



REDSTONE RESOURCES

REDSTONE RESOURCES LIMITED

ACN 090 169 154

**CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2021**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Redstone Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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Competent Persons Statement

The information in this document that relates to exploration results for the West Musgrave Project was authorised by Dr Greg Shirliff, who is employed as a Consultant to the Company through Zephyr Professional Pty Ltd. Dr Shirliff is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience of relevance to the tasks with which he is employed to qualify as a Competent Person as defined in the 2012 Edition of the *'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'*. Dr Shirliff consents to the inclusion in the report of matters based on information in the form and context in which it appears.

The information in this report that relates to Mineral Resource for the West Musgrave Project was authorised by Mr Darryl Mapleson, a Principal Geologist and full time employee of BM Geological Services, 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.

ASX Listing Rule Information

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

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Redstone Resources Limited's (**Redstone**) planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Redstone believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CORPORATE DIRECTORY

| | |
|---|--|
| DIRECTORS: | Mr Richard Homsany (Chairman) Mr Brett Hodgins (Non-Executive Director) Mr Edward van Heemst (Non-Executive Director) |
| COMPANY SECRETARY: | Ms Miranda Conti |
| REGISTERED AND PRINCIPAL OFFICE: | 60 Havelock Street WEST PERTH WA 6005 Tel: (08) 9328 2552 Fax: (08) 9328 2660 Internet: www.redstone.com.au email: contact@redstone.com.au |
| SHARE REGISTRY: | Advanced Share Registry Services 110 Stirling Highway NEDLANDS WA 6009 PO Box 1156 NEDLANDS WA 6909 Tel: +61 8 9389 8033 Fax: +61 8 9262 3723 Website: www.advancedshare.com.au |
| HOME STOCK EXCHANGE: | Australian Stock Exchange Limited Level 40 Central Park 152-158 St George's Terrace PERTH WA 6000 ASX Code: RDS, RDSOB |
| AUDITOR: | Butler Settineri (Audit) Pty Ltd Unit 16, First Floor 100 Railway Road (Cnr Hay Street) SUBIACO WA 6008 |

REDSTONE RESOURCES LIMITED

ACN 090 169 154

DIRECTORS' REPORT

Your directors submit the financial report of Redstone Resources Limited and its controlled entities (**Redstone** or the **Entity**) for the half-year ended 31 December 2021 (**Half-year**). In order to comply with the provisions of the Corporations Act 2001, the directors' report follows:

The Board of Directors

The names of Redstone Resources Limited's directors in office during or since the end of the Half-year until the date of this report are:

Richard Homsany
Brett Hodgins
Edward van Heemst

(Chairman)
(Non-Executive Director)
(Non-Executive Director)

Review of Operations

The consolidated loss after income tax for the Half-year is \$181,186 (2020: \$230,462).

WEST MUSGRAVE PROJECT

During the Half-year Redstone held interests in two granted exploration licences, E69/2450 and E69/3456 and a further two tenements in application (ELA 69/3568 and ELA 69/3750), in the West Musgrave region of Western Australia (the **West Musgrave Project** or **Project**), which includes the Company's 100% owned Tollu Copper Vein project (**Tollu**).

The Project is prospective for major copper and nickel-copper mineralisation. The tenements and Project location is shown on **Figures 1** and **2**.



Figure 1 – West Musgrave - Location Map

DIRECTORS' REPORT

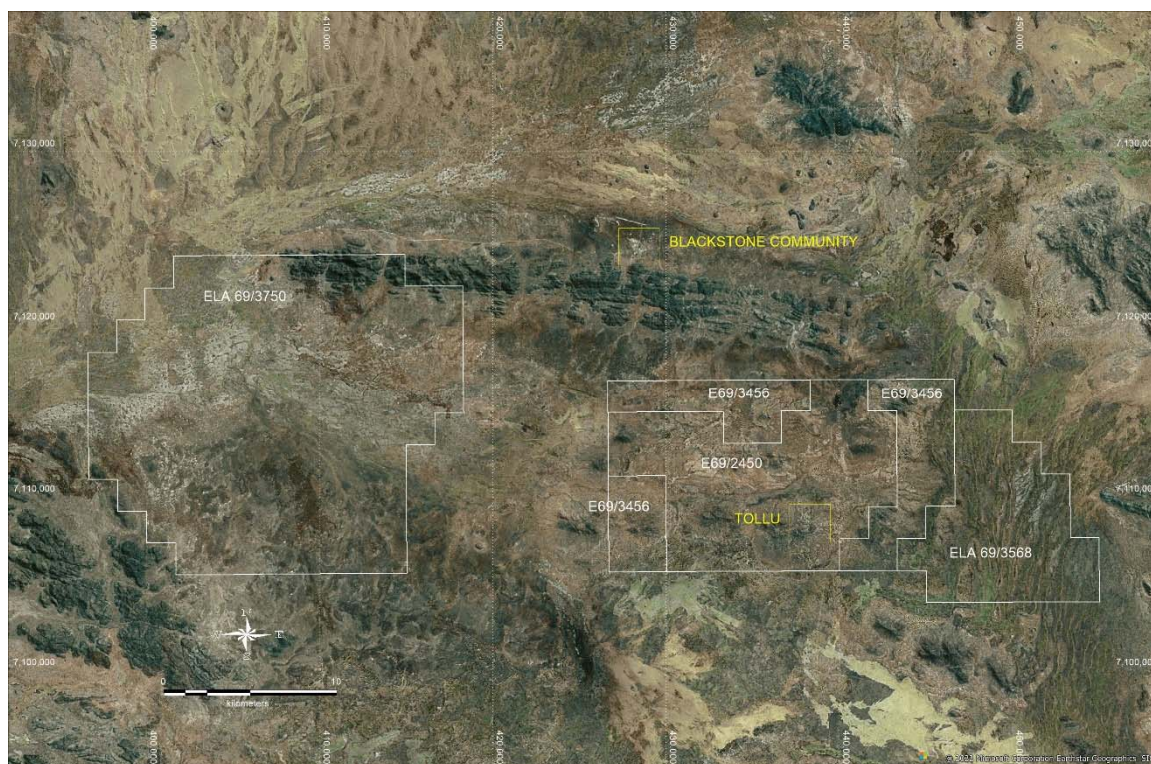


Figure 2– West Musgrave Project Tenements

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

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

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

Geological interpretation suggests that the West Musgrave Project may also be prospective for Volcanic Hosted Massive Sulphide (VHMS) deposits, large continental type Molybdenum (Mo)-porphyry deposits, strata-bound Gold (Au)- Silver (Ag) deposits, Tin (Sn) – Tungsten (W) mineralisation related to granites, granite stockworks or greissens, intrusion related polymetallic veining and Intrusion Related Gold deposits (IRG).

