

REDSTONE RESOURCES LTD
ACN 090 169 154

PROSPECTUS

For a non renounceable pro rata entitlement offer of approximately 126,644,753 New Shares to Shareholders, on the basis of one (1) New Share for every three (3) Shares held at the Record Date at an issue price of \$0.017 per New Share together with one (1) free attaching New Listed Option (exercisable at \$0.035 on or before 30 April 2021) for every two (2) New Shares issued under the Prospectus, to raise up to approximately \$2,152,960 (before costs) based on the number of Shares on issue as at the date of this Prospectus.

Underwriter

The Offer is underwritten up to \$1,150,000.
Refer to Section 10.3 for details of the Underwriting Agreement.

IMPORTANT INFORMATION

This is an important document. You should read this document in its entirety to assist in deciding whether or not to apply for New Securities in the Company.

You should also consult your professional advisers before deciding whether to invest in the Company. The offer of New Securities under this Prospectus does not take into account your investment objectives, financial situation or particular needs. You should carefully consider the risk factors in Sections 5.3 and 9 in light of your circumstances.

AN INVESTMENT IN THE NEW SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED AS SPECULATIVE.

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1. CORPORATE DIRECTORY

Directors

Mr Richard Homsany
Non-Executive Chairman

Mr Brett Hodgins
Technical Director

Mr Edward van Heemst
Non-Executive Director

Solicitors to the Company

Cardinals
Lawyers and Consultants
60 Havelock Street
WEST PERTH WA 6005

Company Secretary

Ms Miranda Conti

Auditor*

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

Registered Office & Contact Details

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Share Registry*

Advanced Share Registry Ltd
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NEDLANDS WA 6009
PO Box 1156
Nedlands WA 6909
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ASX Code

RDS

*The names of these entities are included for information purposes only. They have not been involved in the preparation or issue of this Prospectus and have not consented to being named in this Prospectus.

Competent Persons Statement

The information in this document that relates to exploration results was authorised by Dr Greg Shirliff, who is employed as a consultant to the company through Zephyr Professional Pty Ltd. The information in this report that relates to Geophysical Exploration Results is based on information compiled by Mr Barry Bourne, who is also employed as a consultant to the Company through geophysical consultancy Terra Resources Pty Ltd. Mr Bourne is a fellow of the Australian Institute of Geoscientists and a member of the Australian Society of Exploration Geophysicists and Dr Shirliff is a Member of the Australian Institute of Mining and Metallurgy. Both Mr Bourne and Dr Shirliff have sufficient experience of relevance to the tasks with which they were employed to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Both Mr Bourne and Dr Shirliff consent to the inclusion in the report of matters based on information in the form and context in which it appears.

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

2. INVESTMENT OVERVIEW

Question	Response	Where to find information
What is the Entitlement Offer?	<p>The Company is offering to issue New Shares and free attaching New Listed Options to Eligible Shareholders by a pro rata non renounceable entitlement issue.</p> <p>Under the Entitlement Offer, Eligible Shareholders may subscribe for one (1) New Share for every three (3) Shares held on the Record Date. Each Eligible Shareholder will also receive one (1) free New Listed Option for every two (2) New Shares subscribed for under the Prospectus.</p>	Section 6.1
What is the offer price for the New Shares?	The offer price is \$0.017 (1.7 cents) per New Share.	Section 6.1
Who is an Eligible Shareholder?	The Entitlement Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand at the Record Date.	Section 6.6
Can I apply for Additional New Shares?	<p>Eligible Shareholders (except Directors and other Related Parties) can apply for Additional New Shares in excess of their Entitlement under the Additional New Shares Offer by following the instructions in Sections 6.4 and 6.5. The issue and allotment of Additional New Shares (if any) is at the discretion of the Directors.</p> <p>The Company encourages Eligible Shareholders who hold an Unmarketable Parcel, and who accept their full Entitlement, to apply for such Additional New Shares to at least bring their total holding to at least a Marketable Parcel.</p>	Sections 6.3, 6.4 and 6.5
Will the New Shares and New Listed Options be quoted on ASX?	Application will be made for the New Shares and the New Listed Options to be quoted on ASX.	Section 6.12
What are the terms of the free attaching New Listed Options?	The New Listed Options have an exercise price of \$0.035 and an expiry date of 30 April 2021. The full terms of the New Listed Options are set out in Section 8.2.	Sections 6.1 and 8.2
What is the Shortfall Offer?	Any New Shares not that are not taken up under the Entitlement Offer or the Additional New Shares Offer by the Closing Date will become Shortfall Shares. The Shortfall Offer	Section 6.10

	is an offer to issue Shortfall Shares and is a separate offer under this Prospectus.	
How many New Securities will be issued?	<p>At the date of this Prospectus the maximum number of New Securities that will be issued under the Offer, assuming Full Subscription, is 126,644,753 New Shares and 63,322,376 New Listed Options.</p> <p>Where Option holders who reside in Australia or New Zealand exercise their Options before the Record Date, they will be entitled to participate in the Entitlement Offer. This will increase the maximum number of New Shares and New Listed Options that may be issued under the Entitlement Offer.</p>	Section 6.1
What is the amount that will be raised under the Offer?	At the date of this Prospectus, the maximum amount that may be raised under the Prospectus is \$2,152,960 before expenses. If existing Option holders who reside in Australia and New Zealand exercise their Options before the Record Date so as to participate in the Offer, the amount raised under the Entitlement Offer may increase.	Section 6.1
What are the key highlights of an investment in the Company	<ul style="list-style-type: none"> • The Offer is attractively priced at a significant discount of approximately 25% to the July 2018 and August 2018 volume weighted average Share price and significant discount to the last traded market price of the Shares. • The pre-Offer market capitalisation of the Company at the Offer price is \$6,458,882. • The Company owns a 100% interest in the West Musgrave Project (the Project), in the West Musgrave, Western Australia, which includes the Tollu Copper Vein Project (Tollu), a potential large scale, high grade, near surface copper project. • Funds raised from the issue of New Shares will be used to undertake a ground electromagnetics (EM) survey over all 13 EM (VTEM_{max}) targets identified from the airborne survey undertaken in May 2017, further exploration and evaluation activities and for a reverse circulation (RC) drilling programme of at least circa 7,500m (assuming Full Subscription) to test certain of these EM targets. • This follows from the 2017 RC drilling of the high priority EM1 target, located 3.5km east of Tollu, which intersected a 100m thick zone of high grade hydrothermal pyrite mineralisation with anomalous trace 	Sections 4 and 7.1

	<p>elements.</p> <ul style="list-style-type: none">• A key outcome of the imminent RC drilling programme is to test the EM (VTEM_{max}) targets confirmed by the ground EM survey and to better understand the mineralisation and prospectivity of the region.• The RC drilling programme will commence following completion of the analysis of the ground EM survey results, which should be no later than early 2019. All approvals have been obtained.• The Company has already defined a maiden resource at its Tollu Copper Vein Project of 38,000t of Cu and 535t of Co (Indicated and Inferred at a cut-off of 0.2% Cu – JORC 2012) and a conceptual exploration target (the Target) also suggests up to 627,000t of Cu may be present - grades intersected by drilling are as high as 3.25% Cu over 14m (2017 drilling) <p><i>*The potential quality and grade of the Exploration Target is conceptual in nature. It is important to note that there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.</i></p> <ul style="list-style-type: none">• The Project has significant exploration upside with less than 5% of the Project explored to date.• The West Musgrave province is highly prospective and underexplored.	
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<p>What are the key risks of a further investment in the Company?</p>	<p>The Offer should be considered highly speculative. Before deciding to whether to apply for New Securities under the Offer, you should carefully consider the risk factors set out in this Prospectus, the information contained in other sections of this Prospectus, and all other public announcements and reports of the Company. For further information on specific risks relevant to the Company please refer to Section 5.3 and Section 9. These risks include:</p> <ul style="list-style-type: none"> • The Company's projects are early stage exploration tenements with significant exploration risk. • The Company's future capital needs and additional funding will be required to complete the proposed exploration programme. • The Company's exploration tenement E69/2450 is due to expire on 18 September 2018. An extension of term application for a further two year period has been lodged with the Department of Minerals, Industry, Regulation and Safety (DMIRS) for their consideration. The Company reasonably expects that an extension of term for E69/2450 is likely to be granted by the DMIRS due to the significant expenditure incurred over and above the minimum expenditure required to be incurred on the tenement since grant and given the work undertaken to date justifies further exploration. • As a junior explorer with no production or income, the Company is exposed to general market and economic condition risks. <p>Please carefully consider these risks and the risks contained in Section 5.3 and Section 9 before deciding whether or not to apply for New Shares.</p>	<p>Sections 5.3 and 9</p>
<p>What are the Underwriting arrangements?</p>	<p>The underwriter to the Offer is a Related Party, being a controlled entity of Mr Richard Homsany, Chairman. The Offer is underwritten up to \$1,150,000 of which up to \$675,000 can be offset against debts owed by the Company to the Underwriter, Related Parties and other creditors.</p> <p>The Underwriter has a current voting power in the Company of 9.12%.</p> <p>The Underwriter must apply for or procure applications for Shortfall Shares (if there are any upon the completion of the Offer) up to the</p>	<p>Sections 6.13 and 10.3</p>

	<p>Underwritten Amount in accordance with the terms of the Underwriting Agreement. The Underwriter has appointed sub-underwriters, being the other Directors namely Mr Edward van Heemst and Mr Brett Hodgins, pursuant to which the Underwriter may call on them to subscribe (or procure subscriptions) for Shortfall Shares as sub-underwriters for the amount each sub-underwriter has agreed to underwrite (\$265,000 in aggregate) of which up to \$265,000 in total can be offset against debts owed by the Company to the Sub-Underwriters and/or their controlled or associated entities. The details of the Underwriting Agreement and the sub-underwriting agreements are contained in Section 6.13 and Section 10.3.</p> <p>The Underwriter has agreed with the Company, and each Sub-Underwriter has agreed with the Underwriter, that none of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares.</p> <p>The Underwriter may terminate the Underwriting Agreement in certain circumstances, which terminating events are customarily found in underwriting agreements for issuers in the Company's circumstances (see Section 10.3 for details).</p>	
<p>What is the purpose of the Offer?</p>	<p>The purpose of the Offer is to raise funds:</p> <ul style="list-style-type: none"> • For imminent drilling, exploration and evaluation activities on the West Musgrave Project. • To provide general working capital. • To pay the costs of the Offer including the underwriting fee. <p>A budget of how the Company intends to use the funds at Full Subscription is set out in Section 7.1. As with any budget, new circumstances may change the way the Company applies the funds.</p>	<p>Sections 4 and 7.1</p>
<p>What is the effect of the Offer on share capital and cash reserves?</p>	<p>The effect of the Offer on the Company's share capital and cash reserves is to:</p> <ul style="list-style-type: none"> • Increase the number of Shares and Options on issue. • Increase cash reserves by up to approximately \$2,152,960 before the costs of the Offer. 	<p>Section 7.2</p>

