REDSTONE RESOURCES LIMITED

ACN 090 169 154

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

Contents of Financial Report

COMPETENT PERSONS STATEMENTS:
The information in this document that relates to drilling and exploration results for the West Musgrave Project was authorised by Dr Greg Shirtliff, who is engaged 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 engaged 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 engaged 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.

FORWARD LOOKING STATEMENTS:
This report contains certain forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

ADDITIONAL INFORMATION:
This report does not include reference to all available information on the Company or its Projects and should not be used in isolation as a basis to invest in Redstone Resources Limited. Any potential investors should refer to Redstone Resource Limited's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

CORPORATE DIRECTORY

DIRECTORS:	Mr Richard Homsany (Chairman) Mr Edward van Heemst Mr Brett Hodgins
SECRETARY:	Ms Miranda Conti
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DIRECTORS' REPORT

The Directors present their report on the Entity consisting of Redstone Resources Limited ('Redstone' or the Company) and its controlled entities ('Entity') for the financial year ended 30 June 2020.

The names and details of directors in office during the financial year until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Richard Homsany *(BCom, LLB (Hons), CPA, Grad Dip FINSIA, F Fin, MAICD),* Non-Executive Chairman, Age 50

Mr Homsany is Executive Vice President of Mega Uranium Ltd, a Toronto Stock Exchange listed company and executive Chairman of Toro Energy Limited, an ASX listed uranium company. He is also currently the non-executive chairman of the Health Insurance Fund of Australia Limited.

Prior to this Mr Homsany was a corporate and commercial advisory partner with one of Australia's leading law firms. He is currently the principal of Cardinals Lawyers and Consultants and has been admitted as a solicitor for over 20 years. Mr Homsany has extensive experience in corporate law, including advising public resources and energy companies on corporate governance, finance, capital raisings, takeovers, mergers, acquisitions, joint ventures and divestments.

Mr Homsany also has significant board experience with publicly listed resource companies and in the resources industry. He has also worked for an ASX top 50-listed internationally diversified resources company in operations, risk management and corporate.

Mr Homsany is a Certified Practising Accountant and is a fellow of the Financial Services Institute of Australasia (FINSIA). He has a Commerce Degree and Honours Degree in Law from the University of Western Australia and a Graduate Diploma in Finance and Investment from FINSIA.

Over the last 3 years Mr Homsany has held a directorship in Toronto Stock Exchange (Venture Exchange) listed Central Iron Ore Limited (TSX-V) (27 October 2010 to present), ASX listed Brookside Energy Ltd (4 February 2020 to present), ASX listed Galan Lithum Ltd (5 February 2020 to present) and ASX Listed Toro Energy Limited (1 December 2013 to present).

Mr Edward van Heemst *(BCom, MBA, CA, CPA),* Non-Executive Director, Age 74

Mr Edward van Heemst is a prominent Perth businessman with over 40 years experience in the management of a diverse range of activities with large private companies.

Mr van Heemst is the Managing Director of Vanguard Press and was previously the long-time Chairman of Perth Racing (1997 to 2016). In July 2019 Mr van Heemst was appointed as non-executive chairman of NTM Gold Ltd, an ASX listed company.

Mr van Heemst holds a Bachelor of Commerce degree from the University of Melbourne, an MBA from the University of Western Australia and is a member of the Institute of Chartered Accountants Australia.

Mr van Heemst has an extensive knowledge of capital markets and established mining industry networks.

Over the last 3 years Mr van Heemst has held a directorship in NTM Gold Ltd (14 January 2018 to present).

Mr Brett Hodgins *(BSc (Hons), Grad Dip FINSIA)*, Non-Executive Director, Age 47

Mr Hodgins has over 20 years of professional experience in the resources sector primarily focused on exploration and mining operations. He began his career as a geologist with Robe River Mining and Rio Tinto Iron Ore. During that time he was involved with the commissioning and development of the West Angelas and Hope Downs operations. Mr Hodgins' recent roles include General Manager Project Development for Iron Ore Holdings and he is President / CEO of Central Iron Ore Ltd, a TSX-V listed company gold and iron ore explorer. He brings a wide range of experience in exploration, feasibility studies, operations, and has a broad knowledge of the resource sector.

