listing Rule 7.3:

(a) The name of the persons to whom Redstone will issue the securities or the basis on which those persons were or will be identified or selected

The identity of the persons to whom the Shares will be issued and allotted is not yet known, however they will be sophisticated and/or professional investors identified by the Directors and/or clients of any nominated Lead Manager to any Proposed Private Placement, who are not related parties of the Company or their associates.

(b) Number and class of securities issued

A maximum of 120,000,000 Shares will be issued.

The Shares issued will rank equally in all respects with all other ordinary shares in the capital of the Company.

(c) The date or dates on or by which the entity will issue the securities.

The Shares will be issued by no later than 3 months after the date of this Meeting (or such later date as may be approved by ASX (including such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

Allotment of the Placement Shares may occur progressively.

(d) The price or other consideration the entity will receive for the securities

The issue price of the Shares will be no less than 80% of the volume weighted average price of Shares on the ASX for the 5 Trading Days immediately before the date of issue of the Shares.

(e) The purpose of the issue, including the intended use of any funds raised by the issue

The net funds raised by any proposed issue of the Shares will contribute to cash reserves to enable Redstone, where warranted, to further evaluate and develop the recently acquired HanTails Gold Project, including for metallurgical testing and recoveries of drill samples and evaluation of the HanTails resource to JORC 2012 status, as well as undertake a reverse circulation (RC) and/or aircore drilling programme at its 100% owned West Musgrave Project to test targets (structural geophysical and geochemical) generated from the 2019 exploration programme, which incorporated RC drilling, field mapping and geochemical rock chip sampling, and for working capital purposes.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 13 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period pursuant to Listing Rule 7.1 without Shareholder approval.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

10. Resolution 14 - Approval of 10% Placement Capacity

10.1. Background

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the entity's annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity for the purposes of ASX Listing Rule 7.1A. As at the date of this Notice the market capitalisation of the Company is \$6,794,190.

Resolution 14 seeks Shareholder approval by way of a special resolution for Redstone to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If Shareholders approve Resolution 14, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in the Summary of ASX Listing Rule 7.1A (b) below).

If Resolution 14 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A during the period of 12 months after the Meeting without any further shareholder approval.

If Resolution 14 is not passed, the Company will not be able to access the additional 10% Placement Capacity to issue Equity Securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issued Equity Securities without shareholder approval set out in Listing Rule 7.1.

Resolution 14 is a special resolution. Accordingly, 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 14 for it to be passed.

10.2. Summary of ASX Listing Rule 7.1A

(a) Equity Securities

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities. At the date of this Notice, the Company has two classes of quoted Equity Securities, being its Shares and quoted Options (ASX: RDSOB).

(b) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$(A \times D) - E$

Where:

A is the number of shares on issue 12 months before the date of issue or agreement:

(a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

10.3. Information required by ASX Listing Rule 7.3A

Under ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 14:

(a) Minimum Price at which Equity Securities may be issued

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a)(i) above, the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 14 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice assuming the full 10% dilution.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.008 (50% decrease in issue price)	\$0.015 (Issue price)	\$0.023 (50% increase in issue price)
522,630,016 (As at date of Notice)	Shares issued	52,263,002	52,263,002	52,263,002
	Funds Raised	\$391,973	\$783,945	\$1,175,918
783,945,024 (50% increase)*	Shares issued	78,394,502	78,394,502	78,394,502
	Funds Raised	\$587,959	\$1,175,918	\$1,763,876
1,045,260,032 (100% increase)*	Shares issued	104,526,003	104,526,003	104,526,003
	Funds Raised	\$783,945	\$1,567,890	\$2,351,835

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. The current Shares on issue are as at the date of the Notice.
2. The issue price set out above is the closing price of the Shares on 13 October 2020 of \$0.015.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity hence the voting dilution is shown in each example as 10%.
4. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances, and if necessary, seek advice from their professional advisers.
5. No Options are exercised into Shares before the date of issue of the Equity Securities.
6. The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
7. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

Shareholders should note that there is a risk that:

- (i) the market price for the Equity Securities to be issued may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.

(c) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

- (i) The date that is 12 months after the date of this Meeting;
- (ii) The time and date of the Company's next annual general meeting; and
- (iii) the date of approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(10% Placement Capacity Period).