<p>What is the effect of the Offer on control of the Company</p>	<p>The Entitlement Offer is for one (1) New Share for every three (3) Shares held by Eligible Shareholders on the Record Date. Therefore the maximum dilution at Full Subscription that will be experienced by any Shareholder is approximately 25% of its existing Shareholding.</p> <p>The Offer is not expected to have any impact on the control of the Company.</p> <p>The Underwriter has agreed with the Company, and each Sub-Underwriter has agreed with the Underwriter, that neither any of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares.</p> <p>Furthermore the Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.</p>	<p>Section 7.8</p>
<p>Can I sell my Entitlements?</p>	<p>No. The Entitlement Offer is non-renounceable meaning your Entitlement is not transferable and there will be no trading of rights on ASX.</p>	<p>Sections 6.1 and 6.4</p>
<p>How can I accept my Entitlement?</p>	<p>All Eligible Shareholders are entitled to subscribe for New Shares under the Offer. If you wish to take up your Entitlement and/or apply for Additional New Shares under the Additional New Shares Offer you must complete the Entitlement and Acceptance Form that accompanies this Prospectus.</p>	<p>Sections 6.4 and 6.5</p>
<p>How can I obtain further advice?</p>	<p>Contact the Company Secretary on +61 8 9328 2552 at any time during business hours (WST) until the Closing Date. Alternatively, consult with your broker or other professional adviser.</p>	<p>Section 6.17</p>

3. TIMETABLE AND IMPORTANT DATES

Indicative timetable for Entitlement Offer

Lodgement of Prospectus with ASIC	Friday, 31 August 2018
Lodgement of Prospectus and Appendix 3B with ASX (includes application for Quotation of New Securities)	Monday, 3 September 2018
Notice sent to Eligible Shareholders and Option holders	Tuesday, 4 September 2018
'Ex' Date (Date from which Shares commence trading without the entitlement to participate in the Entitlement Offer)	Wednesday, 5 September 2018
Record Date (for determining Entitlements) (5:00pm WST)	Friday, 7 September 2018
Prospectus with Entitlement and Acceptance Form sent to Shareholders and Entitlement Offer opens	Wednesday, 12 September 2018
Closing Date* (5:00pm WST)	Wednesday, 3 October 2018
New Securities quoted on ASX on a deferred settlement basis	Thursday, 4 October 2018
ASX notified of Shortfall	Monday, 8 October 2018
Issue of New Securities and despatch of holding statements	Tuesday, 9 October 2018
Trading in New Securities expected to commence*	Wednesday, 10 October 2018

*The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than three months after the date of this Prospectus. As such the date the New Securities are expected to commence trading on ASX may vary.

4. CHAIRMAN'S LETTER

Dear Investor

On behalf of the directors of Redstone Resources Limited, I am pleased to invite Eligible Shareholders to participate in a one (1) for three (3) non renounceable entitlement offer to raise up to \$2,152,960 (before costs), at an offer price of \$0.017 per New Share, together with one (1) free attaching New Listed Option for every two (2) New Shares subscribed for under the Prospectus exercisable at \$0.035 on or before 30 April 2021.

Funds raised under the Offer will be used for ongoing exploration of the Company's existing projects including a drilling programme in the near future (the Programme) at its 100% owned West Musgrave Project, located in the West Musgrave, Western Australia, for working capital and for meeting the expenses of the Offer. The Programme consists of a ground electromagnetic (EM) survey over 13 EM (VTEM_{max}) targets identified from an airborne survey completed in May 2017 and follows from the 2017 drill results of the high priority EM1 target, which proved that the VTEM_{max} survey positively identified sulphides in the Project area.

The high priority EM1 target, intersected a 100m thick zone of high grade hydrothermal pyrite mineralisation with anomalous trace elements and represents another major zone of hydrothermal sulphide mineralisation just 2.5-3km to the NW of the Tollu Copper Vein Project. Following analysis of the ground EM survey results and further exploration and evaluation activities, the Company will then undertake reverse circulation (RC) drilling of at least approximately 7,500m (assuming Full Subscription) to test certain of the EM (VTEM_{max}) targets confirmed by the ground EM survey.

In addition to drill testing certain of the EM (VTEM_{max}) targets, a key outcome of this Programme will also be to gain better knowledge and understanding of the geology and potential mineralisation of the Project area. The geochemical analysis of the EM1 drill results suggest that the geology of the Project area may differ from previous interpretations, and therefore mineralising systems other than Ni-Cu magmatic sulphides, need to be considered, including epithermal gold, intrusion related gold, stratabound Au-Ag, IOCG, granite related Sn-W, intra-continental-type Mo-Porphyry and VHMS deposits.

Heritage clearances have been undertaken and all government approvals for the Programme have been applied for and mostly obtained.

As a show of continued support for the Company, each of my fellow Directors and myself have agreed to underwrite or sub-underwrite the Entitlement Offer for \$1,150,000, representing over half of the funds sought to be raised. A portion of the underwritten and sub-underwritten amounts will be set off against debts owed by the Company to the Directors and other parties. Details of the underwriting and sub-underwriting arrangements are contained in Sections 6.13 and 10.3.

The Offer presents attractive pricing for the Shares with the Offer price of \$0.017 representing a significant discount of 25% to the July 2018 and August 2018 volume weighted average Share price and a significant discount to the last traded market price of the Shares on ASX prior to the date of the Prospectus being lodged.

The Entitlement Offer is non renounceable, which means that entitlements to take up New Securities are not transferrable and will not be tradeable on ASX. Shareholders who do not take up all or any part of their Entitlement will not receive any payment or value in respect of the Entitlement not taken up and their equity interest in the Company will be diluted after implementation of the Offer.

If you take up your Entitlement in full, your equity interest will not be diluted after implementation of the Offer

Eligible Shareholders may apply for Additional New Shares in addition to their Entitlement. Eligible Shareholders who hold less than a Marketable Parcel are encouraged to apply for sufficient Additional New Shares to bring their holding to at least a Marketable Parcel.

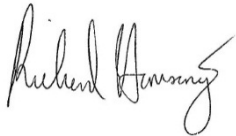
Accompanying this Prospectus you will also find a personalised Entitlement and Acceptance Form that contains details of your Entitlement. Details of how to accept your Entitlement and, if you decide, to apply for Additional New Shares in excess of your Entitlement, are provided on this form and in Section 6.

You should read this Prospectus carefully and in its entirety as it contains important information about the Offer, especially the key risk factors in Section 5.3 and the risk factors in Section 9. You should consult your stockbroker, accountant, solicitor or other independent professional adviser before determining whether or not to participate in the Offer.

The Board recommends that Shareholders take up their Entitlement to take advantage of the attractive Offer price and avoid dilution.

The Board takes this opportunity to thank all Shareholders for their support of the Company and looks forward to your continued support in the future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Homsany', written in a cursive style.

Richard Homsany
CHAIRMAN
31 August 2018

5. IMPORTANT NOTES

This Prospectus is dated 31 August 2018 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus. No person or entity is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied on as having been authorised by the Company in connection with the Offer or this Prospectus.

No New Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Entitlement Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Entitlement Offer period or close the Offer early. Fractional Entitlements to New Securities will be rounded up to the nearest whole number. Instructions for completion of the acceptance of your Entitlement are set out on the Entitlement and Acceptance Form which accompanies this Prospectus.

Applications by Eligible Shareholders for New Shares offered pursuant to this Prospectus can only be submitted using an original Entitlement and Acceptance Form which accompanies this Prospectus and which sets out the Eligible Shareholder's Entitlement. If acceptance for New Shares offered pursuant to this Prospectus is by BPAY® there is no need to return the original Entitlement and Acceptance Form.

Additional New Shares

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding.

The Company encourages Eligible Shareholders who hold an Unmarketable Parcel to take up their Entitlement and to also apply for Additional New Shares sufficient to increase their holding of Shares to at least a Marketable Parcel.

It is possible that there will be few or no Additional New Shares available for issue, depending on the extent of take up of Entitlements by Shareholders. There is also no guarantee that Additional New Shares will be allocated to all or any of the Eligible Shareholders who have applied for them.

Shortfall

A shortfall will arise at the Closing Date if valid applications received for New Shares under the Entitlement Offer and Additional New Shares under the Additional New Shares Offer are less than the number of New Shares offered under this Prospectus. The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Shares at their sole and absolute discretion within three months after the Closing Date pursuant to the Shortfall Offer. The Directors reserve the right to accept any oversubscriptions to the Shortfall Offer pursuant to the Company's placement capacity under the Listing Rules and/or subject to any further Shareholder approvals required.

It is important that you read this Prospectus in its entirety and, if in any doubt about whether to apply for New Shares, seek professional advice. An investment in the New Securities the subject of this Prospectus should be considered speculative. None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the New Securities or the price at which the New Securities will trade on the ASX.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act). It has been prepared in accordance with section 713 of the Corporations Act and it does not contain the same level of disclosure as an initial public offering

prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom they may consult.

5.1 Applicants Outside Australia and New Zealand

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. A failure to comply with these restrictions may violate applicable securities laws. This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. If you are resident a country other than Australia or New Zealand you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. No action has been taken by the Company to register or qualify the New Securities or otherwise permit a public offering of the New Securities the subject of this Prospectus in any jurisdiction outside of Australia and New Zealand.

5.2 Underwriting

The Offer is underwritten for the Underwritten Amount in accordance with the Underwriting Agreement. The Underwriting Agreement also includes a number of termination events upon the occurrence of which the Underwriter may elect in its discretion to terminate the Underwriting Agreement.

A summary of these termination events together with further details of the Underwriting Agreement are set out in Sections 6.13 and 10.3.

5.3 Key Risks

You should be aware that subscribing for New Securities the subject of this Prospectus involves a number of risks to the business, assets and operations of the Company that potentially influence the operating and financial performance of the Company.

Redstone is an exploration company and you should consider that an investment in the Company is speculative.

You should read this Prospectus in its entirety and, in particular, consider the key risk factors set out below and the Risk Factors in Section 9 before deciding whether to apply for New Securities under this Prospectus. You are urged to consider those risks carefully and, if necessary, also consult your professional advisers with any questions beforehand.

You should also note that the key risks below and the Risk Factors in Section 9 are not an exhaustive list of all risks faced by the Company or by investors in the Company.

Some risks can be mitigated by the use of appropriate safeguards and appropriate systems and controls by the Company, however some are unpredictable and outside the control of the Company and the extent to which they can be mitigated or managed is very limited or not possible.

Set out below are key and specific risks that the Company is exposed to and that may have a direct influence on the Company and its activities or assets, therefore affecting the value of an investment in the Company now and in the future.

Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute existing shareholdings, and debt financing (if available) may involve restrictions on future financing and

operating activities. If the Company is unable to obtain additional financing as needed or unable to obtain it on acceptable terms (whether or not due to the Company's circumstances or economic and share market conditions or both), it may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of the Shares.

Termination of Underwriting Agreement

As noted in Section 10.3, the Underwriter may terminate the Underwriting Agreement in certain circumstances including those set out in Section 10.3. In the event that the Underwriter terminates the Underwriting Agreement or is otherwise not obliged to underwrite the Offer for the Underwritten Amount, there is a risk that subscription under the Offer may not be sufficient to raise the Underwritten Amount and the purpose of the Offer may not be met in full.