Mr Hodgins has completed a Bachelor of Science Degree with Honours in Geology from Newcastle University, Diploma of Management and a Graduate Diploma in Finance and Investment from Financial Services Institute of Australasia.

Over the last 3 years Mr Hodgins has held a directorship in Toronto Stock Exchange (Venture Exchange) listed Central Iron Ore Limited (TSX-V) (27 October 2010 to present).

DIRECTORS' REPORT

Company Secretary – Miranda Conti *(BCom, CPA, AGIA ACG (CS))*

Ms Conti is a chartered secretary and Certified Practising Accountant who has been engaged by the Company since March 2006.

Principal Activities

The principal activity of the Entity during the financial year was mineral exploration in Australia.

Review of Operations

The net loss after income tax attributable to members of the Entity for the financial year ended 30 June 2020 amounted to $164,932 (2019: $277,138) and net assets were $6,717,314 (2019: $6,882,246).

WEST MUSGRAVE PROJECT (E69/2450, E69/3456) – 100% REDSTONE

Redstone's primary focus during the year has been the advancement of the Entity's West Musgrave Project ("**West Musgrave Project**" or the "**Project"),** which includes the Tollu Cu Vein Project ("**Tollu**").

West Musgrave Project Overview

The Project is located in the West Musgrave region of Western Australia and comprises 214 square kilometres of highly prospective, underexplored ground just 40km east of the world-class Nebo-Babel Ni-Cu deposit. The Project has the right geological and structural setting for large magmatic Ni-Cu deposits such as Nebo Babel or the similar Voiseys Bay deposit in Canada. However, following the drilling and research activities conducted in the 2018 financial year (**2018**), Redstone believe the Project area is also prospective for a number of other deposit types and metal commodities, such as Zn and Cu-Au related to Volcanic Hosted Massive Sulphide (**VHMS**) deposits, large continental type Mo-porphyry deposits, strata-bound Au-Ag (silver) deposits, Sn-W mineralisation related to granites, granite stockworks or greissens, intrusion related polymetallic veining, Intrusion Related Gold deposits (IRG) and Iron Ore Copper Gold (IOCG) deposits. The early results of the Redstone research also suggest that epithermal and mesothermal lode gold systems could also be considered.

Tollu hosts a giant swarm of hydrothermal copper rich veins in a mineralised system covering an area at least 5km^2. Copper mineralisation is exposed at the surface and forms part of a dilation system within and between two major shears. The drilling and research conducted in 2018 has confirmed an extension of the high grade Cu mineralisation to the east of the main dilation zone, which also extends to and is open at depth. This work has also confirmed not only the potential of Tollu to host a significant Cu orebody within itself and its extensions but also the extent of the hydrothermal mineralising systems that may be operating elsewhere on the Redstone West Musgrave Project property.

WORK COMPLETED FY2020

Ground EM Survey Completed and Targets Identified

In July 2019 the Company completed a ground electromagnetic (**EM**) survey over 12 of its airborne EM ($VTEM_{max}$) targets, including the EM1 target previously drilled in 2018. The ground EM survey comprised a fixed loop EM survey over target EM1 for a 1.6 line km over two lines. The survey was acquired at 1Hz and utilised a 600x200m fixed loop with a receiver line spacing of 150m and a station spacing of 50m. A moving loop EM survey was conducted over 11 of the remaining airborne EM ($VTEM_{max}$) targets consisting of approximately 18 line km over 18 lines. The moving loop survey was acquired at 0.5-1Hz using a 200m x 200m moving loop slingram configuration and a station spacing of 100m. The ground EM survey enabled Redstone to penetrate deeper around all 12 EM targets and further delineate targets for drilling in 2020.