- (d) Purpose of Funds Raised under an Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for cash consideration, in which case the Company intends to use funds to evaluate and develop the recently acquired HanTails Gold Project Farmin and Joint Venture, to continue to evaluate its 100% owned West Musgrave Project and for working capital purposes.

- (e) Allocation policy for issues under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities will be current Shareholders or new investors (or both), but in either case will not be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

- (f) Previous Approval under ASX Listing Rule 7.1A

The Company has previously obtained approval from Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meetings held on 29 November 2019 (**2019 Previous Approval**), 29 November 2018, 28 November 2017, 29 November 2016, 27 November 2015, 28 November 2014, 29 November 2013 and 29 November 2012.

During the 12 month period preceding the date of the Meeting, being on and from 29 November 2019 the Company did not issue any Equity Securities pursuant to the 2019 Previous Approval.

- (g) Voting Exclusion Statement

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A and has not invited any existing Shareholder or security holder or an identifiable class of security holder to participate in any such issue. Therefore, no existing Shareholders will be excluded from voting on Resolution 14.

However, in the event that between the date of the Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A to one or more existing Shareholders, those Shareholders' votes will be excluded under the voting exclusion statement in the Notice.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

10.4. Compliance with ASX Listing Rules 7.1A.4 and 3.105A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

Directors' Recommendation

The Directors consider that the approval of the issue of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the Notice, the Company has no plans to use the 10% Placement Capacity should it be approved.

11. Resolution 15 - Approval of the Directors' Fee Sacrifice Equity Plan and the Issue of Plan Share Rights and Shares on the Exercise of Plan Share Rights Under the Directors' Fee Sacrifice Equity Plan

11.1. Background

The Board proposes to implement an equity-based Plan for Directors to receive rights under the Plan (either directly or through a nominee) in the Company by electing to salary sacrifice a proportion or all of annual cash remuneration on a voluntary basis. The rights to be issued under the (**Plan Share Rights**) are rights to be issued Shares in the Company which Shares will have restrictions on their disposal. No consideration is payable for the grant of Plan Share Rights under the Plan, or on exercise of the Plan Share Rights under the Plan as participation in the Plan to acquire Plan Share Rights requires a Director to salary sacrifice a percentage of existing remuneration to which the Director is otherwise entitled.

If approved by Shareholders at this Meeting, the rules for this Plan will govern the operation and administration of the Plan (**Rules**). The Rules will be an 'employee incentive scheme' for the purposes of the ASX Listing Rules and are summarised below and summarised in **Annexure C**.

The Plan gives greater flexibility to the Company's remuneration framework and to ensure that the Company can continue to attract, retain and reward Directors and to ensure that the interests of the Directors and the Shareholders are aligned.

11.2. Corporations Act Requirements

The Directors have considered the application of Chapter 2E of the Corporations Act to the grant of Share Rights to the Directors. As the Directors may elect to forego a percentage of the cash payment of fees and those fees are within the shareholder approved aggregate pool of directors' fees, it has been determined that the financial benefit given by offering Directors the opportunity to salary sacrifice to acquire Plan Share Rights, at no greater cost to the Company, constitutes reasonable remuneration to the Directors given:

- (a) the circumstances of the Company; and
- (b) the Directors' roles and responsibilities at the Company.

Given the above, the Company will rely on the exception contained in section 211(1) of the Corporations Act and is not seeking Shareholder approval pursuant to section 208 of the Corporations Act in addition to the approval being sought under the ASX Listing Rules. Furthermore, the Company will also rely on the exception contained in section 210 of the Corporations Act that shareholder approval is not required as it has been determined that the financial benefit given by offering Directors the opportunity to salary sacrifice to acquire Plan Share Rights, at no greater cost

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

to the Company is on terms that are reasonable on the circumstances if the Company and each Director were dealing at arm's length.

11.3. Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not permit any of the following person to acquire equity securities under an employee incentive scheme

- (a) a director of the company (ASX Listing Rule 10.14.1);
- (b) an associate of a director of the company (ASX Listing Rule 10.14.2); or
- (c) a person whose relationship with the company or a person referred to in ASX Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders (ASX Listing Rule 10.14.3),

unless it obtains the approval of its shareholders.

As the proposed issue of Plan Share Rights falls within ASX Listing Rule 10.14.1 above, an entity must not permit a director of an entity, or his or her associate, to acquire Equity Securities under an employee incentive scheme (such as the Plan) without the approval of Shareholders. In order for a Director to acquire Plan Share Rights (and hence Plan Shares on the exercise of such rights), the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.14.