Title Risk – Non Renewal of Tenement

Interests in tenements in Australia are governed by State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and has annual expenditure and reporting commitments, together with other conditions requiring compliance. Consequently, the Company could lose its title to or its interest in one or more of the tenements in which it has an interest if licence conditions are not met or if sufficient funds are not available to meet the minimum expenditure commitments.

The Company's tenements, and other tenements in which the Company may acquire an interest, will be subject to renewal, which is usually at the discretion of the relevant authority. If a tenement is not renewed the Company may lose the opportunity to discover mineralisation and develop that tenement.

Tenement E69/2450 held by the Company is due to expire on 18 September 2018. The Company cannot guarantee that this tenement, or any other tenements in which the Company has an interest in Australia, will be renewed beyond their current expiry date and there is a material risk that, in the event the Company is unable to renew any of its tenements beyond their current expiry date, all or part of the Company's interests in the corresponding projects may be relinquished. An extension of term application for E69/2450 for a further two year period has been lodged with the Department of Minerals, Industry, Regulation and Safety (DMIRS) for their consideration. The Company expects that an extension of term is likely to be granted by the DMIRS due to the significant expenditure incurred over and above the minimum expenditure required to be incurred on the tenement since grant and given the work undertaken to date justifies further exploration..

Exploration Risks

The Company's mining tenements are at various stages of exploration. Although, the Company has defined a maiden JORC Code compliant resource on the Project, there is no guarantee that it can be commercially exploited.

You should be aware that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend on the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Company's projects, a reduction in the cash reserves of the Company and possible relinquishment of part or all of the Company's projects.

Access Risk - Native Title and Aboriginal Heritage

Redstone's Western Australian tenements are located on an Aboriginal reserve where permission from the traditional owners is required for access to the land which has already been granted. It is possible that Aboriginal sacred sites found within tenements held by the Company may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from the traditional owners to explore and extract resources. The Company currently has no exploration targets covering sacred sites.

The Company must comply with Aboriginal heritage legislation requirements and access agreements which require heritage survey work to be undertaken ahead of the commencement of mining operations. There are a number of registered Aboriginal heritage sites within the area of the Company's tenements. It is possible that some areas of those tenements may not be available for exploration due to Aboriginal heritage issues (whether in respect of registered sites or not). Under Western Australian and Commonwealth legislation the Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or given on conditions which are not satisfactory to the Company.

Reliance on Key Personnel

The responsibility of overseeing the day to day operations of the Company depends on its management and its key personnel. The Company is aware of the need to have sufficient management to properly supervise the exploration and, if exploration is successful, the development of the Company's projects. As the Company's projects and prospects progress and develop the Board will continually monitor the management requirements of the Company and look to employ or engage additional personnel when and where appropriate to ensure proper management of the Company's projects. However there is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its planned exploration programmes within the expected timetable. Furthermore, you should be aware that no assurance can be given that there will be no adverse effect on the Company if one or more of its existing Directors or management personnel cease their employment or engagement with the Company.

Exploration Costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's operating and financial performance and the value of the New Securities and Shares.

Contractual and Joint Venture Risk

The Directors are not able to presently assess the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party, or the insolvency or other failure by any of the contractors engaged by the Company for any exploration or other activity. Any such failure or default could adversely affect the operations and performance of the Company and the value of the New Securities and the Shares.

Dilution

Upon implementation of the Offer, assuming all New Securities offered under the Prospectus are subscribed for and no Options are exercised prior to the Record Date, the number of Shares in the Company will increase from 379,934,261 currently on issue to 506,579,014 and an additional 63,322,376 New Listed Options will be issued. This means that each Share will represent a lower proportion of the ownership of the Company. If any New Listed Options are subsequently exercised this will further dilute ownership in the Company.

If Eligible Shareholders take up their Entitlement in full, each Eligible Shareholder's percentage interest in the Company will remain the same and will not be diluted.

If Eligible Shareholders do not take up their Entitlement in full and the Shortfall is taken up or placed in full, the holdings of Shareholders who do not participate will be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

It is not possible to predict what the value of the Company or a Share will be following completion of the Offer and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the date of the Prospectus being lodged of \$0.021 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

Further risks associated with an investment in the Company are contained in Section 9.

5.4 Forward Looking Statements

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements relate to intentions and future acts and events. They are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management, which could cause these future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus. Some of these risk factors are set out in Section 5.3 and Section 9.

The Company does not intend to update or review forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur, and potential investors are cautioned not to place undue reliance on these forward looking statements.

5.5 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and an electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

This Prospectus will be issued in paper form and as an electronic prospectus which may be accessed on the internet at the Company's website at www.redstone.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact the Company (see the Corporate Directory in Section 1 for the Company's contact details) and the Company will send you, at no cost to you, either a hard copy or a further electronic copy of the Prospectus or both during the Offer period.

The Corporations Act prohibits any person passing an Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided

together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

5.6 Website

No document or information on the Company's website is incorporated by reference into this Prospectus.

5.7 Definitions

Throughout this Prospectus abbreviations and defined terms are used. Defined terms are generally identifiable by the use of an upper case first letter and the definitions of those terms are contained in the Glossary in Section 11.

6. DETAILS OF THE OFFER

6.1 The Offer

The Entitlement Offer is being made as a non renounceable entitlement offer of one (1) New Share for every three (3) Shares held by Shareholders registered at the Record Date at an issue price of \$0.017 per New Share together with one (1) free attaching New Listed Option for every two (2) New Shares subscribed for under this Prospectus. The New Listed Options will be exercisable at \$0.035 on or before 30 April 2021. Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share or New Listed Option, such fraction will be rounded up to the nearest whole New Share or New Listed Option.

Based on the capital structure of the Company at the date of this Prospectus, a maximum of 126,644,753 New Shares and 63,322,376 New Listed Options will be issued pursuant to the Entitlement Offer to raise up to \$2,152,960. As at the date of this Prospectus the Company has 24,000,000 any Options on issue that may be exercised prior to the Record Date to participate in the Entitlement Offer. Please refer to Section 7.5 for information on the exercise price and expiry date of the Options on issue.

All of the New Shares to be issued pursuant to this Prospectus and Shares issued upon exercise of the New Listed Options will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 8 for further information regarding the rights and liabilities attaching to the New Shares and the New Listed Options.

The Entitlement Offer is non-renounceable. Accordingly an Eligible Shareholder may not sell or transfer part or all of their Entitlement.

The purpose of the Offer and the intended use of funds raised under the Offer are set out in Sections 2, 4 and 7.1.

6.2 Minimum Subscription

There is no minimum subscription under the Offer.

6.3 Additional New Shares

Entitlements not taken up may become available as Additional New Shares. Eligible Shareholders (except Directors and other Related Parties) may in addition to their Entitlement apply for Additional New Shares regardless of the size of their present holding. The Company reserves the right to reject or scale back any applications for Additional New Shares in its absolute discretion. Excess Application Money for the Additional New Shares Offer will be refunded without interest.

This issue price for each Additional New Share offered under the Additional New Shares Offer is \$0.017 per Additional New Share together with one (1) New Listed Option for every two (2) Additional New Shares subscribed for, being the same terms that New Shares are being offered under the Entitlement Offer. The Additional New Shares and free attaching New Listed Options offered under the Additional New Shares Offer have the same rights and liabilities respectively as the New Shares and the New Listed Options under the Entitlement Offer, which are described in Section 8.

Eligible Shareholders may apply for any Additional New Shares by completing the Entitlement and Acceptance Form in accordance with the instructions set out on that form and sending it to the Share Registry together with payment by cheque or BPAY® for the amount of New Shares applied for (including for Additional New Shares) in accordance with the payment methods described in Section 6.5.

It is possible that there will be few or no Additional New Shares available for issue, depending on the extent of take up of Entitlements by Shareholders. There is also no

guarantee they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares than the number applied for, if a lesser number is allocated to them. If a lesser number of Additional New Shares is allocated to them than applied for, excess application money will be refunded without interest.

The Directors reserve the right to allocate and issue Additional New Shares at their absolute discretion, or to close the Additional New Shares Offer early, or withdraw the Additional New Shares Offer, reject applications for Additional New Shares or not issue Additional New Shares, in their sole and absolute discretion.

The Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.

Top up by Eligible Shareholders with less than a Marketable Parcel

The Company encourages all Eligible Shareholders with an Unmarketable Parcel to apply for both their Entitlement and for Additional New Shares so as to bring their holding to at least a Marketable Parcel.

Eligible Shareholders who wish to apply for the number of Additional New Shares to bring their holding to at least a Marketable Parcel can do so by completing the accompanying Entitlement and Acceptance Form, **in addition to** accepting their full Entitlement.

6.4 Actions Eligible Shareholders May Take

The number of New Shares and attaching New Listed Options to which Eligible Shareholders are entitled (your Entitlement) is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

If you are an Eligible Shareholder you may do any of the following:

- (i) take up your full Entitlement (refer to Section 6.4(a));
- (ii) take up your full Entitlement and apply for Additional New Shares (refer to Section 6.4(b));
- (iii) partially take up your Entitlement and allow the balance to lapse (refer to Section 6.4(c)); or
- (iv) decline to take up your Entitlement by taking no action (refer to Section 6.4(d)).

The Entitlement Offer is a pro rata offer to Eligible Shareholders. Eligible Shareholders who do not take up their Entitlements in full will not receive any amounts in respect of the Entitlements that they do not take up, and will have a reduced (i.e. diluted) percentage shareholding in the Company after implementation of the Offer. However the number of Shares held at the Record Date and the rights attached to those Shares will not be affected.

Eligible Shareholders who take up their Entitlement in full will not reduce (i.e. dilute) their percentage shareholding in the Company after implementation of the Offer.

Entitlements cannot be traded on ASX or any other exchange, nor can they otherwise be transferred.

(a) **Accept all of your Entitlement**

Eligible Shareholders who wish to accept the Entitlement Offer and take up all of their Entitlement should complete the accompanying Entitlement and Acceptance Form and follow the steps required for payment in Section 6.5.

(b) **Accept all of your Entitlement and Apply for Additional New Shares**

Eligible Shareholders may, in addition to taking up all their Entitlement and regardless of the size of their present Share holdings, apply for Additional New Shares as described in Section 6.3.

Eligible Shareholders who choose to apply for Additional New Shares should complete the accompanying Entitlement and Acceptance Application Form.

A single payment should be used for the application moneys for your Entitlement and the number of Additional New Shares you wish to apply for as stated on the Entitlement and Acceptance Form. Two payment methods are provided in Section 6.5.

(c) **Partially take up your Entitlement and allow the balance to lapse**

Eligible Shareholders who wish to take up part of their Entitlement and allow the balance of their Entitlement to lapse, should select and complete the accompanying Entitlement and Acceptance Form for the number of New Shares they wish to take up and follow the steps required for payment in Section 6.5.

Where Eligible Shareholders take no action with the balance of their Entitlement and they lapse then the New Shares and attaching New Listed Options representing the balance of their Entitlement will become available under the Additional New Shares Offer. If they are not taken up under the Additional New Shares Offer they will become part of the Shortfall and may be dealt with under the Shortfall Offer in accordance with Section 6.10 and Section 6.13.