The two best targets confirmed from the ground EM survey were identified as EM2 and EM6. They were modelled as weak to moderately conductive features (150-200S) with a depth to the top of 265m/200m respectively. These targets along with the near surface ground EM features present at EM3, EM4 and EM5 were considered to be genuine geophysical targets that warranted further exploration especially considering that the high grade Cu mineralisation at Tollu did not present as 'conductive' in the airborne EM ($VTEM_{max}$) survey. Targets EM2, EM3 and EM4 occur along strike to the north and south of Tollu, while targets EM5 and EM6 were associated with discrete magnetic anomalies (**Figure 1**).

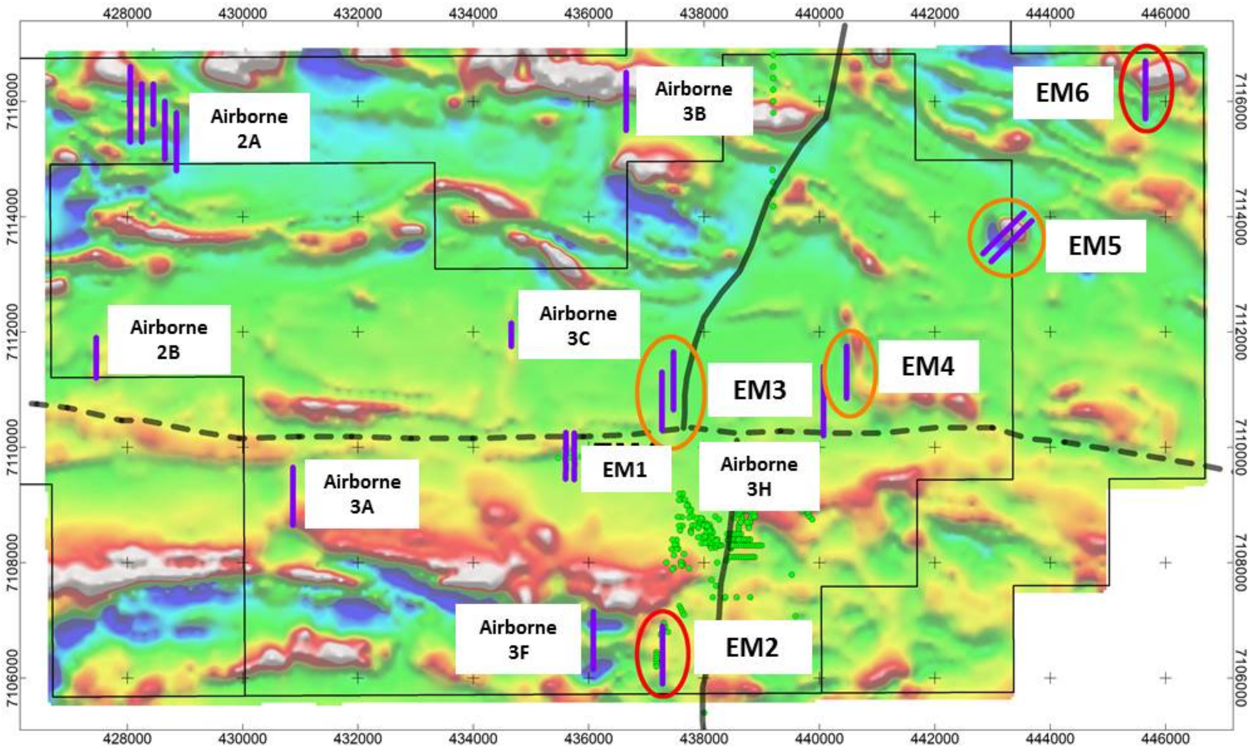

Figure 1 – Prioritised EM Targets EM1 to EM6 and airborne EM anomalies. Ground EM locations on reduced to pole magnetic image on the West Musgrave Project tenements E69/2450 and E69/3456. Ground EM lines are shown in purple. Historical drilling and Tollu Project shown in green.

Notably, the high priority EM1 target, drilled in 2018, 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. EM1 and the five identified ground EM targets confirmed the potential for conductors indicative of the mineralisation Redstone consider as exploration targets on the Project, inclusive of Ni-Cu sulphides.