ASX Listing Rule 10.16(c) provides that ASX Listing Rule 10.14 does not apply to an issue of Equity Securities in satisfaction of a right to acquire such securities granted to directors under an employee incentive plan unless the right was issued with the approval of Shareholders under ASX Listing Rule 10.14.

Resolution 15 seeks the required Shareholder approval to the issue under and for the purposes of Listing Rule 10.14.

If Resolution 15 is passed at the Meeting, the Company will be able to proceed with the issue of Plan Share Rights (and hence Plan Shares on the exercise of such rights) under the Plan and will not therefore require further Shareholder approval.

If Resolution 15 is not passed at the Meeting, the Company will not be able to proceed with the issue of Plan Share Rights.

Approval under Listing Rule 7.1 is not required in order to issue the Plan Share Rights to Directors or their nominees under the Plan as approval is being obtained under Listing Rule 10.14 (Listing Rule 7.1 Exception 14).

Listing Rule 10.15 sets out the disclosure requirements for seeking Shareholder approval under ASX Listing Rule 10.14

A summary of the Plan is set out in **Annexure C**.

11.4. Listing Rule 7.2 (Exception 13) and Listing Rule 10.15 Disclosure Requirements

The following information is provided in relation to Resolution 15 for the purposes of Listing Rule 7.2 (Exception 13) and Listing Rule 10.15:

- (a) The current Directors to whom this Plan would apply are Messrs Richard Homsany, Edward van Heemst and Brett Hodgins. As Directors, ASX Listing Rule 10.14.1 applies to Messrs Homsany, van Heemst and Hodgins. As at the date of this Notice of Meeting, no other persons referred to in ASX Listing Rule 10.14, apart from these Directors, will be entitled to elect to participate in the Plan to acquire Plan Share Rights on the terms set out in the Explanatory Memorandum. Directors who are appointed or elected after Resolution 15 is approved will become entitled to elect to participate in the Plan but will not be permitted to do so until after any Shareholder approval required under ASX Listing Rule 10.14 (or otherwise under chapter 10 of the ASX Listing Rules) is obtained, or ASX grants a waiver from this requirement. There is no guarantee that a waiver will be applied for or, if sought, granted.
- (b) If approved, the maximum number of Plan Share Rights (and hence Plan Shares) that may be issued under the Plan on an annual basis will not exceed the value of annual fees payable to

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

each of the Directors as set out below, which are the total remuneration packages (excluding superannuation) of Messrs Homsany, van Heemst and Hodgins as follows:

- (i) Richard Homsany (Non-Executive Chairman) - \$60,000
- (ii) Edward van Heemst (Non-Executive Director) - \$18,000;
- (iii) Brett Hodgins (Non-Executive Director) - \$12,000.

- (c) A Plan Share Right granted to a Director entitles the Director to be issued one (1) Share on exercise of a vested Plan Share Right (**Plan Share**). The Plan Share Rights will be issued under the terms of the Plan. Plan Share Rights under the Plan will accrue monthly and will be issued quarterly in arrears.

The exact number of Shares that will be issued under the Plan cannot be precisely calculated at this time, as it depends on the proportion of the annual Director fee that is settled in Plan Share Rights under the Plan.

- (d) Participation in the Plan and the percentage of the Director's Annual Remuneration that the Director wishes to receive (either directly or through his Nominee) in Plan Share Rights depends on whether the offer and level of participation offered by the Company is accepted by the Director in the form of a Participation Agreement. The period for which the sacrifice applies is a minimum of 3 months and a maximum of 12 months. An entitlement to Plan Share Rights will accrue to Participants on a monthly basis.

As such, neither the precise number nor the maximum number of Plan Share Rights (and Shares on their exercise) to be issued under the Plan can be ascertained in advance.

However, the number of Plan Share Rights to be issued to a Participant will be calculated monthly in arrears after the Director's Annual Remuneration being sacrificed has accrued and will equal, for each Participant, the number calculated after dividing the dollar value of the Director's Annual Remuneration sacrificed by that Participant by the Plan Share Price, which in relation to a month in which Annual Remuneration is accrued, an amount equal to the VWAP of Shares calculated for the last 5 trading days of the month in which the Annual Remuneration accrued or, if there are no Share trades, the last traded Share price.