(d) **Decline to take up your Entitlement by taking no action**

Eligible Shareholders who do not wish to take up their Entitlement should do nothing. Where Eligible Shareholders take no action with their Entitlement, their Entitlement will lapse and will become available under the Additional New Shares Offer. If they are not taken up under the Additional New Shares Offer they will become part of the Shortfall and may be dealt with under the Shortfall Offer in accordance with Section 6.10 and Section 6.13.

You should also note that if you do not take up your Entitlement, you will continue to own the same number of Shares however your percentage shareholding in the Company will be reduced.

6.5 Payment

If you are an Eligible Shareholder and wish to accept the Entitlement Offer and:

- (i) take up all of your Entitlement;
- (ii) take up all of your Entitlement and apply for Additional New Shares; or
- (iii) take up part of your Entitlement,

you have two payment methods that follow below (Payment Method 1 – Pay by Cheque or Money Order and Payment Method 2 – Pay by BPAY®).

If your acceptance is for an amount in excess of your Entitlement you will be deemed to have also applied for Additional New Shares.

Detailed instructions on how to complete the Entitlement and Acceptance Form accompanying this Prospectus are set out on the reverse of that form.

Payment Method 1 – Pay by Cheque or Money Order

To follow this Payment Method 1, please complete the personalised Entitlement and Acceptance Form accompanying this Prospectus and attach a cheque (which must be drawn on an Australian bank) or a money order for the Application Money indicated on the Entitlement and Acceptance Form (being \$0.017 per New Share multiplied by the number of New Shares you wish to apply for – if you are not taking up all of your Entitlement or if you are applying for Additional New Shares you will need to calculate this amount in the accompanying Entitlement and Acceptance Form). You should then mail the completed Entitlement and Acceptance Form and accompanying cheque or money order to:

Redstone Resources Limited
C/- Advanced Share Registry Ltd
PO Box 1156
NEDLANDS WA 6909

or deliver to:

Redstone Resources Limited
C/- Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009

For the convenience of Eligible Shareholders, a reply paid envelope addressed to the Share Registry has been enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

Cheques (which must be drawn on an Australian bank) or money orders should be made payable to “**Redstone Resources Limited– Subscription Account**” and crossed “Not Negotiable”. Completed Entitlement and Acceptance Forms and accompanying cheques must reach one of the above addresses by no later than 5:00pm WST on the Closing Date (subject to variation).

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Money. If the amount of your cheque for Application Money is insufficient to pay in full for the number of New Shares (including for any Additional New Shares) you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, at the discretion of the Company, your Application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

Entitlement and Acceptance Forms (and payments for Application Money) may be accepted if received after the Closing Date at the discretion of the Company.

Entitlement and Acceptance Forms and accompanying cheques will not be accepted at the Company's registered or corporate office.

Payment Method 2 – Pay via BPAY®

To follow this Payment Method 2 you should pay the full Application Money in accordance with the instructions set out on the personalised Entitlement and Acceptance Form, which includes the biller code and your unique reference number. The Application Money is equal to \$0.017 per New Share multiplied by the number of New Shares you wish to subscribe for (if you are not taking up all of your Entitlement or you are applying for Additional New Shares you will need to calculate this amount yourself). If you have multiple holdings you will also have multiple customer reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay via BPAY® payment and if you are not applying for Additional New Shares:

- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form; and
- (b) you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money (the amount of your payment received will be divided by \$0.017) which will be deemed to be the total number of New Shares (and including any Additional New Shares) you are applying for.

It is recommended that Eligible Shareholders who apply for Additional New Shares and who choose to pay via BPAY® payment, submit their personalised Entitlement and Acceptance Form with Payment Method 2 selected, to ensure they receive consideration for the allocation of Additional New Shares (where available and at the discretion of the Directors).

You need to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm WST on the Closing Date (subject to variation).

Applicants should be aware that their own financial institution may implement earlier cut-off times with regards to electronic payment and should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5:00pm WST on the Closing Date (subject to variation).

In case of either Payment Method 1 or Payment Method 2, by taking up all or part of your Entitlement you will be deemed to have represented that you are in compliance with all relevant selling restrictions and otherwise agree to all the terms and conditions of the Offer as set out in this Prospectus.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

6.6 Eligible Shareholders

The Offer is only open to Eligible Shareholders. Eligible Shareholders are those Shareholders who at 5:00pm WST on the Record Date have a registered address in Australia or New Zealand.

The Company will notify Ineligible Shareholders of the Offer, provide them with details of the Offer and advise them that the Company is not extending the Offer to Ineligible Shareholders.

6.7 Applicants Outside Australia and New Zealand

The Entitlement Offer is not being made to Shareholders with a registered address outside Australia and New Zealand.

The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand, having regard to:

- (a) the number of Shareholders with registered addresses outside of Australia and New Zealand;
- (b) the number and value of the New Securities that would be offered to Shareholders with registered addresses outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in other overseas jurisdictions.

Accordingly, the Company is not required to make the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand.

The Company will send each Shareholder to whom it will not make the Entitlement Offer details of the Entitlement Offer and advise that it will not make the Entitlement Offer to them.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. A failure to comply with these restrictions may violate those applicable laws. This Prospectus does not, and is not intended to, constitute an offer or invitation to subscribe in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. If you are resident a country other than Australia or New Zealand you should consult your professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained. No action has been taken by the Company to register or qualify the New Securities or otherwise permit a public offering of the New Securities the subject of this Prospectus in any jurisdiction outside of Australia and New Zealand.

The New Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand for whom the offer of New Securities is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus is required to contain under New Zealand Law.

Shareholders with registered addresses in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

6.8 Nominees, trusts and custodians

Nominees, trusts and custodians must not distribute any part of this Prospectus or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial Shareholders in New Zealand.

6.9 Implications on Acceptance

Returning a completed Entitlement and Acceptance Form with the required Application Money or paying any Application Money via BPAY® will be taken to constitute a representation by you that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (e) acknowledge that information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Securities are suitable for you given your investment objectives, financial situation or particular needs;
- (f) acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation any Application Money, the application may not be varied or withdrawn except as required by law; and
- (g) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form.

6.10 Shortfall Offer

The Shortfall Offer is, to the extent it is made in Australia, a separate offer made pursuant to this Prospectus.

Any Entitlement not taken up by an Eligible Shareholder before the Closing Date (subject to variation) will form Additional New Shares being offered by this Prospectus under the Additional New Shares Offer. Any Additional New Shares not taken up pursuant to the Additional New Shares Offer will form the Shortfall Shares being offered by this Prospectus under the Shortfall Offer. The Company reserves the right to place the balance of the Shortfall Shares to be issued pursuant to the Shortfall Offer within three months of the Closing Date (subject to variation).

This issue price for each Shortfall Share offered under the Shortfall Offer is \$0.017 per Shortfall Share together with one (1) free attaching New Listed Option for every two (2) Shortfall Shares subscribed for, being the same terms that New Securities are being offered under the Entitlement Offer. The Shortfall Shares and New Listed Options offered under the Shortfall Offer have the same rights and liabilities respectively as the New Shares and the New Listed Options, which are described in Section 8.

It is possible that there will be few or no Shortfall Shares available for issue, depending on the extent of take up of Entitlements and Additional New Shares by Eligible Shareholders.

It is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares than the number applied for, if a lesser number is allocated to them. If a lesser number of Shortfall Shares is allocated to them than applied for, excess application money will be refunded without interest.

The Directors reserve the right to allocate and issue Shortfall Shares at their discretion. The Directors may close the Shortfall Offer early, or withdraw the Shortfall Offer, reject or scale back applications for Shortfall Shares or not issue Shortfall Shares, in their sole and absolute discretion.

The Directors reserve the right to accept any oversubscriptions to the Shortfall Offer pursuant to the Company's placement capacity under the Listing Rules and/or subject to any further Shareholder approvals required.

The Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.

To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Persons outside Australia who apply for Shortfall Shares represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer of Shortfall Shares or this Prospectus to be registered.

6.11 Issue of New Securities

New Securities issued pursuant to the Entitlement Offer and the Additional New Shares Offer will be issued in accordance with the Listing Rules and the timetable set out in Section 3.

Shortfall Securities will be issued on a progressive basis.

Prior to the issue of the New Securities or payments of refunds pursuant to this Prospectus, all Application Money shall be held by the Company on trust for the applicants for New Shares. The Company will retain any interest earned on the Application Money irrespective of whether the allotment and issue of New Securities takes place and each applicant for New Shares waives the right to claim interest.

Following allotment, statements of holdings will be dispatched to applicants under the Entitlement Offer and successful applicants under the Additional New Shares Offer in accordance with the Listing Rules and the timetable set out in Section 3. It is your responsibility to determine your allocation and holding of Shares prior to trading in the New Securities. If you sell New Securities before receiving your holding statement you do so at your own risk.

For Shortfall Securities issued under the Shortfall Offer, holding statements will be issued as soon as practicable after their issue.

6.12 ASX Listing

The Company will apply to the ASX in accordance with the timetable set out in Section 3 for Quotation of the New Securities offered under this Prospectus which is within 7 days of the date of this Prospectus. If the ASX does not grant permission for Quotation of the New Securities within three months after the date of this Prospectus, or such longer period as is varied by ASIC, the Company will not issue or allot any New Securities offered for subscription under this Prospectus and will repay all Application Money received as soon as practicable thereafter without interest.

The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may grant Quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities.

6.13 Underwriting and sub-underwriting

The Offer is underwritten by a controlled entity of Mr Richard Homsany, Chairman, up to the Underwritten Amount pursuant to the terms of the Underwriting Agreement, further details of which are set out in Section 10.3. Mr Homsany's current voting power in the Company is 9.12%.

In the event of a Shortfall the Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe, or procure subscriptions, for the Shortfall Shares in accordance with the Underwriting Agreement.

The Underwriter has entered into sub-underwriting agreements with the other Directors, Mr Edward van Heemst (who is also a substantial Shareholder with a current voting power in the Company of 13.62%) and Mr Brett Hodgins (who has a current voting power in the Company of 0.69%) to subscribe, or procure third party investors to subscribe, for up to \$265,000 in total of the Underwritten Amount. Further details of the sub-underwriting agreements are set out in Section 10.3.

The Underwriter has agreed with the Company and each Sub-Underwriter has agreed with the Underwriter that none of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares. There will therefore be no effect on the control of the Company as a result of the Offer.

In the event that the Underwriting Agreement is validly terminated by the Underwriter and not all Eligible Shareholders accept their full Entitlement, the Directors reserve the right to place the Shortfall Shares under the Shortfall Offer at their discretion, subject to the Corporations Act and the Listing Rules.

The Directors, other than Mr Richard Homsany, resolved that the amount and timing of the fee payable to the Underwriter in respect of its underwriting commitment are on terms that would be reasonable in the circumstances if the Company and the Underwriter were dealing at arm's length. The Company has a Code of Conduct it observes when entering into related party transactions, a summary of which is set out on the Company's website. The Company considered alternatives for raising capital and resolved that the Offer on the terms detailed in this Prospectus was the most favourable option for the Company and its Shareholders having regard to the circumstances existing at the date of the Prospectus and its objectives.