DIRECTORS' REPORT

Project Prospectivity Review

Following the results of the ground EM survey the Company engaged its geological consultants to undertake a comprehensive prospectivity review and assessment of the Project (**Prospectivity Review**) ahead of its planned RC drilling campaign. The Prospectivity Review determined additional Target Areas (**Figure 2**) for Redstone to consider as potentially prospective for future exploration and testing.

In their assessment the technical consultants took into account their own interpretation of the geology so far known to be represented on the Project, mapping, and all available Redstone exploration data inclusive of soil sampling, rock chip sampling, drilling geochemistry, geophysics and previous interpretations. A main focus of the Prospectivity Review was around the general structural setting of the Project and in particular the interpretation of the structural dynamics of the Tollu Fault and associated structures.

Following are the Target Areas identified:

- **Tollu Copper Vein System**

The Tollu Copper vein project (Tollu) is considered an under-explored system, both at depth and around the drilling undertaken to date. The system has not yet been sufficiently drilled within some of the main N-S vein systems and three-dimensional modelling of the mineralisation shows that in areas that have been drilled, the depth of mineralisation may be limited only by the depth of drilling. This includes the high grade Forio vein drilling in 2017 and drilling in the northern areas of the Chatsworth vein system in 2015.

Geochemical anomalies such as low level gold in surface samples near the outcropping Tollu veins and nickel and cobalt anomalies at depth in historical drilling need further investigating for their relevance and exploration potential at Tollu.

The source of the high grade hydrothermal copper at Tollu also remains to be resolved and this in itself may provide important information for the prospectivity of the Tollu system for other deposits at depth and for the Project as a whole.

- **Tollu Transfer Zone**

The Tollu Transfer Zone is located directly north of Tollu where the Tollu Fault 'steps over' or transfers to the west before continuing to the north. The Tollu Fault is interpreted as a major deep seated strike-slip fault with some oblique movement where the eastern side has moved some 2.2km to the north and slightly higher than the western side overall. Whilst the Tollu veins are also a result of this 'step-over' the Transfer Zone itself has never been drill tested. The Transfer Zone is likely to be a zone of significant structural disruption, favourable to hydrothermal fluid flow.

A single soil sample taken from this area had relatively anomalous Ni.

- **Northside**

The Northside Target Area is in a similar structural position on the Tollu Fault as Tollu but on the northern side of the Transfer Zone. It also coincides with a late NW structure that can be traced through most of the Project area and a more localised cross-cutting structure striking NE according to the magnetics. Where these structures cross-cut each other coincides approximately with EM3, one of the ground EM conductors to be targeted in the upcoming drilling campaign. Whilst this area is largely under cover, the structural setting suggests it should be a similar volcanic package as that which hosts Tollu and EM1. The obvious target is hydrothermal copper, however, given the Tollu copper veins did not transmit a response on the airborne EM survey, the EM3 conductor may be of even more significant mineralisation than that of Tollu.

DIRECTORS' REPORT

- **South Tollu**

The South Tollu Target Area incorporates a large area either side of the Tollu Fault between Tollu and the Tollu Granite, which lay beyond the Redstone ground to the south. This area consists largely of mafic intrusives with significant copper anomalism that has not been followed up including in rock chip samples, soil anomalies (magnetic lag), auger samples and a single termite mound.
Disseminated chalcopyrite was observed in one of the gabbroic rock chip samples from the eastern side of the Tollu Fault analysed under the microscope by thin section.

This is significant given the proximity of the Tollu copper mineralisation and also given the potential for magmatic Cu-Ni-Co mineralisation in mafic intrusives in the region such as Nebo Babel and the Halleys Prospect, some 40km and 25km to the west respectively. Importantly, EM2, one of the five best EM conductors soon to be tested is also located at South Tollu.

