



4 September 2018

Dear Shareholder

PRO-RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE NOTICE TO INELIGIBLE SHAREHOLDERS

This letter is to notify you that on 3 September 2018 Redstone Resources Limited (**ASX: RDS**) (**Redstone or the Company**) announced a pro rata non renounceable entitlement issue of fully paid ordinary shares on the basis of one (1) fully paid ordinary share (**New Shares**) for every three (3) fully paid ordinary shares in the Company (**Shares**) to eligible holders of Shares (**Shareholders**) registered at 5:00pm (WST) on 7 September 2018 (**Record Date**) at an issue price of \$0.017 per New Share (**Offer Price**) together with one (1) free attaching option exercisable at \$0.035 on or before 30 April 2021 (**New Listed Options**) 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 at the date of this letter (**Entitlement Offer**).

On the basis that no option holders of the Company exercise their options before the Record Date a maximum of 126,644,753 New Shares and 63,322,376 New Listed Options will be issued under the Offer

Underwriting of the Offer

The Offer is partially underwritten by Cardinals Corporate Pty Ltd, a controlled entity of the Company Chairman, Mr Richard Homsany, up to the 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 Entitlement Offer up to a total of \$265,000.

Ineligible Foreign Shareholders

The Entitlement Offer is only open to shareholders of the Company (**Shareholders**) who are registered as Shareholders at 5.00pm (WST) on the Record Date and who have registered addresses in Australia or New Zealand (**Eligible Shareholders**).

Shareholders with registered addresses outside Australia and New Zealand are considered ineligible shareholders (**Ineligible Foreign Shareholders**) and cannot participate in the Entitlement Offer.



The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it is not practicable for Ineligible Foreign Shareholders to participate in the Entitlement Offer having regard to the number of Ineligible Foreign Shareholders, the number and value of New Shares and New Options they would be offered and the costs of complying with regulatory requirements of those jurisdictions.

Accordingly, the Company wishes to advise you that it will not be extending the Offer to you and you will not be able to subscribe for New Shares under the Offer.

Use of funds

Funds raised under the Offer will be used for ongoing exploration of the Company's existing projects including an imminent exploration 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.

Prospectus and Entitlement Offer Details

Details of the Entitlement Offer, together with all other relevant information, are set out in the Company's prospectus which was lodged with the ASX and the Australian Securities and Investments Commission on Friday, 31 August 2018 (**Prospectus**). The Prospectus is currently available from the Company's website, www.redstone.com.au, or the ASX website, www.asx.com.au, by searching under the Company's ASX code "RDS".

If you have any queries concerning the Entitlement Issue please contact the Company on +61 (8) 9328 2552.

Yours sincerely

A handwritten signature in black ink, appearing to read "Miranda Conti".

Miranda Conti
Company Secretary
REDSTONE RESOURCES LIMITED