6.14 Risk Factors

You should be aware that subscribing for New Securities the subject of this Prospectus involves a number of risks. The key risks are set out in Section 5.3 and other risk factors are set out in Section 9. Potential investors are urged to consider those risks carefully, and if necessary consult their professional advisers before deciding whether to invest in the Company. The risk factors set out in Section 5.3 and Section 9, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the New Securities and the Shares. Accordingly an investment in the Company should be considered speculative.

6.15 Governing Law

The Prospectus and the contracts that arise from acceptance of applications for New Securities offered under this Prospectus are governed by the laws applicable in Western Australia and each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

6.16 Taxation

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences or subscribing for New Securities under this Prospectus. The acquisition and disposal of Securities will have tax consequences which will differ depending upon the individual financial affairs of each investor. You are urged to obtain independent financial advice about such consequences from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for New Securities under this Prospectus.

6.17 Queries

This Prospectus provides important information and should be read in its entirety. If you have any questions about what action to take after reading this Prospectus, please contact your stockbroker, financial planner, accountant, lawyer or independent financial adviser. Any questions concerning the Offer should be directed to the Company Secretary, Ms Miranda Conti, on +61 8 9328 2552.

7. PURPOSE AND EFFECT OF THE OFFER

7.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$2,152,960 (before costs). The funds are intended to be first applied towards meeting the expenses of the Offer and then used for ongoing exploration of the Company's 100% owned West Musgrave Project. Please refer to Section 10.7 for further details relating to the estimated expenses of the Offer.

The Directors intend to apply the proceeds from the Offer for the following purposes:

- for drilling, exploration and evaluation activities at the West Musgrave Project;
- to fund the expenses of the Offer; and
- for general working capital purposes.

Use of Funds	Amount (assuming Full Subscription)
	\$
Drilling (approx. 7,500m)	1,000,000
Exploration and Evaluation Activities	150,000
Working Capital	885,260
Costs of the Offer (see Section 10.7)	117,700
Total	2,152,960

The table above is statement of the Directors' current intentions as at the date of this Prospectus. In the event that circumstances change, events intervene (including exploration success or failure) or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders. Working capital includes but is not limited to corporate administration and operating costs and may be applied to Directors' fees, consulting fees, ASX fees, share registry fees, legal, tax and audit fees, insurance, travel costs and outstanding creditors. Further working capital may be applied to evaluating new project opportunities that may complement the existing projects of the Company.

In the event that there is a Shortfall which is not fully subscribed for under the Shortfall Offer, the Company will not receive the full subscription of \$2,152,960, in which case the Company will apportion the total funds raised on a pro rata basis except for the fixed costs of the Offer.

7.2 Effect of the Offer

The principal effect of the Offer, assuming all New Securities offered under the Prospectus are issued, will be to:

- increase the Company's cash reserves by \$2,152,960 (before deducting the estimated expenses of the Offer) following completion of the Offer;
- increase the number of Shares on issue from 379,934,261 as at the date of this Prospectus to 506,579,014 Shares following completion of the Offer; and
- increase the number of Options on issue from 24,000,000 as at the date of this Prospectus to 87,322,376 Options following completion of the Offer, assuming no existing Option holders exercise their Options before the Record Date.

7.3 Pro-Forma Consolidated Statement of Financial Position

The reviewed Consolidated Statement of Financial Position as at 31 December 2017 and the Pro-Forma Unaudited Consolidated Statement of Financial Position as at 31 December 2017 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The Pro-Forma Unaudited Consolidated Statement of Financial Position (which has not been audited or reviewed by an auditor) has been prepared on the assumption that all New Securities offered under this Prospectus are issued and that no existing Options are exercised prior to the Record Date.

The Pro-Forma Unaudited Consolidated Statement of Financial Position has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The Pro-Forma Unaudited Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as being indicative of the Company's view of the future financial position of the Company and will not necessarily reflect the actual position and balances as at the date on which New Securities are issued under this Prospectus.

Reviewed Consolidated Statement of Financial Position and Pro-Forma Unaudited Consolidated Statement of Financial Position as at 31 December 2017.

	Reviewed Consolidated 31 December 2017 \$	Pro-Forma Unaudited Consolidated 31 December 2017 \$
CURRENT ASSETS		
Cash and cash equivalents	35,947	2,048,488
Trade and other receivables	267,505	-
Other assets	21,271	24,825
TOTAL CURRENT ASSETS	324,723	2,073,313
NON-CURRENT ASSETS		
Deferred exploration expenditure	6,274,174	6,411,123
Plant and equipment	8,893	8,893
TOTAL NON-CURRENT ASSETS	6,283,067	6,420,016
TOTAL ASSETS	6,607,790	8,493,329
CURRENT LIABILITIES		
Trade and other payables	676,477	763,577
Provisions	15,206	15,206
TOTAL CURRENT LIABILITIES	691,683	778,783
TOTAL LIABILITIES	691,683	778,783
NET ASSETS	5,916,107	7,714,546
EQUITY		
Issued capital	23,745,739	25,781,000
Reserves	117,656	138,256
Accumulated losses	(17,947,288)	(18,204,710)
TOTAL EQUITY	5,916,107	7,714,546

7.4 Assumptions

The Pro-Forma Unaudited Consolidated Statement of Financial Position set out above has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company between 31 December 2017 and completion of the Offer that should have been reflected in the reviewed half-year financial statements of the Company as at 31 December 2017 except:

- (a) the Company will undertake and complete the Entitlement Offer, being a non renounceable entitlement offer of one (1) New Share for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.017 per New Share, along with one (1) free attaching New Listed Option for every two (2) New Shares applied for under this Prospectus to raise a maximum of \$2,152,960 (before costs), and that any New Securities not subscribed for under the Entitlement Offer or the Additional New Shares Offer will be offered for subscription pursuant to the Shortfall Offer;
- (b) total costs expected as at date of Prospectus to be incurred in relation to the Offer of \$117,700 are recognised directly against equity;

- (c) research and development rebate received from the Australian Taxation Office net of consulting fees and including interest totalling \$255,400;
- (d) net expenditure totalling approximately \$236,822 between 1 January 2018 and the date of this Prospectus on continuing activities recorded through accumulated losses or capitalised to exploration projects (\$136,949); and
- (e) net increase in payables outstanding as at 31 December 2017 of \$87,100.

7.5 Effect on Capital Structure

The effect of the Offer on the capital structure of the Company, assuming all New Securities under the Offer are issued, is set out below.

Capital Structure on Completion of the Offer

	Balance at date of Prospectus	To be issued under the Offer	Balance after the Offer
Shares	379,934,261 ⁽¹⁾	126,644,753	506,579,014
Unquoted Options	24,000,000 ⁽²⁾	Nil	24,000,000
New Listed Options ⁽²⁾	Nil	63,322,376 ⁽³⁾	63,322,376

(1) Assuming no unquoted Options are exercised prior to the Record Date.

(2) The number, terms and expiry dates of the unquoted Options are set out below.

(3) Application for quotation of New Listed Options will be made subject to the requirements of the Listing Rules and the Corporations Act. New Listed Options will be exercisable at \$0.035 on or before 30 April 2021.

Details of all Options on issue at the date of this Prospectus

	Number
Unquoted Options currently on issue	
Unquoted Options exercisable at \$0.015 on or before 31 January 2020	2,000,000
Unquoted Options exercisable at \$0.020 on or before 31 January 2020	2,000,000
Unquoted Options exercisable at \$0.015 on or before 28 February 2020	10,000,000
Unquoted Options exercisable at \$0.020 on or before 28 February 2020	10,000,000
Total Unquoted Options on issue at date of Prospectus	24,000,000
Total Listed Options on issue at date of Prospectus	Nil
Total Options on issue	24,000,000

On a fully diluted basis the Company would have 403,934,261 Shares on issue at the date of this Prospectus and 593,901,390 Shares on issue at completion of the Offer assuming all of New Securities under the Offer are issued and no Options are exercised prior to the Record Date.

Adjustment on Rights Issue of Option terms

The exercise price of all Options on issue as at the date of the Prospectus will be adjusted following the completion of the Offer in accordance with the Listing Rules and the terms and conditions of those Options. Details of the revised exercise prices will be confirmed and announced to ASX after the Closing Date (subject to variation). Assuming an average market price per Share of \$0.023 will result in the following adjusted exercise prices:

Options currently on issue	New Exercise Price
Unquoted Options exercisable at \$0.015 on or before 31 January 2020	\$0.012
Unquoted Options exercisable at \$0.020 on or before 31 January 2020	\$0.017
Unquoted Options exercisable at \$0.015 on or before 28 February 2020	\$0.012
Unquoted Options exercisable at \$0.020 on or before 28 February 2020	\$0.017

7.6 Details of Substantial Holder

Based on information available to the Company as at the date of this Prospectus, the person who (together with his associates) has a relevant interest in 5% or more of the Shares on issue is set out below:

Shareholder	Shares	% shareholding before the Offer
Edward van Heemst (Director)	51,750,001	13.62%
Richard Homsany (Director)	34,668,392	9.12%
Greyhound Investments Pty Ltd <Greyhound Investments A/c>	23,500,000	6.19%

In the event that all Entitlements are accepted, whilst there will be an increase in the number of Shares held by the substantial holder, there will be no change in the percentage Shareholding of the substantial holder on completion of the Offer as the Offer is a pro rata offer to all Eligible Shareholders. However if the substantial holder set out above does not participate in the Offer, his interest in the Company may be diluted if Eligible Shareholders subscribe for their Entitlements or for their Entitlements and Additional New Shares.

7.7 Potential Dilution

If Eligible Shareholders take up their Entitlements in full the maximum number of New Shares which will be issued pursuant to the Offer is approximately 126,644,753. This equates to approximately 33% of all the issued Shares of the Company following completion of the Offer (assuming Full Subscription).

The potential effect the Offer might have on the dilution of Shareholders will depend on the extent to which Eligible Shareholders take up their Entitlements.

The capital structure of the Company on a fully diluted basis as at the date of this Prospectus would be 403,934,261 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 593,901,390 Shares.

Shareholders should note that if they do not participate in the Offer and the Offer is fully subscribed, their holdings could be diluted by approximately 25% (as compared to their holdings and the number of Shares on issue at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlement	Holdings if Entitlement not taken up	% post Offer (Full Subscription)
Shareholder 1	50,000,000	13.16%	16,666,667	50,000,000	9.87%
Shareholder 2	20,000,000	5.26%	6,666,667	20,000,000	3.95%
Shareholder 3	5,000,000	1.32%	1,666,667	5,000,000	0.99%
Shareholder 4	1,000,000	0.26%	333,333	1,000,000	0.20%
Shareholder 5	500,000	0.13%	166,667	500,000	0.10%
Shareholder 6	100,000	0.03%	33,333	100,000	0.02%

Notes

1. Assumes no further Shares or Options are issued and no Options currently on issue are exercised.
2. Assumes no New Listed Options are exercised and converted into Shares.
3. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are taken by other Eligible Shareholders and/or investors. If not all New Shares are issued under the Entitlement Offer, the Additional New Shares Offer or the Shortfall Offer, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

7.8 Effect of Control on the Company

The Offer is not expected to have any impact on control of the Company. If all Eligible Shareholders take up their Entitlements in full, the Offer will have no impact on the control of the Company. The Offer is underwritten by the Underwriter up to the Underwritten Amount on the terms of the Underwriting Agreement detailed in Section 10.3. The Underwriter is a Related Party being a controlled entity of Chairman, Richard Homsany.