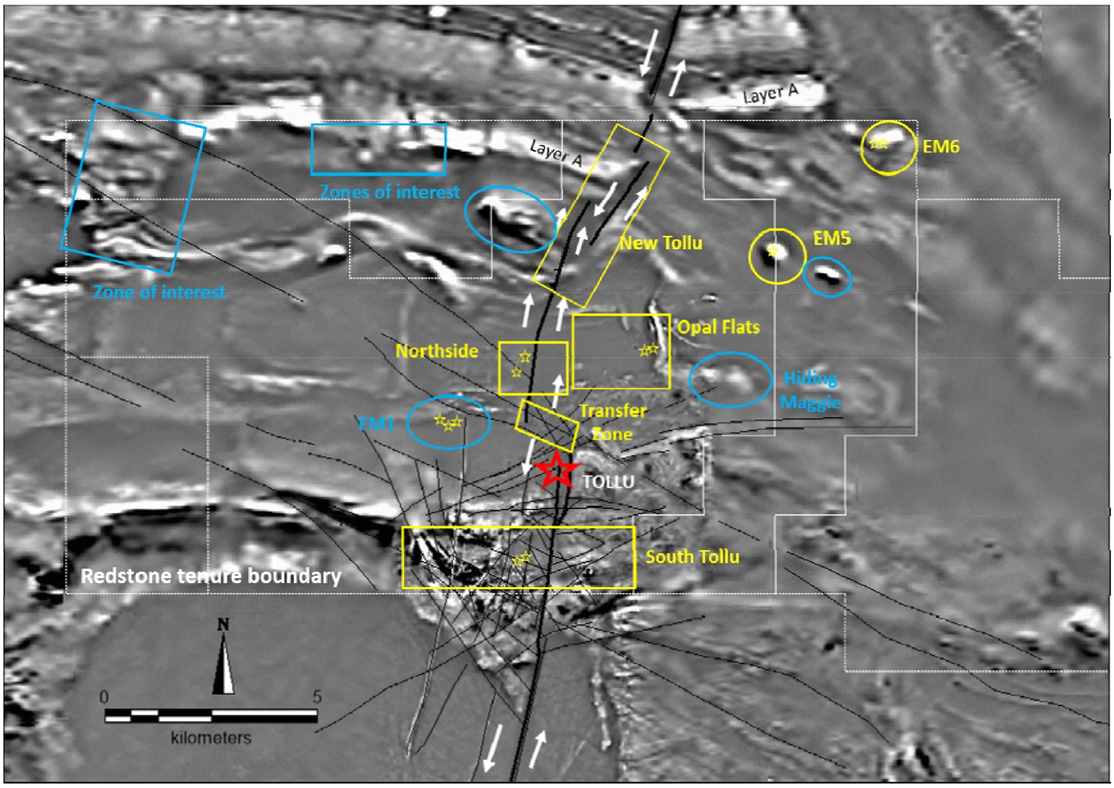

Figure 2 - Target Areas (yellow) and areas of interest (blue) as determined by prospectivity assessment and to be investigated and tested in Redstone's exploration plan moving forward including the immediate drill testing of EM targets at South Tollu (EM2), Northside (EM3), Opal Flats (EM4) and EM5 and EM6. Note the location of EM targets are denoted by yellow stars. The image also shows the interpreted basic dynamics/movement of the Tollu Fault. Background image is the first vertical derivative of the total magnetic intensity (reduced to pole) in greyscale.

- **Opal Flats**

Opal Flats is a large area with outcropping opaline quartz associated with a 700m exposure of quartz vein, some 2km north of Tollu on the eastern side of the Tollu Fault. The quartz vein is oriented E-W and is evidence of active structures that may not be related to the Tollu Fault. The same volcanic package that hosts Tollu and EM1 dominates in this area. The Opal Flats Target Area is bounded by the Tollu Fault to the west and a N-S oriented mafic dyke in the east. On the western side of the dyke is EM4, another of the EM targets to be followed up by the planned drilling.

Termite mounds in the area around the EM targets are anomalous in Ni and Cu and auger samples are anomalous in Cu, which may suggest Cu-Ni mineralisation at depth. The proximity to Tollu and NE lineaments through the area from the Tollu Fault highlight the potential for further hydrothermal copper mineralisation. EM1 style stratiform hydrothermal mineralisation, potentially related to E-W striking rifting/faults, which could have similarities to the Hand Pump Gold Deposit located to the west, also has potential in this area.