- (e) The Company intends to commence operation of the Plan with effect from the date of the Meeting in the event of Shareholder approval of Resolution 15.
- (f) No consideration is payable for the grant of Plan Share Rights under the Plan, or on exercise of the Plan Share Rights under the Plan as participation in the Plan to acquire Plan Share Rights requires a Director to salary sacrifice a percentage of existing remuneration to which the Director is otherwise entitled.
- (g) As at the date of the Meeting no Plan Share Rights (nor therefore any Plan Shares on their exercise) will have been issued to any of Messrs Homsany, van Heemst and Hodgins, or to any other person, under the Plan.
- (h) Details of any Plan Share Rights issued under the Plan will be published in each annual report of the Company relating to the period in which they have been issued together with a statement that approval for the issue of the Plan Share Rights was obtained under Listing Rule 10.14.
- (i) No loans have or will be made by the Company in connection with the grant of Plan Share Rights to any Director.
- (j) The Board will use reasonable endeavours to issue Plan Share Rights within 10 Business Days of the end of each calendar quarter in the event a Participation Agreement is entered into with a Director and in any case, no later than three years after the date of the Meeting.
- (k) The value the Company attributes to each Plan Share Right is the ASX closing price of the Shares on the date the Plan Share Rights are issued multiplied by the number of Plan Share Rights issued.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

- (l) In addition to the purposes of the Plan (refer to **Annexure C**), Plan Share Rights are proposed to be issued to Directors who, upon invitation of the Board, agree to participate in the Plan to allow the Directors to salary sacrifice their fees and defer the taxing point of any Plan Share Rights issued to them.
- (m) Subject to the passage of Resolution 15, any Plan Share Rights granted on the terms set out in **Annexure C** of the Explanatory Memorandum (or Shares issued on the vesting and exercise of such Plan Share Rights) will not count towards calculating the Company's 15% capacity to issue shares under ASX Listing Rule 7.1.

Details of any Plan Share Rights issued under the scheme will be published in the annual report of the Company along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Plan after the Resolution is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14 or ASX grants a waiver of this Listing Rule.

Directors' Recommendation

As each Director has an interest in the subject of this Resolution, the Directors have abstained from making a recommendation to Shareholders in relation to this Resolution.

12. Resolution 16 - Approval of Amendments to Constitution

12.1. Background

On 1 December 2019, a number of amendments to the Listing Rules came into effect. These amendments included the introduction of a modified escrow regime, which is designed to make ongoing compliance with the Listing Rules more efficient. The amendments to Listing Rule 9.1(a) require an ASX listed entity to include in its constitution the provisions set out in Listing Rule 15.12.

12.2. Proposed Amendments to the Constitution

Clause 2.8 of the Company's current Constitution deals with Restricted Securities but does not meet the requirements of ASX's modified escrow regime.

While the Company does not currently have any Restricted Securities on issue, it is considered prudent to make these changes now, to ensure compliance with the Listing Rules if Restricted Securities are issued in the future.

An amendment of the Constitution is therefore sought by deleting the current clause 2.8 and inserting a new clause 2.8 in its place which will read as follows:

12.3. Restricted Securities

- (a) The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above, if any securities of the Company are classified as Restricted Securities under the Listing Rules:
 - (i) a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX;
 - (ii) if the Restricted Securities are in the same class as quoted Securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those Securities;
 - (iii) the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX;

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

- (iv) a holder of Restricted Securities will not be entitled to participate in any return of capital on those Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX; and
- (v) if a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Securities for so long as the breach continues.

(b) In this clause, the expressions 'Disposed of', 'Disposal', 'Escrow Period', 'Holding Lock' and 'Restricted Securities' have the same meaning as in the Listing Rules.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 16.

Enquiries

Shareholders are invited to contact the Company Secretary, Miranda Conti on (08) 9328 2552 if they have any queries in respect of the matters set out in this Notice.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting:

\$ means Australian dollars.

2020 Remuneration Report means that section of the Directors' report contained in the 2020 Annual Report, under the heading 'Remuneration Report', prepared in accordance with Section 300A of the Corporations Act.

2020 Annual Report means the annual report of the Company including the reports of the Directors and auditor and the financial statements of the Company for the financial year ended 30 June 2020, which can be downloaded from the Company's website at www.redstone.com.au.

Annexure means an annexure to this Explanatory Memorandum.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, except New Years' Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Chair means the chairperson of the Meeting.

Closely Related Party is defined in respect of a member of Key Management Personnel as:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations that may be made for this purpose.