The Underwriter has entered into sub-underwriting agreements, with Related Parties Directors Mr Brett Hodgins and Mr Edward van Heemst (also a substantial Shareholder) (together the **Sub-Underwriters**), pursuant to which the Underwriter may call on them to subscribe for New Securities as sub-underwriters for a portion of the Underwritten Amount (see Section 10.3 for details of the sub-underwriting agreements). If the Underwriter or any of Sub-Underwriters is required to satisfy its underwriting or sub-underwriting obligations in connection with the Offer by personally subscribing for Shortfall Shares, their voting power in the Company may increase.

Notwithstanding the potential effect of the underwriting and/or sub-underwriting in connection with the Offer, the Underwriter has agreed with the Company, and each Sub-Underwriter has agreed with the Underwriter, that none of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares.

Furthermore the Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.

It is unlikely that no Shareholders will take up their Entitlements. The underwriting and sub-underwriting obligations and therefore the voting power of the Underwriter and the Sub-Underwriters, will reduce by a corresponding amount for the amount of Entitlements and additional New Shares taken up by other Shareholders.

Each Director's likely potential maximum voting power in the Company at completion of the Offer is set out in Section 10.4.

7.9 Financial Forecasts and Cashflow Projections

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and consider that they do not have a reasonable basis to forecast future earnings for the Company. Given the speculative nature of mineral exploration and the early stage of the Company's projects there are significant uncertainties associated with the future revenue earning potential of the Company and the timing and sustainability of the cash flow. On the basis of these inherent uncertainties, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

8. RIGHTS AND LIABILITIES ATTACHING TO NEW SECURITIES

8.1 Rights attaching to New Shares

The following is a summary of the more significant rights and liabilities attaching to New Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

The rights attaching to New Shares arise from a combination of the Company's Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Constitution is available for inspection at the Company's registered office during normal business hours.

(a) **Voting**

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy and whose shares are fully paid has one vote for each of his or her shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) **Dividends**

The Directors may pay to ordinary shareholders any interim and final dividends as, in the Directors' judgement, the financial position of Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number and the amount paid on the shares held.

(c) **Transfer of Shares**

Generally, all Shares are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the SCH Business Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the SCH Business Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the SCH Business Rules.

(d) **General meetings**

Each Shareholder is entitled to, receive notice of, attend and vote at general meetings of Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

(e) **Variation of rights**

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of the holders of shares in that class at a meeting of those holders, or with the written consent of the holders of at least three-fourths of the issued shares of that class.

(f) **Liquidation Rights**

Subject to any Shares that may in the future be issued with special or preferential rights (currently there are none), the surplus assets of the Company after winding-up will be divided among the members in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares.

However, a liquidator in a winding-up may, with the sanction of a special resolution of members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between members of different classes.

(g) **Issue of further Shares**

Subject to the Constitution, the Corporations Act 2001 and the Listing Rules, the Directors may issue, or grant options in respect of, shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(h) **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least 75% of ordinary Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(i) **Directors**

The minimum number of Directors is three and the maximum is 14 unless resolved otherwise in general meeting. Currently, there are four Directors. Directors must retire on a rotational basis so that one-third of Directors retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(j) **Decisions of Directors**

Questions arising at a meeting of Directors are decided by a majority of votes. Where the votes are equal on a proposed resolution the Chairman does not have a casting vote.

8.2 **Terms and Conditions of New Listed Options**

Each New Listed Option to be issued pursuant to this Prospectus entitles the holder to subscribe for Shares on the following terms and conditions:

(a) **Entitlement**

Each New Listed Option entitles the holder to subscribe for one Share upon exercise of the New Listed Option.

(b) **Exercise Price**

The exercise price of the New Listed Option is \$0.035.

(c) **Expiry Date**

Each New Listed Option has an expiry date of 5:00pm WST on 30 April 2021.

(d) **Exercise Period**

Each New Listed Option is exercisable at any time on or before 5:00pm WST on 30 April 2021.

(e) **Quotation**

Application for Quotation of New Listed Options will be made, subject to the requirements of the Listing Rules and the Corporations Act.

(f) **Notice of Exercise**

Each New Listed Option may be exercised by notice in writing to the Company together with the payment for the number of Shares in respect of which the New

Listed Options are exercised at any time during the Exercise Period. Any notice of exercise of New Listed Options received by the Company will be deemed to be a notice of the exercise of the New Listed Options as at the date of receipt of the notice and accompanying payment (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date the Company will:

- A. issue the number of Shares required under these terms and conditions in respect of the number of New Listed Options specified in the notice of exercise and for which cleared funds have been received by the Company; and
- B. if admitted to the Official List at the time, apply for quotation on ASX of Shares issued pursuant to the exercise of the New Listed Options.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Listed Options rank equally in all respects with the then issued fully paid ordinary shares of the Company.

(i) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for Quotation of the Shares issued upon the exercise of the New Listed Options.

(j) **Participation in new issues**

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

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four (4) Business Days after the issue is announced. This will give holders of New Listed Options the opportunity to exercise their New Listed Options prior to the date for determining entitlements to participate in any such issue.

(k) **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 a New Listed Option will be increased by the number of Shares which the New Listed Option holder would have received if the New Listed Option holder had exercised the New Listed Option before the record date for the bonus issue; and
- B. no change will be made to the Exercise Price.

(l) **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 New Listed 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 New Listed Option.

- E = the number of underlying Shares into which one New Listed Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the five (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.

(m) **Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the New Listed Option holders will be varied to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

(n) **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 New Listed Options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office or the Share Registry.

9. RISK FACTORS

9.1 Introduction

Subscribing for New Securities involves a number of risks. Prospective investors in the Company should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for the New Securities offered under this Prospectus.

Redstone is an exploration company and you should consider that an investment in the Company is speculative. You should consult your professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

The risk factors set out below and others not specifically referred to below must not be taken as exhaustive of the risks faced by the Company or by investors in the Company.

These risk factors may materially affect the financial performance of the Company and the value and/or the market price of the New Securities. Accordingly the New Securities carry no guarantee with respect to the payment of dividends, returns of capital or their market value. Some risks can be mitigated by the use of appropriate safeguards and appropriate systems and controls by the Company, however some are unpredictable and outside the control of the Company and the extent to which they can be mitigated or managed is very limited or not possible.

KEY RISKS SPECIFIC TO THE COMPANY

9.2 Key Risks

The key risks which the Directors consider are associated with an investment in the Company are:

- (a) Additional Requirements for Capital.
- (b) Termination of Underwriting Agreement.
- (c) Title Risk – Non Renewal of Tenement.
- (d) Exploration Risks.
- (e) Access Risk - Native Title and Aboriginal Heritage.
- (f) Reliance on Key Personnel.
- (g) Exploration Costs.
- (h) Contractual and Joint Venture Risk.
- (i) Dilution.

Details of these key risks are contained in Section 5.3 and have not been repeated in this Section 9.

INDUSTRY RISKS

9.3 Operating Risks

The current and future operations of the Company, including exploration, project appraisal and possible production activities may be affected by various factors which can limit or prevent such activities. Such factors may include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in surveying, drilling, other exploration activities and/or production activities, difficulties in commissioning and operating plant and equipment, electrical or mechanical failure or plant break, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.

9.4 Resource Estimates

The Company has defined a maiden JORC Code compliant resource on the Project, however there is no guarantee that it can be commercially exploited nor that any further JORC Code compliant resource will be discovered.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Securities including the New Securities.

9.5 Commercial Risk

The mining industry is competitive and there is no assurance that, even if commercial quantities of minerals are discovered by the Company on its current projects or future projects it may acquire an interest in, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically.

9.6 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of copper, nickel or any other minerals it may discover exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

9.7 Insurance Risks

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or title to the Company's assets may be at risk.

The Company insures its operations in accordance with industry practice. However in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive or not adequate to cover all claims.

9.8 Environmental Risks

The operations and proposed activities of the Company are subject to Western Australian and Commonwealth laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

9.9 Access to Infrastructure

There is limited capacity and high demand for rail and port services for the export of mineral products in Australia at the present time. If the Company progresses to production there is no guarantee that appropriate and affordable rail and port capacity will be available, which could have an adverse effect on the Company. In the event of production the Company will also require the use of both power and water infrastructure. Due to high demand for power and water access there is a risk that the Company may not be able to procure such access which could have an adverse effect on the Company.

9.10 Competition

The Company is competing with other companies in its exploration and development activities, many of which will have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurances that the Company can compete effectively with these Companies.

GENERAL INVESTMENT RISKS

9.11 General Economic Conditions

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and possible production activities, as well as on its ability to fund those activities.

9.12 Share Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) the introduction of tax reform or other new legislation (such as royalties);
- (c) interest rates and inflation rates;
- (d) currency fluctuations;
- (e) changes in investor sentiment toward particular market sectors in Australia and/or overseas (such as the exploration industry or copper and/or nickel sectors within that industry);
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

The market price of the New Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular, which influences are beyond the Company's control and which are unrelated to the Company's performance. Neither the Company nor the Directors warrant the future performance of the Company, the Securities including the New Securities and subsequently any return on an investment in the Company. Shareholders who sell their Shares or Options may not receive the entire amount of their original investment.

9.13 Volatility in Global Credit and Investment Markets

Global credit, commodity and investment markets may experience uncertainty and volatility. The factors which may lead to this situation are outside the control of the Company and may impact the price at which the New Securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

9.14 Government and Legal Risk

The introduction of new legislation or amendments to existing legislation by governments (including introduction of tax reform), developments in existing common law or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and ultimately the financial performance of the Company, or the Securities including the New Securities. The same adverse impact is possible by the introduction of new government policy or amendments to existing government policy, including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties. .

9.15 Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been considered in this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred this may adversely affect the expenditure proposals and activities of the Company, as the Company may be required to reduce the

scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of the Securities including the New Securities.

9.16 Regulatory Approvals

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining the necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining the necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in the suspension of the Company's activities or forfeiture of one or more of the Company's tenements.

10. ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2017, being the most recent annual report lodged by the Company with ASIC before the issue of this Prospectus; and
 - (ii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours, free of charge.