During the Half year period to 31 December 2021, the Company completed the initial phase of an RC drilling and exploration programme (the **Programme**) on the Project, which commenced in late October 2021. The Programme comprised an initial 3,000m of shallow reverse circulation (**RC**) drilling at the Tollu copper veins, including at both the Chatsworth and Forio prospects, and surrounding prospective Target Areas.

DIRECTORS' REPORT

TOLLU COPPER VEIN DEPOSIT - CHATSWORTH PROSPECT DRILLING

Significant results from preliminary analysis by handheld pXRF (hh-pXRF) from the recent RC drilling at the Chatsworth Prospect (**Chatsworth**), Tollu copper, successfully proved that thick high-grade lenses of copper mineralisation intersected in historical drilling at Chatsworth have significant volume vertically and extend to shallower depths.

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

According to preliminary hh-pXRF analysis, the recent drilling successfully proved that the thick high grade copper mineralisation seems to continue vertically, being maintained in the deeper intersection with **12m at 1.91%** copper from 175m downhole, including **8m at 2.78%** copper from 175m downhole (in TLC188) and swelling considerably in the shallower intersection with **28m at 1.2%** copper from only 62m downhole, inclusive of **2m at 3.1%** copper from 67m downhole (in TLC189) (Refer **Figure 3**).

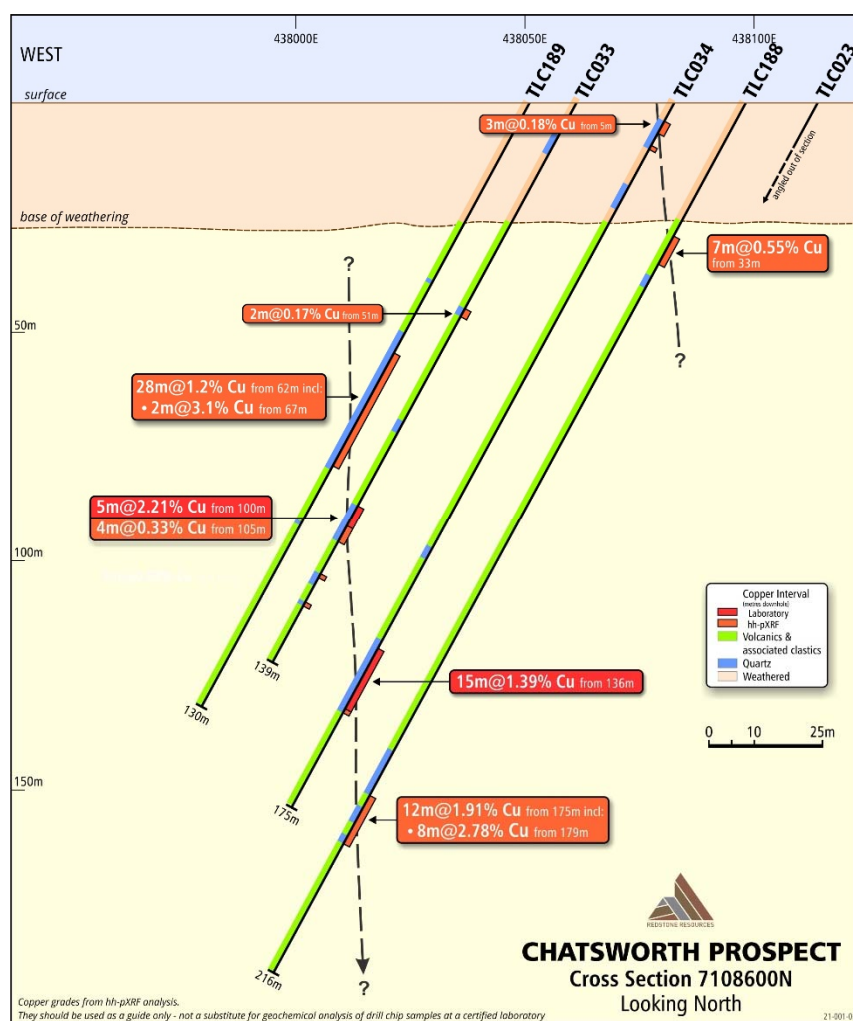


Figure 3 – E-W Cross-section of recent RC drill holes TLC188 and TLC189 along with the historical drilling at Chatsworth, Tollu, looking north. Note that copper grades on recent drilling are hh-pXRF only and should only be considered a guide to actual grade. Grades on historical drill holes are both hh-pXRF and laboratory based geochemistry and they are labelled accordingly. See text for further details.

DIRECTORS' REPORT

As is clearly seen in Figure 3, TLC188 and TLC189 have proven that the thick high grade copper mineralisation intersected at Chatsworth in historical drill holes extends considerably shallower and deeper than historically delineated. In the particular location represented by Figure 3, TLC188 and TLC189 have extended the vertical continuity of the copper mineralisation to double previous with at least some 100m of vertical extent, seemingly continuous and still open at depth and towards the surface. What previously seemed a contraction of mineralisation towards the surface in historical drill hole TLC033 (ASX announcement 21 February 2011), is most likely a 'pinch' in a pinch and swell morphology.

TLC192 was positioned to test for continuity approximately 20m vertically above the 9m at 1.29% copper from 86m downhole intersected by historical drill hole TLC030 (ASX Announcement 21 February 2011); it showed a swelling of the mineralisation to **19m at 1.08% copper** from 54m downhole inclusive of **3m at 3.45% copper** from 63m downhole (see **Figure 4**). The shallow extension of mineralisation by TLC192 extends the high grade mineralisation in this location to some 120m vertically and is open towards the surface (see **Figure 4**).