Company or **Redstone** means Redstone Resources Limited (ABN 42 090 169 154).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001*(Cth) and any regulations made under it, each as amended from time to time.

Director means a director of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an equity security.

Explanatory Memorandum means the explanatory memorandum that accompanies and forms part of the Notice.

Meeting or **Annual General Meeting** means the meeting convened by this Notice.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

Key Management Personnel has the same meaning given in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means the notice of Annual General Meeting accompanying this Explanatory Memorandum.

Official Quotation means official quotation by the ASX in accordance with the Listing Rules.

Option means an option to acquire a Share.

Placement Shares is defined in Section 4.1 of the Explanatory Memorandum.

Proxy Form means the proxy form attached to the Notice.

Plan is defined in Section 11.1 of the Explanatory Memorandum.

Plan Share means Shares issued to a Plan participant on the exercise of a Plan Share Right.

Plan Share Rights is defined in Section 11.1 of the Explanatory Memorandum.

Resolution means a resolution contained in the Notice.

Rules is defined in Section 11.1 and of the Explanatory Memorandum.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means the holder of a Share.

Trading Day means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
 - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
 - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

Vendor Shares is defined in Section 5.1 of the Explanatory Memorandum.

VWAP means volume weighted average price.

WST means Western Standard Time, as observed in Perth, Western Australia.

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

Annexure A – Terms and Conditions of Annexure A Options

Each Option entitles the holder to subscribe for Shares on the following terms and conditions:

1. Entitlement

Each Annexure A Option entitles the holder to subscribe for one Share upon exercise of each Annexure A Option.

2. Exercise Price

The exercise price of each Annexure A Option is that price which is at least 145% of the volume weighted average price for Shares traded on the ASX over the five (5) Trading Days immediately preceding the day of the 2020 Annual General Meeting.

3. Expiry Date

Each Annexure A Option has an expiry date of 5.00pm WST on 20 November 2025.

4. Exercise Period

Each Annexure A Option is exercisable at any time on the Expiry Date.

5. Notice of Exercise

Each Annexure A Option may be exercised by notice in writing to the Company. Any notice of exercise of Annexure A Options received by the Company will be deemed to be a notice of the exercise of the Annexure A Option as at the date of receipt.

6. Timing of issue of Shares

After an Annexure A Option is validly exercised, the Company must as soon as possible:

- (a) issue and allot the Share; and
- (b) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Annexure A Option.

7. Shares issued on exercise

Shares issued on exercise of the Annexure A Options rank equally with the then shares of the Company.

8. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Annexure A Options.

9. Participation in new issues

There are no participation rights or entitlements inherent in the Annexure A Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Annexure A Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least three business days after the issue is announced. This will give holders of Annexure A Options the opportunity to exercise their Annexure A Options prior to the date for determining entitlements to participate in any such issue.

10. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Annexure A Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Annexure A Option before the record date for the bonus issue; and

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

(b) no change will be made to the Exercise Price.

11. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Annexure A Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Annexure A Option.

E = the number of underlying Shares into which one Annexure A Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

12. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

13. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Annexure A Options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

**Annexure B – Estimated Value of Annexure A Options proposed to be issued to Directors
(Resolutions 9 to 11 inclusive)**

Using the Black & Scholes option model and based on the assumptions set out below, the Annexure A Options proposed to be issued pursuant to Resolutions 9 to 11 inclusive were ascribed the following values:

Assumptions:	R Homsany	E van Heemst	B Hodgins
Number of Director Options	5,000,000	2,500,000	2,500,000
Valuation date	15 October 2020	15 October 2020	15 October 2020
Market price of Shares	\$0.015	\$0.015	\$0.015
Exercise price (145% of market price)	\$0.022	\$0.022	\$0.022
Expiry date (length of time from issue)	4.99 years	4.99 years	4.99 years
Risk free interest rate	0.29%	0.29%	0.29%
Volatility (discount)	100%	100%	100%
Indicative value per Option	\$0.0103	\$0.0103	\$0.0103
Total Value of Related Party Options	\$51,480	\$25,740	\$25,740

Note: The valuation noted above is not necessarily the market price that the Annexure A Options could be traded at and is not automatically the market price for taxation purposes.