The Company has lodged the following announcements with ASX since the lodgement of the Company's annual financial report for the financial year ended 30 June 2017 and before the lodgement of this Prospectus with ASIC:

Date	Description of Announcement
31/07/2018	Quarterly Activities and Cashflow Report
19/06/2018	Change of Director's Interest Notice x 2
01/06/2018	Change of Director's Interest Notice
28/05/2018	Change of Director's Interest Notice
24/05/2018	Change of Director's Interest Notice
14/05/2018	Investor Presentation
03/05/2018	Modelling of High Priority VTEM Targets Completed
30/04/2018	Quarterly Activities and Cashflow Report
27/04/2018	Geochemistry Leads Redstone to Phase 2 Exploration for EM1
11/04/2018	West Musgrave Project and Company Update
16/03/2018	Half Yearly Reports and Accounts
15/03/2018	Redstone Advances EM Targets on West Musgrave Project
07/03/2018	Appendix 3B
02/03/2018	2017 Corporate Governance Statement
31/01/2018	Quarterly Activities and Cashflow Report
12/01/2018	Change of Director's Interest Notice
14/12/2017	Investor Presentation
07/12/2017	Change of Director's Interest Notice x 2
06/12/2017	Appendix 3B – Expiry of Unquoted Options
28/11/2017	Results of Meeting
27/11/2017	All EM Targets Upgraded Following Confirmation of Sulphides
27/11/2017	Response to ASX Price and Volume Query
23/11/2017	Request for Trading Halt
23/11/2017	Trading Halt
01/11/2017	Quarterly Activities and Cashflow Report
31/10/2017	Significant Copper Intercepts up to 11.9% Confirmed at Tollu
25/10/2017	Notice of Annual General Meeting/Proxy Form
09/10/2017	EM Target Highlights Potential for Large Mineralised System
06/10/2017	EM Target Highlights Potential for Large Mineralised System
29/09/2017	Full Year Statutory Accounts
29/09/2017	Appendix 4G
12/09/2017	Redstone Completes Drilling at West Musgrave Project
22/08/2017	Response to ASX Appendix 3Y Letter
18/08/2017	Investor Presentation
18/08/2017	Drilling to Commence at Tollu
14/08/2017	Change of Director's Interest Notice x 3
07/08/2017	Exercise and Expiry of Listed Options – Appendix 3B
02/08/2017	A Further 10 EM Targets Identified at West Musgrave – Amended
02/08/2017	A Further 10 EM Targets Identified at West Musgrave
31/07/2017	Quarterly Activities and Cashflow Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.redstone.com.au.

10.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and the Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Shares

Highest: \$0.025 on 9 and 10 August 2018.

Lowest: \$0.018 on 15 and 18 June 2018.

Last: \$0.021 on 30 August 2018.

10.3 Material Contracts

Underwriting Agreement

On 31 August 2018, the Company entered into an underwriting agreement with the Underwriter pursuant to which the Underwriter has agreed to underwrite the Offer for the first \$1,150,000. All applications received by the Company from all sources may at the Underwriter's sole and absolute discretion go in relief or satisfaction of the obligations of the Underwriter (if any). In addition, the obligations of the Underwriter (if any) can be relieved or satisfied by the Underwriter at its sole and absolute discretion offsetting such obligations against debts owed by the Group to persons (including the Underwriter and other Related Parties) up to the amount of \$675,000, and/or against all or part the underwriting fee the Underwriter is entitled to receive under the Underwriting Agreement. The following is a summary of the material terms and conditions of the Underwriting Agreement:

- (a) The Underwriter will be paid an Underwriting fee of 6.0% of the Underwritten Amount. Any sub-underwriting fees and selling fees to third parties will be met from this fee by the Underwriter.
- (b) The Underwriter will be paid a placement fee of 6.0% of any Shortfall Shares placed directly or indirectly by the Underwriter, or underwritten by debt offsets, exceeding \$1,150,000.
- (c) The Underwriter may nominate and determine the allottees of all or any New Shares subscribed for by the Underwriter, or for which the Underwriter procures a subscriber, pursuant to the Underwriting Agreement. However the Underwriter will not offer or allocate to any person such number of New Shares that will give any person 20% or more of the voting power in the Company on completion of the Offer.
- (d) The Underwriter is permitted to procure any person to sub-underwrite any portion of the Underwritten Amount.
- (e) The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any one or more of a number of events occurs prior to the issue of the New Securities, including (but not limited to):
 - (i) **Indices fall:** the ASX All Ordinaries Index (ASX Code: XAO) is at any time after the date of the Underwriting Agreement is 10% or more below its level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - (ii) **Share Price:** the price of the Shares as quoted by the ASX is less than \$0.017 at any time on three (3) or more Trading Days; or

- (iii) **Hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.
- (f) If any of the following events occurs if in the reasonable opinion of the Underwriter reached in good faith, its occurrence has or is likely to have, or two or more events together have or are likely to have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
- (i) **Default:** default or breach by the Company under the Underwriting Agreement;
 - (ii) **Adverse change:** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any member of the Group including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (iii) **Significant change:** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
 - (iv) **Official Quotation qualified:** Official Quotation of the New Securities is qualified or conditional other than conditional on the allotment of the New Securities;
 - (v) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any member of the Group, other than any claims foreshadowed in this Prospectus;
 - (vi) **Change in shareholdings:** there is a material change in the major or controlling shareholdings of a member of the Group or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a member of the Group;
 - (vii) **Force Majeure:** a force majeure affecting any member of the Group's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
 - (viii) **Market Conditions:** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

Sub-Underwriting Agreements

The Underwriter has entered into sub-underwriting agreements with the other Directors, Mr Edward van Heemst (who is also a substantial Shareholder) and Mr Brett Hodgins (**Sub-Underwriters**) under which each Sub-Underwriter has agreed to sub-underwrite a portion of the Offer. The amounts agreed to be sub-underwritten by each of the Sub-Underwriters are as follows:

- Mr Edward van Heemst (Director, substantial Shareholder and current voting power in the Company of 13.62%) has agreed to sub-underwrite up to \$235 000 of which up to \$235,000 may be offset against debts owed by the Company to Mr van Heemst or his controlled or associated entities.
- Mr Brett Hodgins (Director and current voting power in the Company of 0.69% has agreed to sub-underwrite up to \$30,000 of which up to \$30,000 may be offset against debts owed by the Company to Mr Hodgins or his controlled or associated entities.

The Sub-Underwriters are permitted to procure third party investors to subscribe for New Shares as their permitted nominees under the sub-underwriting agreements.

The Sub-Underwriters may nominate and determine the allottees of all or any New Shares subscribed for by the Sub-Underwriter, or for which the Sub-Underwriter procures a subscriber, pursuant to the sub-underwriting agreement. However each Sub-Underwriter has agreed that it will not offer or allocate to any person such number of New Shares that will give any person 20% or more of the voting power in the Company by the issue of New Shares.

10.4 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer; and
- the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) and no benefits have been given or agreed to be given to a Director or a proposed Director:

- as an inducement to become, or to qualify as, a Director; or
- for services provided in connection with:
 - the formation or promotion of the Company; or
 - the Offer.

Security Holdings

The Directors', including their controlled entities', relevant interests in Securities as at the date of this Prospectus are set out below:

Name	Shares	Unquoted Options	Entitlement to New Shares ⁽¹⁾	Entitlement to New Listed Options
Richard Homsany	34,668,392	Nil	11,556,131	5,778,065
Edward van Heemst	51,750,001	Nil	17,250,000	8,625,000
Brett Hodgins	2,624,723	Nil	874,908	437,454

Notes:

- (1) This refers to the number of New Shares each Director is entitled to subscribe for under the Entitlement Offer. The Directors will also be entitled to receive New Listed Options on the basis of one (1) New Listed Option for every two (2) New Shares issued.

As disclosed in Section 10.3, the Directors have also agreed to underwrite or sub-underwrite \$1,150,000 in aggregate under the Offer. The table below sets out each Underwriter and Sub-Underwriter's potential voting power on completion of the Offer assuming that only the Underwritten Amount is raised and each Director takes up their full underwritten or sub-underwritten commitment in addition to their Entitlement.

Name	Current interest in Shares	% voting power	Entitlement	Underwritten or Sub underwritten Shares	Maximum Likely Potential Interest in Shares after Offer ⁽²⁾	% voting power ⁽³⁾
Richard Homsany	34,668,392	9.12%	11,556,131	15,705,882 ⁽¹⁾	61,930,405	12.23%
Edward van Heemst	51,750,001	13.62%	17,250,000	13,823,529	82,823,531	16.35%
Brett Hodgins	2,624,723	0.69%	874,908	1,764,706	5,264,337	1.04%

Notes:

- (1) Assumes only those Underwritten Shares that will be issued to Mr Homsany or the Underwriter.
- (2) Assumes that Mr van Heemst and Mr Hodgins take up their sub-underwriting commitment and each Director takes up their Entitlement in full.
- (3) Mr Richard Homsany, Mr Edward van Heemst and Mr Brett Hodgins have each agreed that they will not acquire a voting power in the Company of 20% or more by virtue of the underwriting or sub-underwriting (as applicable).

The Underwriter has agreed with the Company, and each Sub-Underwriter has agreed with the Underwriter, that neither any of them nor any other person will by their underwriting or sub-underwriting (as applicable) hold a voting power in the Company of 20% or more by the issue of New Shares.

Furthermore the Company has agreed with the Underwriter to ensure that no person will hold a voting power in the Company of 20% or more by the issue of New Shares.

Remuneration

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors

determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Company has entered into a deed of indemnity, insurance and access with each of the Directors and the Company Secretary (**Deeds**). Under the terms of the Deeds, the Company indemnifies each officer to the extent permitted by the Corporations Act against any liability as a result of the officer acting as an officer of the Company. The Company is required under the Deeds to use its best endeavours to obtain and maintain insurance policies for the benefit of the relevant officer for the term of their appointment and for a period of seven (7) years after retirement, termination or resignation, except to the extent that such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company. The Deeds also provide for the officer to have a right of access to Board papers and minutes.

The following table shows the total director remuneration the current Directors, including their personally-related entities, have been paid or are entitled to be paid.

Name	Year Ended 30 June 2016	Year Ended 30 June 2017	1 July 2017 to 31 August 2018
Richard Homsany ⁽¹⁾	\$61,710	\$61,710	\$68,495
Edward van Heemst	\$36,000	\$36,000	\$39,000
Brett Hodgins	\$67,000	\$12,000	\$14,000

Notes:

- (1) Cardinals Lawyers and Consultants, a firm of which Mr Homsany is the principal, will also receive fees of \$10,000 plus GST and disbursements for legal services in respect of the Offer.

10.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company; or
- an underwriter (but not a sub-underwriter),

holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer; and
- the Offer,

and no amounts have been paid or agreed to be paid (in cash, Shares, Options or otherwise) and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- the formation or promotion of the Company; or
- the Offer.

Cardinals Lawyers and Consultants, the principal of which is the Chairman, have acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Cardinals Lawyers and Consultants approximately \$10,000 plus GST and disbursements for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, the Company has incurred fees of approximately \$115,000 plus GST and disbursements to Cardinals Lawyers and Consultants for legal and other services provided to the Company.

10.6 Consents

Each of the parties referred to in this Section:

- (a) does not make the Offer;
- (b) has not authorised or caused the issue of this Prospectus;
- (c) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement included in or omitted from this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 10.6.

Cardinals Lawyers and Consultants has given its written consent to being named as solicitors to the Company in this Prospectus, in the form and context in which it is named. Cardinals Lawyers and Consultants has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

10.7 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$117,700 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	(\$)
ASIC fees	3,206
ASX fees	18,498
Underwriting/Placement fees	69,000
Legal fees	10,000
Printing and distribution	16,996
TOTAL	117,700

10.8 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.9 Privacy Statement

If you complete an Entitlement and Acceptance Form you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, and, if your application is successful, to service your needs as a Security holder and to facilitate distribution payments and corporate communications to you as a Security holder.