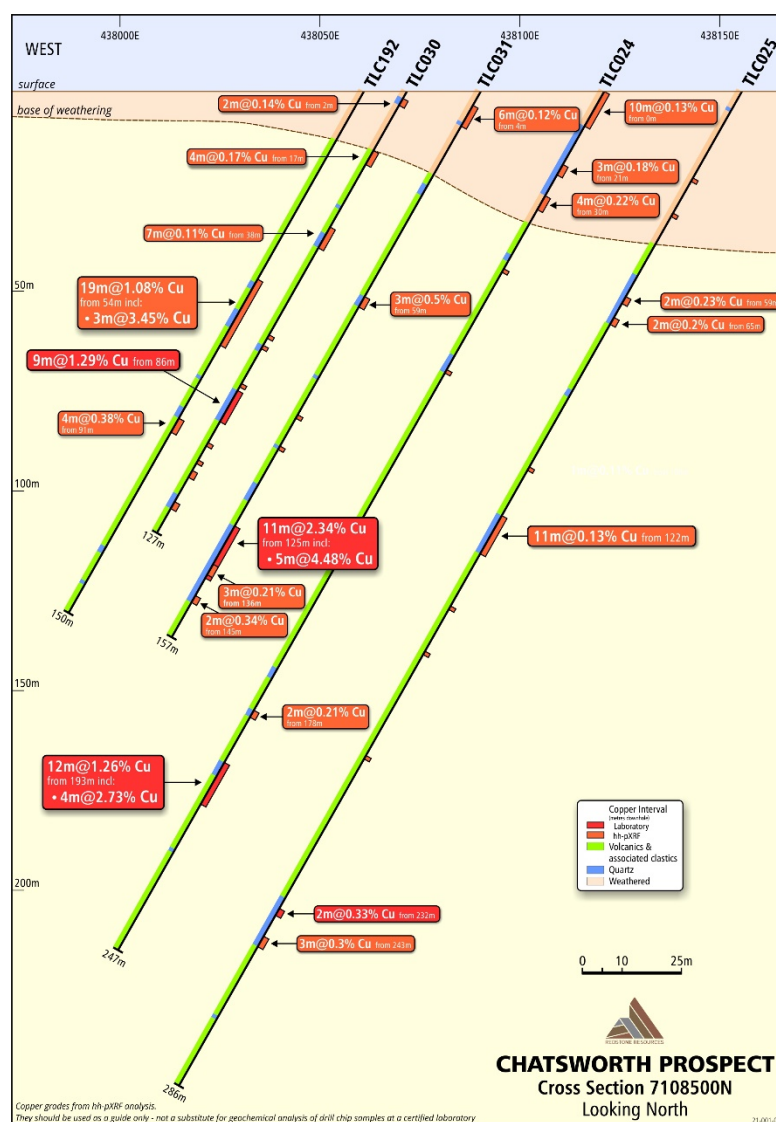


Figure 4 – E-W Cross-section of recent RC drill hole TLC192 along with the historical drilling at Chatsworth, Tollar, looking north. Note that copper grades on recent drilling are hh-pXRF only and should only be considered a guide to actual grade. Grades on historical drill holes are both hh-pXRF and laboratory based geochemistry and they are labelled accordingly. See text for further details.

DIRECTORS' REPORT

TLC190 was aimed at testing at a shallower depth (20m above vertically), a thick high grade lens of mineralisation intersected in historical drill hole TLC015, drilled in April 2010, which intersected 20m at 2.45% copper from 178m downhole depth (ASX Announcement 28 June 2010). The recent drill hole, TLC190, showed a thinning of the mineralisation lens and a decrease in grade to 7m at 0.28% copper from 190m downhole.

However, interestingly, the position of the copper mineralisation in TLC190, although of lower grade and thickness, suggests the mineralisation intersected at a similar downhole depth in historical drill holes TLC015 and TLC020 is oriented almost horizontal on the **Figure 5** section plane. This suggests a previously unrecognised additional orientation to copper mineralisation at Chatsworth.

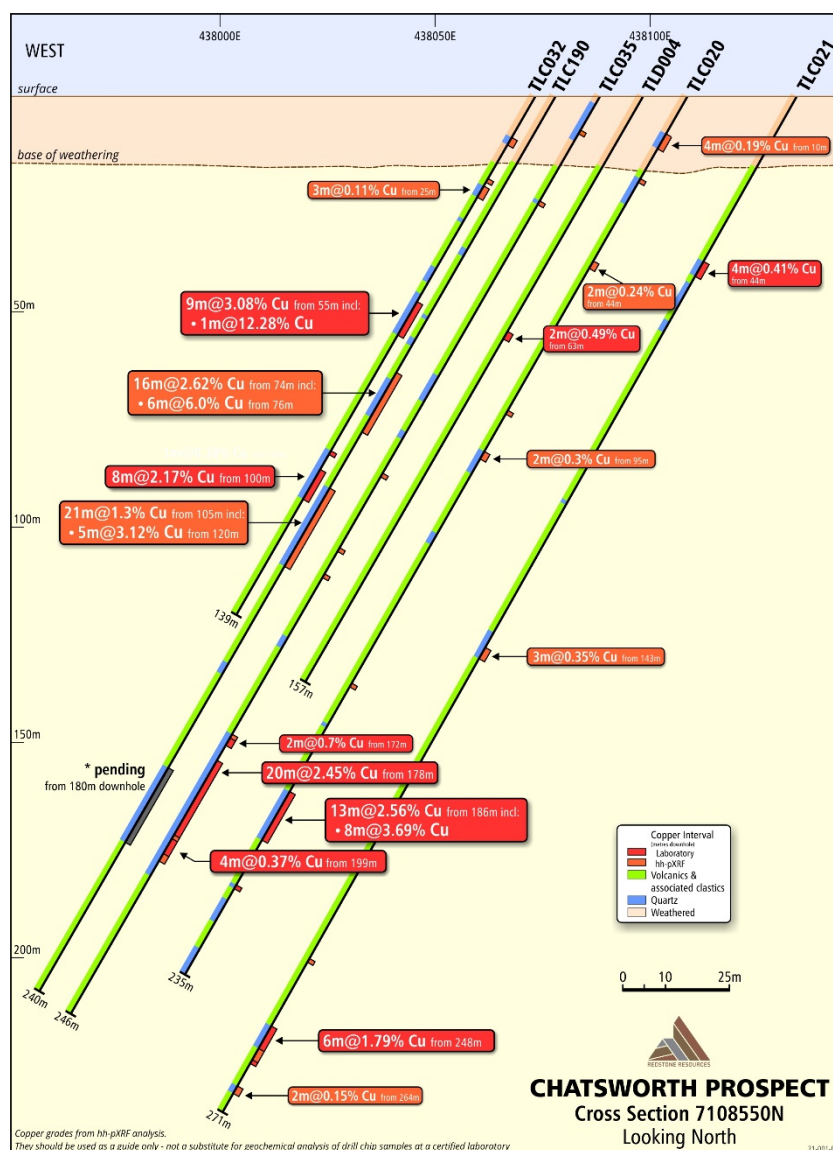


Figure 5 – E-W Cross-section of recent RC drill hole TLC190 along with the historical drilling at Chatsworth, Tolu, looking north. Refer to text for grades of pending interval, which could not be added to the figure in time for the ASX release. Note that copper grades on recent drilling are hh-pXRF only and should only be considered a guide to actual grade. Grades on historical drill holes are both hh-pXRF and laboratory based geochemistry and they are labelled accordingly. See text for further details.