Annexure C – Summary of the Rules of the Directors' Fee Sacrifice Equity Plan

- (1) **Purpose** The objective of this Plan is to preserve the Company's cash reserves, facilitate the acquisition of Plan Share Rights that can be exercised into Shares by Directors serving on the Board in a manner that will align their interests with shareholders and provide Directors with the flexibility to choose to receive part or whole of their annual remuneration in the form of Plan Share Rights which can be exercised into Shares. Its purpose is also to ensure that the Company can continue to attract, retain and motivate skilled and experienced Directors.
- (2) **Eligibility** All of the Company's existing Directors and their nominees (**Nominees**) are eligible to participate in the Plan. Any additional people who become Directors, and are therefore eligible to participate in the Plan, will not be able to participate until either (i) Shareholder approval to the additional Director is obtained under Listing Rule 10.14 or (ii) ASX grants a waiver of this Listing Rule. There is no guarantee such a waiver will be granted or applied for.
- (3) **Entitlement** The Board may make an invitation to a Director under the Plan to receive (either directly or through a Nominee) part or all his or her total annual remuneration excluding Superannuation Guarantee contributions (**Annual Remuneration**) in the form of Plan Share Rights. Each individual Director may receive no more than 100% of their remuneration in Plan Share Rights.
- (4) **Plan Share Rights** One Plan Share Right can be exercised into one Share.
- (5) **Grant of Plan Share Rights** The rights to be issued to a Director, based on the amount of Board fees to be sacrificed on a pre-tax basis, will be in the form of Plan Share Rights (which are fully vested immediately on the date of grant), which the Board will use reasonable endeavours to issue within 10 Business Days of the end of each calendar quarter in the event a Participation Agreement under the Plan is entered into and in any case, no later than three years after the date of the Meeting.
- (6) **Participation Agreement** The Board must give to each Director it invites to participate under the Plan a participation agreement (**Participation Agreement**) to complete, sign and return to the Company, which will contain:
 - (a) the percentage of the Director's Annual Remuneration that may be sacrificed for Plan Share Rights (as applicable), that can be no more than as permitted under the Plan and the Listing Rules (**Nominated Percentage**);
 - (b) the period for which the sacrifice applies (which is a minimum of 3 months and a maximum of 12 months), including proposed commencement date; and
 - (c) provisions to allow the Director to nominate a Nominee through which to participate in the Plan and to provide any such Nominee's name and address.By completing, signing and returning to the Company the Participation Agreement given to a Director, the Director and any Nominee offers to participate under the Plan and, on acceptance by the Board of the offer, a contract is formed between the Company, the Participant and the Director. The Board may, in its absolute discretion, accept or reject this offer and is under no obligation to provide a Director with any reason for doing so. The Board must provide written notification to the Director of its decision to accept or reject the offer within 5 Business Days after the receipt of the offer.
- (7) **Participant** Upon acceptance of the Participation Agreement by the Board, the Director (and his or her Nominee) becomes a participant in the Plan (**Participant**) and agrees to be bound by the Rules and, from the time of issue of any Shares under the Plan, to be bound by the constitution of the Company.
- (8) **Termination of participation** The participation of a Participant in the Plan will terminate upon:
 - (i) the Participant (or in the case of a Nominee, the appointing Director) ceasing to be a director; (ii) the Board terminating the participation of the Participant; or (iii) the Director providing a notice in writing to this effect to the Company.
- (9) **Resignation as Director** In the event that a Participant, or the Director for whom the Participant is a Nominee, resigns as a director, the Company must issue to the Participant (in respect of the quarter in which he resigns), the pro rata number of Plan Share Rights for the period of the quarter (as applicable under the Participation Agreement) prior to the resignation.
- (10) **Accrual of Plan Share Rights** An entitlement to Plan Share Rights will accrue to Participants on a monthly basis.
- (11) **Timing of issue** The Company will issue and allot Plan Share Rights to the Participants under the Plan on a quarterly basis, within 10 Business Days of the end of each calendar quarter, in respect of a relevant Participation Agreement.
- (12) **Number of Plan Share Rights to be granted** The number of Plan Share Rights to be issued to a Participant will be calculated monthly in arrears after the Director's Annual Remuneration being sacrificed has accrued and will equal, for each Participant, the number calculated after dividing the dollar value of the Director's Annual Remuneration sacrificed by that Participant by the Plan Share Price.