The information may also be used from time to time and disclosed to persons inspecting the Share register, including bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry whose contact details are set out in the Corporate Directory in Section 1.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the Entitlement and Acceptance Form the Company may not be able to accept or process your application.

10.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System (CHES). CHES is operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together make up the Company's principal register of Securities.

The Company will not issue certificates to Security holders. Instead Security holders will receive a statement of their holdings in the Company, including their holding of New Shares. If an investor is broker sponsored, ASX Settlement Pty Ltd will send a CHES statement. This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHES sub-register or a Security Holder Reference Number (SRN) in the case of a holding on the issuer sponsored sub-register.

A statement will be routinely sent to Security holders at the end of any calendar month during which their holding changes. A Security holder may request a statement at any other time however a charge may be incurred for additional statements.

10.11 Dividend Policy

The Company has not declared a dividend since its incorporation and, at the date of this Prospectus, does not intend to pay any dividends in the two year period following the date of this Prospectus. During this period the Board expects to incur significant expenditure on the exploration and development of the Company's projects and in identifying, evaluating and, if warranted, acquiring other resource projects or assets in Australia and/or overseas that have the potential to add Shareholder value. The extent, timing and payment of dividends by the Company in the future will be at the discretion of the Directors and will depend on a number of factors including future earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances in relation to the payment of dividends, or the franking credits attached to such dividends, can be given.

11. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings, unless the context requires otherwise:

\$ means an Australian dollar.

Additional New Shares means those New Shares that an Eligible Shareholder (except a Director or other Related Party) may apply for under this Prospectus that is in excess of their Entitlement.

Additional New Shares Offer means the offer of Additional New Shares on the terms set out in Section 6.10.

Application Money means money for New Shares received by the Company from an applicant for New Shares.

ASIC means the Australian Securities & Investments Commission.

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

ASX Settlement Operating Rules means the operating rules of the settlement facility operated by ASX Settlement Pty Ltd (ACN 008 504 532), as amended from time to time.

Board means the board of Directors.

Business Day means any day which is defined to be a business day pursuant to Listing Rule 19.12.

Chairman means the chairman of the Board.

Closing Date means the closing date of the Entitlement Offer and Additional New Shares Offer that is specified as the "Closing Date" in the indicative timetable in Section 3 (subject to the Company reserving the right to extend the Closing Date).

Company or **Redstone** means Redstone Resources Limited (ACN 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.

Directors means the directors of the Company from time to time.

Electromagnetic Survey means a measure of ground conductivity by the process of electromagnetic induction.

Eligible Shareholder has the meaning given in Section 6.6.

Entitlement means the entitlement of an Eligible Shareholder to subscribe for New Shares and New Listed Options under the Entitlement Offer.

Entitlement Offer means the non renounceable pro rata entitlement offer of approximately 126,644,753 New Shares to Eligible Shareholders registered on the Record Date, on the basis of one (1) New Share for every three (3) Shares held at an issue price of \$0.017 per New Share together with one (1) free attaching New Listed

Option (exercisable at \$0.035 on or before 30 April 2021) for every two (2) New Shares subscribed for, made under this Prospectus.

Entitlement and Acceptance Form means the entitlement and acceptance form attached to and forming part of or accompanying this Prospectus.

Full Subscription means the maximum amount to be raised under the Entitlement Offer being the sum of \$2,152,960 assuming no existing Options are exercised.

Group means the Company and its related bodies corporate (as that term is defined in the Corporations Act) (if any).

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

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

Marketable Parcel means a parcel of Securities that is greater than an Unmarketable Parcel.

Material Adverse Effect means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the New Securities (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in New Securities); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and the other members of the Group either individually or taken as a whole.

Mining Act means the *Mining Act 1978* (WA) and any regulations made under it, each as amended from time to time.

New Listed Option means an Option issued pursuant to this Prospectus on the terms and conditions set out in Section 8.2.

New Securities means the New Shares and New Listed Options.

New Share means a Share issued pursuant to this Prospectus.

Offer means the invitation to apply for New Securities under this Prospectus comprising the Entitlement Offer, the Additional New Shares Offer and the Shortfall Offer.

Official List means the official list of the ASX.

Prospectus means this prospectus dated 31 August 2018.

Record Date means the date for determining Entitlements specified in the timetable in Section 3.

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

Related Party means a related party (as that term is defined in the Corporations Act) of the Company.

Section means a section of this Prospectus.

Securities means Shares and Options, or any one of them, as the context requires, and **Security** has a corresponding meaning.

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

Share Registry means Advanced Share Registry Ltd.

Shareholder means a holder of a Share.

Shortfall will occur if the Company does not hold successful valid Entitlement and Acceptance Forms for all of the New Shares offered by the Company under the Entitlement Offer and the Additional New Shares Offer by the Closing Date.

Shortfall Offer means the offer of Shortfall Shares on the terms and conditions set out in Section 6.10.

Shortfall Shares means the New Shares which form the Shortfall.

Sub-Underwriters is defined in Section 10.3.

Tollu Copper Vein Project means the Company's exploration project located in the West Musgrave, Australia on exploration licence 69/2450 applied for and granted under the Mining Act.

Underwriter means Cardinals Corporate Pty Ltd, a controlled entity of the Chairman of the Company.

Underwriting Agreement means the underwriting agreement dated 4 November 2015 between the Company and the Underwriter, details of which are set out in Section 10.3.

Underwritten Amount means the amount of \$1,150,000.

Unmarketable Parcel means a parcel of Shares with a value of less than \$500. Using an assumed value for the Shares of \$0.01, this would equate to a total holding of less than 50,000 Shares.

VTEM_{max} means Versatile Time Domain Electromagnetic system.

West Musgrave Project means the Company's exploration project located in the West Musgrave, Australia on exploration licences 69/2450 and E69/3456, both granted, and E69/3568 applied for under the Mining Act.

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

12. DIRECTORS' STATEMENT AND AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each Director has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Dated 31 August 2018.

A handwritten signature in black ink, appearing to read 'Richard Homsany', written in a cursive style.

Richard Homsany
Chairman
For and on behalf of
Redstone Resources Limited

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISOR.

Sub-Register	
HIN/SRN	
Shareholding at Record Date 7 September 2018	
Entitlement to Shares on 1 New Share for every 3 Existing Shares held basis	
Number of free attaching option for every 2 New Shares subscribed for and issued.	
Amount payable on acceptance at \$0.017 per New Share	


For a non renounceable pro rata entitlement offer of approximately 126,644,753 New Shares to Shareholders, on the basis of one (1) New Share for every three (3) Shares held at the Record Date at an issue price of \$0.017 per New Share together with one (1) free attaching New Listed Option (exercisable at \$0.035 on or before 30 April 2021) for every two (2) New Shares issued under the Prospectus, to raise up to approximately \$2,152,960 (before costs) based on the number of Shares on issue as at the date of the Prospectus.

NON-RENOUNCEABLE ENTITLEMENTS ISSUE, CLOSING 5:00PM WST ON WEDNESDAY, 3 OCTOBER 2018.

**To the Directors
REDSTONE RESOURCES LTD**

- I/We the above mentioned, being registered on Friday, 7 September 2018 as the holder(s) of Shares in your Company hereby accept the below mentioned Shares (and accompanying New Listed Options) issued in accordance with the enclosed Offer Document/Prospectus dated 31 August 2018;
- I/We hereby authorise you to place my/our name(s) on the register of shareholders and optionholders in respect of the number of Shares (and accompanying New Listed Options) allotted to me/us; and
- I/We agree to be bound by the Constitution of the Company.

ENTITLEMENT			
(A)	(B)	(C)	(D)
Number of New Shares applied for (being not more than the Entitlement shown above)	Number of Additional New Shares (if any) applied for (in excess of the Entitlement shown above)	Total New Shares applied for	Amount Payable (C) * \$0.017
			AUD\$

METHOD OF ACCEPTANCE				
You can apply for Shares and make your payment utilising one of the payment options detailed overleaf, however please indicate which payment option you have chosen by marking the relevant box below.				
<input type="checkbox"/>	PLEASE ENTER CHEQUE DETAILS THANK YOU	Drawer	Bank	Branch
				Amount
				\$
OR				
<input type="checkbox"/>		You can pay by BPAY. If you choose to pay by BPAY, you do not need to return this form. Please refer overleaf for details.		

NOTE: Cheques should be made payable to "Redstone Resources Limited- Subscription Account", crossed "Not Negotiable" and forwarded to Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, Western Australia, 6009 to arrive no later than 5:00pm WST on Wednesday, 3 October 2018.

CONTACT DETAILS	
Name:	<input type="text"/>
Telephone:	<input type="text"/>
Email:	<input type="text"/>
Complete and sign below only if a change of address is to be registered with the Company	
New Address:	<input type="text"/>
Signature(s):	<input type="text"/>
Date:	<input type="text"/>
Please indicate correct title: Director / Secretary /.....	
CHES holders must contact their Controlling Participant to notify a change of address.	

EXPLANATION OF ENTITLEMENT

REDSTONE RESOURCES LTD
ACN 090 169 154

REGISTERED OFFICE: 60 Havelock Street, West Perth, WA 6005
SHARE REGISTRY: Advanced Share Registry Ltd, 110 Stirling Highway, Nedlands, WA 6009

1. The front of this form sets out the number of Shares which you are entitled to apply for.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. The price payable on acceptance of each Share is \$0.017 cents.
4. Please complete the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for Shares by utilising the payment options detailed below. There is no requirement to return this Form if you are paying by BPAY.

By making your payment using either BPAY or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the Redstone Resources LTD Rights Issue Prospectus as enclosed with this form.

Your cheque, bank draft or money order should be made payable to "**Redstone Resources Limited– Subscription Account**" in Australian currency and crossed "**Not Negotiable**". Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your application will be rejected.

If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for New Shares under the Shortfall Offer, if there is a Shortfall. The Directors will at their discretion allot Additional New Shares to Eligible Shareholders who apply for New Shares in excess of their full Entitlement under the Shortfall Offer if there is a Shortfall. The Directors retain the right to place any other part of the Shortfall Offer.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

If you are applying for Shares and your payment is being made by BPAY, you do not need to return this form however you are encouraged to return the form to the registry for reconciliation purposes – in that case you can post the form to the registry or send it by facsimile to +61 8 9262 3723. Your payment must be received by no later than 5.00 pm WST on Wednesday, 3 October 2018. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order, your Application must be received by Advanced Share Registry Ltd ("ASW") by no later than 5.00 pm WST on Wednesday, 3 October 2018. You should allow sufficient time for this to occur. Return your Application with cheque, bank draft or money order attached.

If you have any enquiries concerning this form or your entitlement, please contact Advanced Share Registry Ltd on telephone +61 8 9389 8033 or fax +61 8 9262 3723.

CHESS holders must contact their Controlling Participant to notify a change of address.



Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or saving account.

More info: www.bpay.com.au

By Mail

Redstone Resources Limited
C/- Advanced Share Registry Limited
PO Box 1156, Nedlands
Western Australia 6909

By Delivery

Advanced Share Registry Limited
110 Stirling Hwy
Nedlands
Western Australia 6009