DIRECTORS' REPORT

Importantly, TLC190 also confirms two shallower thick high grade copper lenses intersected by historical RC drill hole TLC032 with hh-pXRF suggesting **16m at 2.62% copper** from 74m downhole including 6m at **6.0% copper from 76m** downhole and **21m at 1.3% copper** from 105m downhole inclusive of **5m at 3.12% copper** from 120m downhole (see **Figure 5**).

The 2021 RC drilling has shown that whilst there is some complexity at Chatsworth, as would be expected in a vein hosted system, the thick high-grade copper mineralisation intersected in historical drilling seems to hold volume between historical drill holes and extends beyond that which has been intersected by drilling to date. Where this has been shown, both thickness and grade are maintained or expanded. Importantly, this drilling has shown that the opportunities for extensions of mineralisation at Chatsworth include towards the surface to much shallower depths. The drilling has highlighted that there may be opportunities in the Tollu Resource not yet realised and which may need to be investigated.

TOLLU COPPER VEIN DEPOSIT - FORIO PROSPECT DRILLING

Three RC drill holes, TLC180, TLC181 and TLC182, for a total of 373m were drilled at the Forio prospect at Tollu to test for short scale extension and to gain a better spatial understanding of the vein hosted copper mineralisation so far intersected in previous drilling. In particular, the shallow high grade copper mineralisation intersected previously in the central part of Forio was tested for extension to the north and near surface oxide copper mineralisation was tested on a separate vein to the west of that intersected in 2019 (refer to ASX announcement of 25 June 2020 for details of the latter).

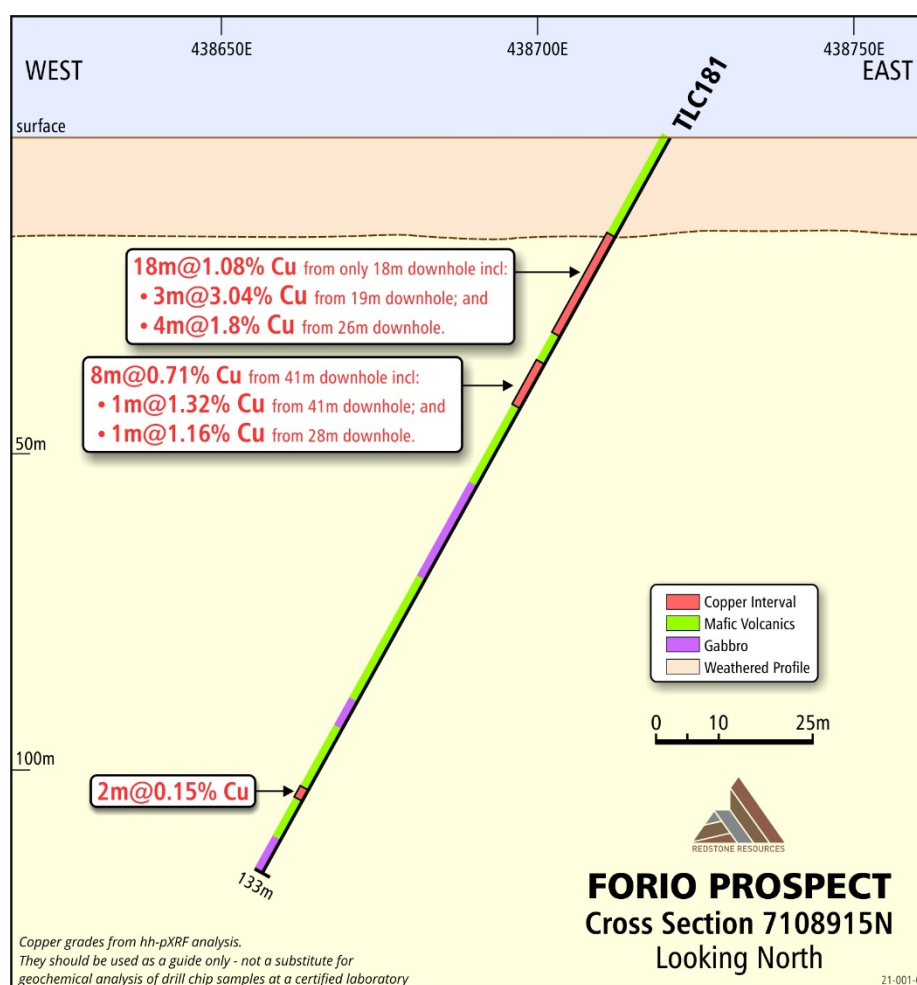


Figure 6 – Cross-section of RC drill hole TLC181 recently drilled at the Forio Prospect, Tollu, looking north. Note that copper grades are hh-pXRF only and should only be considered a guide to actual grade. See text for further details.

DIRECTORS' REPORT

Observations from RC drill hole TLC181 revealed that the shallow high grade copper mineralisation previously intersected in the centre of the Forio copper vein system extends for at least 12m to the north. According to hh-pXRF analysis TLC181 intersected further significant copper intersections of (refer Figures 6 and 7):

- **18m at 1.08% copper from only 18m downhole depth including:**
 - **3m at 3.04% from 19m downhole;** and
 - **4m at 1.8% from 26m downhole**
- **8m at 0.71% copper from 41m downhole, including:**
 - **1m at 1.32% copper from 41m downhole;** and
 - **1m at 1.16% copper from 48m downhole.**

The previous historical intersection to the south intersected 16m at 2.8% copper from 27m downhole and 11m at 1.9% copper from 58m downhole in drill hole TLC153 (refer to ASX announcement of 31 October 2017) (refer Figure 7).

