



31 August 2018

Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

### PRO RATA NON RENOUNCEABLE ENTITLEMENT OFFER

Redstone Resources Limited (**ASX Code: RDS**) (**Redstone** or **the Company**) is pleased to announce a partially underwritten pro rata non renounceable entitlement offer to raise up to \$2,152,960 (before costs) (**Entitlement Offer**) based on the current capital structure of the Company.

The offer will be made to eligible holders of shares in the capital of the Company (**Shareholders**) the basis of one (1) new fully paid ordinary share in the capital of the Company (**New Shares**) for every three (3) existing fully paid ordinary shares in the capital of the Company (**Share**) held by eligible Shareholders on 7 September 2018 (**Record Date**) at an issue price of \$0.017 (**Offer Price**) per New Share.

The Offer Price represents 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.

Shareholders will also receive one (1) free attaching option, exercisable at \$0.035 on or before 30 April 2021 (**New Listed Options**) for every two (2) New Shares subscribed for and issued under the Entitlement Offer. An application will be made to the ASX for quotation of the New Shares and New Listed Options (together the **New Securities**).

Shareholders will have the opportunity to apply for additional New Shares not subscribed for under the Entitlement Offer in excess of their entitlement, together with the corresponding number of free attaching New Options, under an additional new shares offer (**Additional New Shares Offer**). Any New Shares that are not taken up under the Entitlement Offer or the Additional New Shares Offer will be the subject of a shortfall offer (**Shortfall Offer**). The placement of New Shares under the Additional New Shares Offer and the Shortfall Offer will be at the discretion of the Directors. The Company may also issue New Shares under the Shortfall Offer to institutional, sophisticated or professional investors and 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.

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Cardinals Corporate Pty Ltd, a controlled entity of the Company Chairman, Mr Richard Homsany, has agreed to partially underwrite the Offer up to an amount of \$1,150,000. As a show of continued support for the Company, each of the other directors has also agreed to sub-underwrite the Offer up to a total of \$265,000.

Fractional entitlements will be rounded up to the nearest whole number.

Net proceeds raised from the Entitlement Offer, the Additional New Shares Offer and the Shortfall Offer (together **the Offer**) will be used, in conjunction with existing funds, for drilling and exploration activities on the Company's 100% owned West Musgrave Project, located in the West Musgrave, Western Australia and for general working capital.

The Offer will be made pursuant to a prospectus which was lodged with ASIC today (**Prospectus**). The Prospectus will be available on the ASX website and on the Company's website. A copy of the Prospectus will be mailed to all eligible Shareholders shortly after the Record Date. Shareholders and other potential investors should consider the Prospectus in deciding whether to acquire New Securities under the Offer. The Prospectus will provide further details on how to participate in the Offer.

Only Shareholders who have a registered address in Australia or New Zealand and who are registered on the Company's Share register at 5:00pm on the Record Date will be entitled to participate in the Entitlement Offer. The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders outside Australia and New Zealand having regard to the small number of such Shareholders, their holdings and the compliance costs required to offer the New Shares under the Entitlement Offer to those Shareholders.

### Investment Highlights

- The Offer is attractively priced at a 25% discount 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 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, in the West Musgrave, Western Australia, which includes the Tollu Copper Vein Project, 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<sub>max</sub>) targets identified from the airborne survey undertaken in May 2017 and for a reverse circulation (RC) drilling programme of at least circa 7,500m 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 elements.
- A key outcome of the RC drilling programme is to test the EM (VTEM<sub>max</sub>) 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 applied for and mostly 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 (CET) 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)

***\*The potential quality and grade of the CET 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.***

- 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.

### Indicative Timetable for the Offer

The proposed timetable for the Offer is set out below.

Event	Date
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

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The timetable is indicative only and the Company reserves the right to vary it at any time without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth). As such the date the New Securities are issued may vary.

### Capital Structure

The Company currently has 379,934,261 Shares and 24,000,000 unquoted options on issue. Following the issue of the New Securities under the Offer the capital structure of the Company, assuming full subscription, will be as follows:

	Securities currently on issue	To be issued under the Offer	Securities on Issue after the Offer <sup>(1)</sup>
Shares	379,934,261	126,644,753	506,579,014
Unquoted Options	24,000,000	Nil	24,000,000
New Listed Options	Nil	63,322,376	63,322,376

<sup>(1)</sup>This assumes no Shares will be issued or options exercised before the Record Date and that the Offer is fully subscribed.

For further information please contact:

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### Competent Persons Statement

The information in this document that relates to exploration results was authorised by Dr Greg Shirtliff, 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 Shirtliff is a Member of the Australian Institute of Mining and Metallurgy. Both Mr Bourne and Dr Shirtliff 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 Shirtliff 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 announcement 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 was 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.

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