- (13) **Plan Share Price** in relation to a month in which Annual Remuneration is accrued, an amount equal to the volume weighted average price per Share traded on the ASX over the last five (5) trading days of the month in which the Annual Remuneration accrued, or, if there were no such trades in that period of time, an amount equal to the last traded price per Share.
- (14) **Board's discretion in relation to the issue** If at any time the Board determines that the allocation of Plan Share Rights to a Director under the Plan would result in the Company contravening the Corporations Act, the Listing Rules, the Constitution, or any applicable local laws, or is otherwise inappropriate in the circumstances, the Board must not issue the Plan Share Rights. The Board may defer the allocation of Plan Share Rights for a maximum of 6 months, pay to the Director in cash the corresponding amount of his or her annual Director fee, or terminate the Director's participation in the Plan.
- (15) **Plan Share Rights may not be disposed of or transferred or encumbered** Plan Share Rights may not be disposed of or transferred or otherwise dealt with and lapse immediately on any purported disposal, transfer or dealing unless the transfer is effected by operation of law on death or legal incapacity to the Participant's legal personal representative.
- (16) **Vesting of Rights** Plan Share Rights granted under these Rules will be fully vested on the date of grant.
- (17) **Exercise of Rights** Unvested Plan Share Rights may not be exercised. To exercise a vested Plan Share Right, the Participant must deliver a signed Notice of Exercise at any time on or prior to the Expiry Date. A holding of Plan Share Rights can be exercised in whole or in part at any time up to and including the Expiry Date on exercise of a Plan Share Right, the Board will issue one Share for each Plan Share Right to Participants. The Shares that result from the exercise of Plan Share Rights are Plan Shares.
- (18) **Expiry Date** means, in relation to a Plan Share Right, the date on which the first to occurs of the following:
- (a) a Participant (or where applicable, the Related Director) resigns as a Director.
 - (b) the end of the 15 year period commencing when the Participant was issued the Plan Share Right.
- (19) **Restrictions on issue of Plan Shares** If, as a result of any applicable law or the Company's Share Trading Policy, a Plan Share cannot be issued, the Plan Share will then be issued as soon as such an issue can be made in compliance with all applicable laws and the Share Trading Policy. If the issue of Plan Shares is postponed following their due date for issue, the number of Plan Shares to be issued will not change despite the fact that the prevailing Share price may rise or fall during the postponed period.
- (20) **Disposal restrictions attached to Shares** All Plan Shares acquired by Participants as a consequence of the exercise of Plan Share Rights may not be sold or disposed of in any way until such time as their disposal would not breach either the Company's Share Trading Policy, or Division 3 of Part 7.10 of the Corporations Act. The Company may impose a CHES holding lock on Plan Shares to ensure the Participant does not sell them earlier than permitted under the Rules.
- (21) **No hedging** A Participant must not enter an arrangement with anyone if that arrangement would have the effect of limiting the Participant's exposure to risk in relation to Plan Share Rights or Plan Shares.
- (22) **Plan Share entitlements** Plan Share Rights do not carry any voting rights in the Company, do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company and do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (23) **Bonus issues, rights issues and capital reorganisation** Participants holding Plan Share Rights will be treated in a manner that does not advantage or disadvantage them compared with other Shareholders in the event of a bonus issue, rights issue and/or capital reorganisation.
- (24) **Cessation of office of Director** If a Participant, or the Director for whom the Participant is a Nominee, ceases to be a Director any unexercised Plan Share Rights held by that Participant will be exercised automatically the day following cessation, and the Board will act to remove any CHES holding lock applied by the Company to Plan Shares held by or on behalf of the Participant, unless otherwise determined by the Board and notified to the Participant in order to comply with all applicable laws and the Company's Share Trading Policy.
- (25) **Rights attaching to Plan Shares** The Plan Shares issued on the exercise of Plan Share Rights will rank equally, in relation to dividends, voting and all other rights, with all other existing Shares.
- (26) **Quotation of Plan Shares on ASX** If Plan Shares are in the same class as Shares which are listed on the ASX, the Company will apply for quotation of the Plan Shares issued within the time required by the Listing Rules after the date of issue.
- (27) **Employee Share Scheme taxing provisions to apply** Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to all Plan Share Rights and Plan Shares under this Plan.