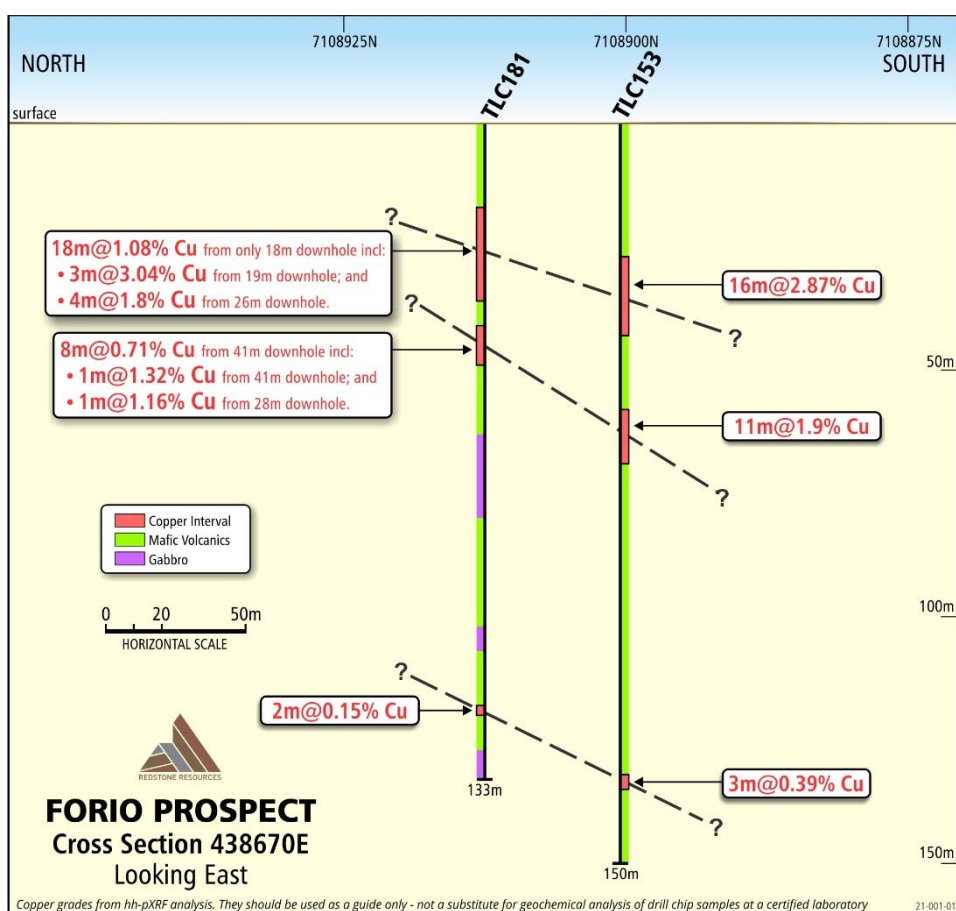


Figure 7 – Cross-section of RC drill hole TLC181 recently drilled to test for extension of the high grade mineralisation intersected in TLC153 in 2017. Cross-section is drawn along strike of the Forio vein system and looking towards the east. Note that copper grades stated for TLC181 are hh-pXRF only and should only be considered a guide to actual grade. See text for further details.

DIRECTORS' REPORT

RC drill hole TLC182 was drilled to test for further oxide copper mineralisation close to the surface at Forio and on a different vein set to where oxide copper was intersected close to the surface in 2019 in RC drill hole TLC173, which intersected 11m at 1.4% copper downhole (ASX announcement 25 June 2020). Handheld pXRF analysis suggests TLC182 successfully intersected **7m at 0.41%** copper from only 6m downhole some 26m to the west of TLC173.

One of the most northern intersections of copper mineralisation along the Forio vein system, 6m at 1.1% copper from 58m downhole in RC drill hole TLC148 (refer to ASX announcement of 31 October 2017), was tested for vertical extension (15m vertical) by TLC180. Whilst a 10m thick (downhole) quartz vein was intersected at the expected depth, mineralisation had thinned to 2m at 0.23% copper from 74m downhole.

The recent RC drilling highlights that high grade copper mineralisation at Forio may be contained within lenses or 'shutes' that plunge to depth at an angle towards a southerly direction, within the thick and seemingly deep quartz veins associated with the Forio Prospect. TLC182 has highlighted that there may be significant oxide copper mineralisation within metres of the surface at Forio.

With 8,000t of oxide copper already defined in the Tollu Resource, the significant intersections of Tollu mineralisation up to the surface further confirmed by the recent drilling at Chatsworth and Forio supports investigation of a simple oxide resource opportunity.

DRILLING OF OTHER TARGET AREAS ON THE PROJECT

RC drilling for approximately 2,000m was undertaken outside of the Tollu copper vein system aimed at testing geological targets identified in the 2019 exploration programme. The specific aim of the programme was to identify additional geology and structure across the Project that may be prospective for copper or nickel-copper-PGE mineralisation. No significant copper or nickel mineralisation was intersected from this drilling, however some of the geology uncovered was encouraging.

A full review of the results of this drilling cannot be made until the geochemical assays are returned from the lab. These results are still pending as at the date of this report. It is also important to understand that this programme is incomplete, with the targets not adequately tested until the next phase of deeper drilling is completed.

Planning and preparations for the next phase of deeper RC drilling is currently underway and is anticipated to be undertaken in the first half of 2022, subject to timing of a suitable drill rig.

HANTAILS GOLD PROJECT – FARM-IN AND JOINT VENTURE AGREEMENT (RDS: 80%)

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

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

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

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DIRECTORS' REPORT

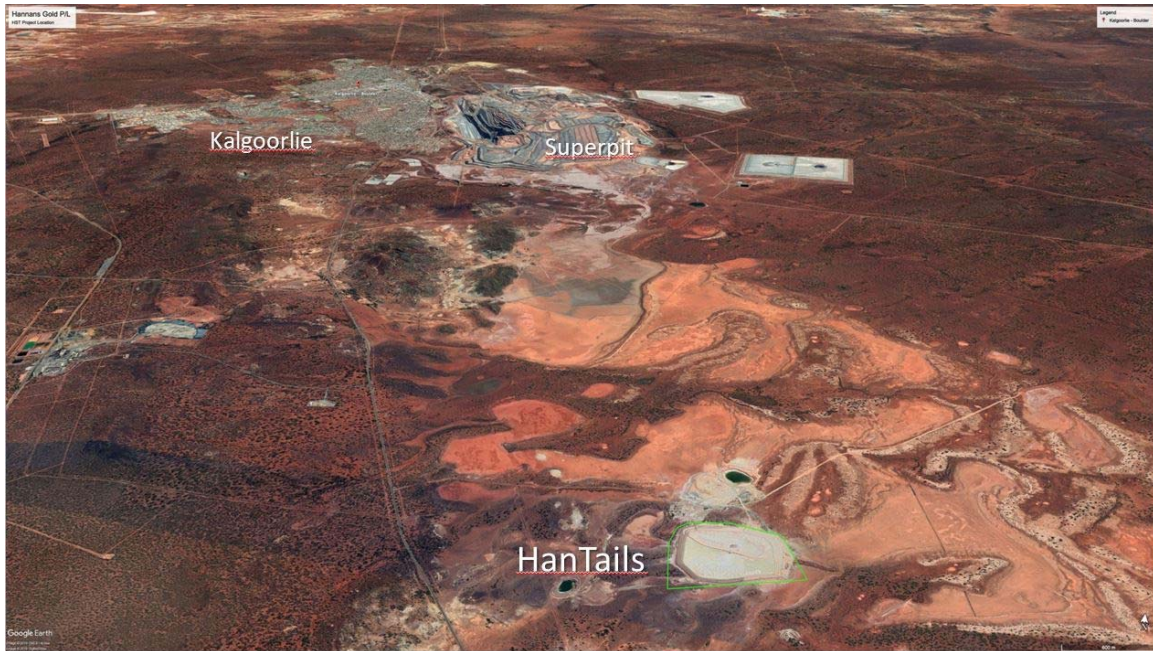


Figure 8 - Location of the HanTails Project TSF 15kms south of Kalgoorlie, Western Australia and 10kms south of the Super Pit.

Events After Balance Date

Capital Raising – Director Participation in Placement

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

Issue of Unlisted Options to Directors, Employee and Consultant

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

There are no other matters or circumstances that have arisen since the end of the Half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Entity in future financial years.

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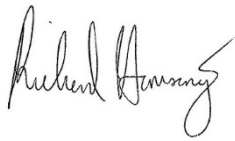
DIRECTORS' REPORT

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settineri (Audit) Pty Ltd, to provide the directors of Redstone with an Independence Declaration in relation to the review of the Half-year financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the Half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors



R Homsany
Chairman
Perth, Western Australia
15 March 2022

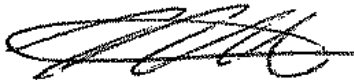
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Redstone Resources Limited for the half year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

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

BUTLER SETTINERI (AUDIT) PTY LTD



ROBERT HALL CA
Director

Perth
Date: 15 March 2022

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Note | Half-year ended 31 December 2021 \$ | Half-year ended 31 December 2020 \$ |
|--|-------|--|--|
| <i>Revenue</i> | | | |
| Other Income | | - | 87,255 |
| Total revenue | | - | 87,255 |
| <i>Expenses</i> | | | |
| Administration and other expenses from ordinary activities | | (76,395) | (68,728) |
| Employee benefit expense | | (102,890) | (102,629) |
| Share option expense | | - | (143,993) |
| Depreciation and amortisation expense | | (1,660) | (1,496) |
| Finance costs | | (274) | (941) |
| Exploration expenditure | | - | - |
| Total expenses | | (181,219) | (317,787) |
| Loss before interest and taxes | | (181,219) | (230,532) |
| Interest revenue | | 33 | 70 |
| Loss before income tax | | (181,186) | (230,462) |
| Income tax expense | | - | - |
| Loss after income tax for the period | | (181,186) | (230,462) |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period | | (181,186) | (230,462) |
| Earnings per share (cents per share) | | Cents | Cents |
| - Basic and diluted loss for the half-year | 11(c) | (0.03) | (0.05) |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Note | At 31 December 2021 \$ | At 30 June 2021 \$ |
|----------------------------------|------|---------------------------------|-----------------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | | 2,048,059 | 2,645,571 |
| Trade and Other Receivables | | 41,879 | 167,461 |
| Other Assets | | 28,437 | 4,602 |
| TOTAL CURRENT ASSETS | | 2,118,375 | 2,817,634 |
| NON-CURRENT ASSETS | | | |
| Deferred Exploration Expenditure | 5 | 7,397,115 | 6,847,460 |
| Property, Plant and Equipment | | 6,047 | 7,707 |
| TOTAL NON-CURRENT ASSETS | | 7,403,162 | 6,855,167 |
| TOTAL ASSETS | | 9,521,537 | 9,672,901 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 6 | 254,702 | 225,721 |
| Provisions | | 20,714 | 19,773 |
| TOTAL CURRENT LIABILITIES | | 275,416 | 245,494 |
| TOTAL LIABILITIES | | 275,416 | 245,494 |
| NET ASSETS | | 9,246,121 | 9,427,307 |
| EQUITY | | | |
| Issued Capital | 11 | 28,074,602 | 28,074,602 |
| Reserves | | 143,993 | 143,993 |
| Accumulated Losses | | (18,972,474) | (18,791,288) |
| TOTAL EQUITY | | 9,246,121 | 9,427,307 |

The above Consolidated Statement of Financial Position should be read
in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

ACN 090 169 154

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Six months ended 31 December 2021

| | Issued Capital | Accumulated Losses | Share based Payments Reserve | Total Equity |
|--|-------------------|-----------------------|---------------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| At 1 July 2021 | 28,074,602 | (18,791,288) | 143,993 | 9,427,307 |
| Total comprehensive income attributable to members | - | (181,186) | - | (181,186) |
| At 31 December 2021 | 28,074,602 | (18,972,474) | 143,993 | 9,246,121 |

Six months ended 31 December 2020

| | Issued Capital | Accumulated Losses | Share based Payments Reserve | Total Equity |
|--|-------------------|-----------------------|---------------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| At 1 July 2020 | 25,200,714 | (18,483,400) | - | 6,717,314 |
| Total comprehensive income attributable to members | - | (230,462) | - | (230,462) |
| Share capital issued | 780,320 | - | - | 780,320 |
| Capital issue costs | (53,572) | - | - | (53,572) |
| Share-based payments | - | - | 143,993 | 143,993 |
| Share-based payments expired | - | 344 | (344) | - |
| At 31 December 2020 | 25,927,462 | (18,713,518) | 143,649 | 7,357,593 |

The above Consolidated Statement of Changes in Equity should be read
in conjunction with the accompanying notes.