- (28) **Registration** Plan Share Rights issued under the Plan (and Plan Shares issued on their exercise) must be registered in the name of the Participant. As soon as practicable after the issue of any Plan Share Rights or Plan Shares, the Company must issue a holding statement in the name of the Participant that specifies the number of Plan Share Rights or Plan Shares issued to that Participant.
- (29) **Suspension and termination of the Plan** The Plan may be suspended at any time by the Board. The period of suspension is at the discretion of the Board. The Board may terminate the operation of the Plan at any time by resolution of the Board. The suspension or termination of the Plan will not prejudice the existing rights of Participants (and where applicable, the Related Directors).
- (30) **Administration** The Plan will be administered by the Board, (or the Board may appoint another party to administer the Plan on its behalf) and the Board is authorised to establish such guidelines for the administration of the Plan as it deems appropriate in its sole discretion, with the Board's decisions being final and binding on all participants.
- (31) **Board's discretion and final decision** Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in accordance with the Plan and in the exercise of any power or discretion under the Plan. A decision of the Board as to the interpretation, effect or application of the Rules will be final and conclusive, and binding on all Participants
- (32) **Maximum number of Plan Share Rights that can be issued** The maximum number of Plan Share Rights than can be issued under this Plan with Shareholder approval (which Shareholder approval is in addition to the Shareholder approval to originally approve the Plan) is 50,000,000.
- (33) **Limitation under *Income Tax Assessment Act 1997 (Cth)*** Despite any other provision of these Rules, no Participant is entitled to be issued Plan Share Rights under this Plan if, before or immediately after that person is issued with the Plan Share Rights the person and their associates holds a beneficial interest in more than 10% of the total Shares on issue or that would be on issue if all Plan Share Rights issued under the Plan were exercised, and the person and their associates are in a position to cast, or to control the casting of, more than 10% of the maximum number of votes that might be cast at a general meeting of the Company if all Plan Share Rights issued under the Plan were exercised.
- (34) **Board determinations and amendments to the Plan** The Board may at any time by written instrument or by resolution amend all or any of the provisions of the Rules. However no amendment may reduce a Participant's existing rights in respect of any invitation that had commenced prior to the date of the amendment other than:
- with the Participant's consent;
 - for the purpose of complying with law, or regulation, or Listing Rules;
 - to correct a manifest error or mistake;
 - to address possible adverse tax consequences for the Company or Participants generally.
- (35) **Not exclusive method of remuneration** This Plan is not the exclusive method of providing remuneration to Directors and does not preclude it from authorising or approving other forms of remuneration.
- (36) **No right to retain Office** Neither the establishment of the Plan nor the entry into of a Participation Agreement nor the payment of an award nor the vesting of Plan Share Rights or any other action under the Plan shall be held to confer upon any Participant, or the Director for whom the Participant is a Nominee, the right to continue to hold office as Director or affect any rights the Company may have to remove the Participant, or the Director for whom the Participant is a Nominee, from the office of Director.
- (37) **Relationship to other plans** Participation in this Plan does not affect participation in or payment under any other plan of the Company, except as otherwise determined by the Board.
- (38) **Governing law** the Rules are governed by the laws of Western Australia and the Commonwealth of Australia.



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Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

2020 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Redstone Resources Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the Meeting

OR



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held **at Country Women's Association WA (Inc) House, 1176 Hay Street Perth, West Perth Western Australia on Friday, 27 November 2020 at 1.30pm (WST)** and at any adjournment or postponement of that Meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 3, 6,7, 8, 9, 10, 11 and 15 (except where I/we have indicated a different voting intention below), even though this Item is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chairman. I/we acknowledge the Chairman of the Meeting intends to vote all undirected proxies available to them in favour of each Item of Business.

VOTING DIRECTIONS

Resolutions

		For	Against	Abstain*
1	Re-election of Mr Edward van Heemst	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Mr Brett Hodgins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Ratification of Previous Issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Ratification of Previous Issue of Vendor Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval of Issue of Placement Shares to Director – Mr Richard Homsany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Approval of Issue of Placement Shares to Director – Mr Edward van Heemst	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Approval of Issue of Placement Shares to Director – Mr Brett Hodgins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Approval of Issue of Annexure A Options to Director – Mr Richard Homsany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Approval of Issue of Annexure A Options to Director – Mr Edward van Heemst	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Approval of Issue of Annexure A Options to Director – Mr Brett Hodgins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Approval of Issue of Annexure A Options to Key Consultants and/or Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Approval of Issue of Shares – Equity Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Approval of Directors' Fee Sacrifice Equity Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Approval of Amendments to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 3, 6, 7, 8, 9, 10, 11 and 15, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 3, 6, 7, 8, 9, 10, 11 and 15.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 1.30pm WST on 25 November 2020, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033