REDSTONE RESOURCES LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Half-year ended 31 December 2021 \$ | Half-year ended 31 December 2020 \$ |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | - | 36,000 |
| Payments to suppliers and employees | (205,351) | (185,625) |
| Government grants and tax incentives | - | 55,255 |
| Net R&D tax concession received | 50,119 | - |
| Interest received | 33 | 70 |
| Interest paid | (274) | (941) |
| Net cash flows used in operating activities | (155,473) | (95,241) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Exploration expenditure | (555,228) | (170,877) |
| Net R&D tax concession received | 113,189 | - |
| Payments for property, plant and equipment | - | (8,061) |
| Net cash used in investing activities | (442,039) | (178,938) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | - | 720,320 |
| Payment of share issue costs | - | (34,252) |
| Net cash flows from financing activities | - | 686,068 |
| Net (decrease)/increase in cash held | (597,512) | 411,889 |
| Cash at the beginning of the half-year | 2,645,571 | 381,991 |
| CASH AT THE END OF THE HALF-YEAR | 2,048,059 | 793,880 |

The above Consolidated Statement of Cash Flows should be read
in conjunction with the accompanying notes.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1. Corporate Information

The financial report of Redstone Resources Limited (the **Company**) for the Half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 15 March 2022.

Redstone Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares commenced public trading on the Australian Stock Exchange on 3 August 2006.

The nature of the operations and principal activities of the Company are described on pages 3 to 11 in the Directors' Report.

2. Summary of Significant Accounting Policies

The Half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Entity as the full financial report.

This Half-year financial report should be read in conjunction with the annual financial report of Redstone Resources Limited for the year ended 30 June 2021.

It is also recommended that the Half-year financial report be considered together with any public announcements made by the Company during the Half-year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

a) Basis of Consolidation

The Half-year consolidated financial statements comprise the financial statements of Redstone Resources Limited and its controlled entities as at 31 December 2021 (the **Entity** or **Group**) - refer note 10.

b) Basis of Accounting

The Half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

For the purposes of preparing the Half-year financial report, the Half-year has been treated as a discrete reporting period.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

2. Summary of Significant Accounting Policies (continued)

c) Significant Accounting Policies

The Half-year consolidated financial statements have been prepared using the same accounting policies as the annual financial statements for the year ended 30 June 2021.

The Entity has reviewed all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021. It has been determined that there is no impact, material or otherwise, and therefore no change is required to the Entity's accounting policies.

The Entity has also reviewed all new standards and interpretations that have been issued but are not yet effective for the Half-year ended 31 December 2021. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore, no change necessary in the Entity's accounting policies.

d) Going Concern

The Entity recorded a loss of \$181,186 for the Half-year ended 31 December 2021 and as at 31 December 2021 had net current assets of \$1,842,959. Exploration and operating commitments for the following 12 months to 31 December 2022 are \$157,386 (note 7).

The financial report has been prepared on a going concern basis as the Directors are of the opinion that the Group will be able to pay its debts as and when they fall due. The Directors contemplate continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

3. Dividends

The Entity has not declared or paid a dividend during the Half-year ended 31 December 2021.

4. Segment Information

The Entity has one operating segment being mineral exploration in Australia.

The accounting policies used by the Entity in reporting segments are the same as those in the prior period.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

5. Deferred Exploration Expenditure

The ultimate recoupment of costs carried forward in relation to exploration expenditure is dependent on the successful development and commercial exploitation or sale of the areas of interest at an amount at least equal to the carrying value.

Of the \$7,397,115 carrying value, \$7,175,655 relates to the net deferred exploration spend incurred on the West Musgrave Project tenements (E69/2450 and E69/3456) to 31 December 2021, whilst \$22,518 relates to application fees incurred for the Milyuga tenement, E69/3568 of 27 blocks (located adjacent to E69/2450) and Circus Hill tenement, E69/3750 of 107 blocks. The balance of \$198,942 has been deferred for the HanTails Project.

| | 31 December 2021 \$ | 30 June 2021 \$ |
|---|---------------------------|-----------------------|
| Exploration costs brought forward | 6,847,460 | 6,652,408 |
| Expenditure incurred on exploration assets | 549,655 | 210,355 |
| Reimbursement of capitalised costs | - | (113,190) |
| Project acquisition costs - HanTails | - | 97,887 |
| Carrying amount at the end of the year | 7,397,115 | 6,847,460 |

6. Trade and Other Payables

Current

| | | |
|----------------------|----------------|----------------|
| Trade creditors (i) | 101,718 | 90,259 |
| Other creditors (ii) | 152,984 | 135,462 |
| | 254,702 | 225,721 |

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and are normally settled on 30 day terms, other than for related party creditors of the Entity totalling \$85,574 (30 June 2021: \$85,574) which, by mutual agreement with the Entity, currently have no set term for payment.
- (ii) Other creditors are non-interest bearing and have an average term of 30 days, other than for related party creditors of the Entity totalling \$130,500 (30 June 2021: \$101,700) which, by mutual agreement with the Entity, currently have no set term for payment

Trade and other payables include \$3,347 (excluding GST) (30 June 2021: \$8,962 (excluding GST)) relating to exploration expenditure.

7. Capital and Exploration Expenditure Commitments

Exploration expenditure commitments

Australian tenements

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

7. Capital and Exploration Expenditure Commitments (Continued)

The annual expenditure commitments (including access fees) on granted tenements as at 31 December 2021 amount to \$157,386 (2020: \$210,000). Exploration Licences E69/3456 and E69/2450 are due to expire on 13 August 2022 and 18 September 2022 respectively, however extension of terms of the licences may be granted by DMIRS for a further two year period term. The future exploration commitment (including access costs) of the Entity relating to granted tenements to their current expiry is as follows:

| Cancellable operating lease commitments for exploration tenements | 31 December 2021 \$ | 30 June 2021 \$ |
|--|------------------------------------|--------------------------------|
| Within one year | 157,386 | 200,000 |
| One year or later and no later than five years | 4,527 | 32,100 |
| Later than five years | - | - |
| | 161,912 | 232,100 |

Joint venture commitments

HanTails Farm-in and Joint Venture Agreement

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

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

A variation to the HanTails Farm-in and JV was executed in April 2021 which has the effect of extending each of the farm-in Stages 1 and 2 by a further 6 months and to add another proximal tenement to the Joint Venture (P26/4308).

As at 31 December 2021 Redstone had completed Stage 1 of the HanTails Farm-in and JV to acquire a 51% interest in the Project.

Capital Commitments

The Entity does not have any capital commitments as at balance date.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

7. Capital and Exploration Expenditure Commitments (Continued)

Operating lease – corporate office premises

The Entity is leasing office premises on a monthly tenancy from a related party entity for a gross rent inclusive of car bay of \$2,300 per month. The monthly tenancy may be terminated by either party giving at least one month's written notice to the other party.

| Cancellable operating lease commitments | 31 December 2021 \$ | 30 June 2021 \$ |
|--|---------------------------|-----------------------|
| Within one year | 2,300 | 2,300 |
| One year or later and no later than five years | - | - |
| Later than five years | - | - |
| | 2,300 | 2,300 |

8. Contingent Assets and Liabilities

Foreign Subsidiary Obligations

During the 2014 financial year, the Entity recognised a provision for foreign subsidiary obligations relating to estimated amounts that may be required to settle outstanding obligations arising from a winding-up of the Entity's investment in its Brazilian subsidiary, Redstone Mineraco Do Brasil Ltd (**Redstone Brazil**).

However, as at 30 June 2015, the Entity considered that it was more likely that a present obligation no longer existed for any of these amounts and that it was more likely that no economic outflow would be required. Further the timing and amount of any potential economic outflow is uncertain. Accordingly, there may be a contingent liability for potential obligations required to be paid in any eventual winding up of Redstone Brazil for which the timing is uncertain and amount cannot be measured reliably. The Entity considers that its position on these potential foreign subsidiary obligations remains unchanged as at 31 December 2021.

The Company had no other contingent assets or liabilities as at 31 December 2021.

9. Events After Balance Date

Capital Raising – Director Participation in Placement

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

Issue of Unlisted Options to Directors, Employee and Consultant

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

There are no other matters or circumstances have arisen since the end of the Half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Entity in future financial years.

REDSTONE RESOURCES LIMITED

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

10. Controlled Entities

Redstone Resources Limited is the parent entity of the Group.

| | At 31 December 2021 | At 30 June 2021 |
|---|------------------------|--------------------|
| | % | % |
| Particulars in relation to wholly owned entities: | | |
| Allhawk Nominees Pty Ltd | 100 | 100 |
| Minex Services Pty Ltd | 100 | 100 |
| Westmin Exploration Pty Ltd | 100 | 100 |
| Rivergold Exploration Pty Ltd | 100 | 100 |
| Earaheedy Resources Pty Ltd | 100 | 100 |
| Redstone Mineracao Do Brasil Ltda* | 98 | 98 |

**The remaining 2% shareholding is held on trust for Redstone Resources Limited. The Board and shareholding structure is in accordance with Brazilian law.*

11. Contributed Equity

| | 31 December 2021 | 30 June 2021 |
|---|---------------------|-----------------|
| | \$ | \$ |
| (a) Issued and Paid Up Capital | | |
| Shares issued and fully paid – 718,999,063 (June 2021: 718,999,063 ordinary shares fully paid) | 28,074,60 | 28,074,60 |
| Issued and fully paid capital | 28,074,60 | 28,074,60 |

Reconciliation of shares on issue

| | 31 December 2021 | | 30 June 2021 | |
|---|------------------|------------|------------------|------------|
| | No. of Shares | \$ | No. of Shares | \$ |
| Movements in shares on issue | | | | |
| Opening balance | 718,999,063 | 28,074,602 | 473,964,306 | 25,200,714 |
| Share issue to vendors of HanTails Gold Project – 29 July 2020 | - | - | 4,000,000 | 60,000 |
| Private placement to sophisticated and professional investors – 10 August 2020 | - | - | 42,165,710 | 590,320 |
| Private placement to sophisticated and professional investors – 30 September 2020 | - | - | 2,500,000 | 35,000 |
| Private placement to directors (and/or their nominees) – 24 December 2020 | - | - | 6,785,714 | 95,000 |
| Private placement to sophisticated and professional investors – 26 February 2021 | - | - | 189,583,333 | 2,275,000 |
| Share issue costs | - | - | - | (181,432) |
| Closing balance | 718,999,063 | 28,074,602 | 718,999,063 | 28,074,602 |

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

11. Contributed Equity (Continued)

Reconciliation of options on issue

| Share Options | As at 30 June 2021 | Issued/ (Exercised or lapsed) | As at 31 December 2021 | Exercise price \$ | Exercisable from | Expiry |
|----------------------|-----------------------|-------------------------------------|------------------------------|-------------------------|---------------------|-----------|
| Unlisted options | 15,000,000 | - | 15,000,000 | 0.0204 | 27 Nov 20 | 20 Nov 25 |
| Total options | 15,000,000 | - | 15,000,000 | | | |

(b) Movement of fully paid ordinary shares during the period

No Shares were issued by the Entity during the Half-year period.

(c) Earnings per Share

| | Half-year ended 31 December 2021 | Half-year ended 31 December 2020 |
|--|--|--|
| Basic loss per share (cents per share) | (0.03) | (0.05) |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (number) | 718,999,063 | 511,612,113 |
| Earnings used in the calculation of basic loss per share (\$) | (181,186) | (230,462) |

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

REDSTONE RESOURCES LIMITED

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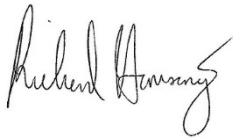
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Redstone Resources Limited, we state that:

In the opinion of the directors:

1. The financial statements and notes of the Entity set out on pages 14 to 24 are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the financial position as at 31 December 2021 and the performance for the Half-year ended on that date of the Entity; and
 - b. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



R Homsany
Chairman
Perth, Western Australia
15 March 2022

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

Conclusion

We have reviewed the accompanying half year financial report of Redstone Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year financial report* section of our report.

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

Directors' responsibilities for the half year financial report

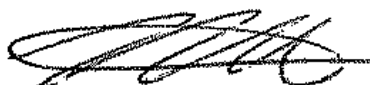
The directors of the Company are responsible for the preparation and fair presentation of the half year financial report in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether in order to state whether anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance and its cash flows for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BUTLER SETTINERI (AUDIT) PTY LTD



ROBERT HALL CA
Director

Perth

Date: 15 March 2022