DIRECTORS' REPORT

- **New Tollu**

The interpretation of the Tollu Fault as a large strike-slip system highlights another potential transfer zone some 5 to 7km north of Tollu where the Tollu Fault 'steps' back to the east before continuing to the north. This has created a zone of step-like structural disruption some 3.5-4km long, along the fault where extensional and contractional stresses may have generated ideal structural settings for hydrothermal mineralisation.

The prospectivity of the New Tollu Target Area is further elevated due to the presence of a granite that the magnetics disclose as having intruded near to but also potentially beneath the Tollu Fault in the southern portion of the area. This has not been previously recognised as it only has limited outcrop to the west of the Tollu Fault. This is important as it may have provided a heating source for hydrothermal activity proximal to the fault or even brought its own fluids for potential mineralisation.

Given the structural setting and the mafic and felsic volcanic geology, copper and gold are the main targets at New Tollu. Isolated copper anomalies in soil and auger samples exist inside the area and historical thin section analysis of a rock chip sample collected in the area revealed disseminated chalcopyrite in volcanic rock, confirming the possibility of mineralisation in this area.

- **NE Structural Zone with EM Target EM5 and Target EM6**

EM Target EM5 (and EM6 on E69/3456) align with what appears to be a zone of disruption in the magnetics that seems to trace back to the Tollu Granite. It could be argued that it passes through where the Tollu copper mineralisation is positioned and may even align with another zone of disruption that extends in a similar strike on the opposing side of the Tollu Granite. This potentially points to an inherent zone of weakness for the preferential emplacement of intrusions.

The EM5 conductor is associated with discrete magnetic anomalies that may be related to mafic intrusions.

- **Hiding Maggie**

Hiding Maggie consists of two distinctive magnetic anomalies that are part of the same magnetic body elongate E-W only 1km east of the Opal Flats Target Area.

A late time EM conductor, which is probably a shallow regolith feature, overlays them and although this is probably not related to the magnetic bodies it may be concealing potential conductors at depth. These magnetic bodies also coincide with the NE trending structural zone interpreted from magnetics that are also associated with EM5 and EM6. These magnetic bodies could be related to a mafic intrusion of similar age to those that host the Nebo Babel deposit to the west of the Project.

2020 Exploration Campaign

An RC drilling program of approximately 1,375m aimed at drill testing the best EM targets identified from the ground EM survey, namely EM targets EM2 through to EM6 (**Figure 3**) commenced in November 2019. Additional RC drilling of 662m was also completed to test the Tollu copper vein system at depth and to provide information to aid in the understanding of the structural setting hosting the copper mineralisation and its relationship with the surrounding rocks. In particular, this drilling was aimed at gathering information in the contact zone between the main fault and the abutting gabbro to the east at depth.

As part of the exploration campaign the geological team also undertook detailed geological mapping over some 135km^2 of the Licence which included areas of interest identified from airborne magnetic geophysical data as potentially prospective. These areas included, the South Tollu, Northside, New Tollu, Transfer Zone, Opal Flats and North East Structural Zone identified from the Prospectivity Review.

DIRECTORS' REPORT

Tollu – RC Drilling

A total of three RC drill holes for 662m was completed on Tollu in November/December 2019. Two drill holes, TLC172 and TLC173, were aimed at testing continuity of mineralisation lenses previously intersected in the 2018 drilling of the Forio Prospect. Another drill hole, TLC166, was aimed at testing for deeper mineralisation below historical drilling at the intersection of the Chatsworth and Eastern Reef Prospects (**Figure 3**). The significant assay results for these drill holes is summarised below.

The significant copper intercepts include:

- o 26m @ 1.03% Cu from 277m downhole (TLC166), including:
  - ▪ 2m @ 2.9 % Cu from 281m downhole.
- o 13m @ 3.04% Cu from 56m downhole (TLC172), including:
  - ▪ 8m @ 4.4% from 57m downhole.
- o 11m @ 1.4% Cu from 4m downhole (TLC173), including:
  - ▪ 4m @ 2.7% from 7m downhole.

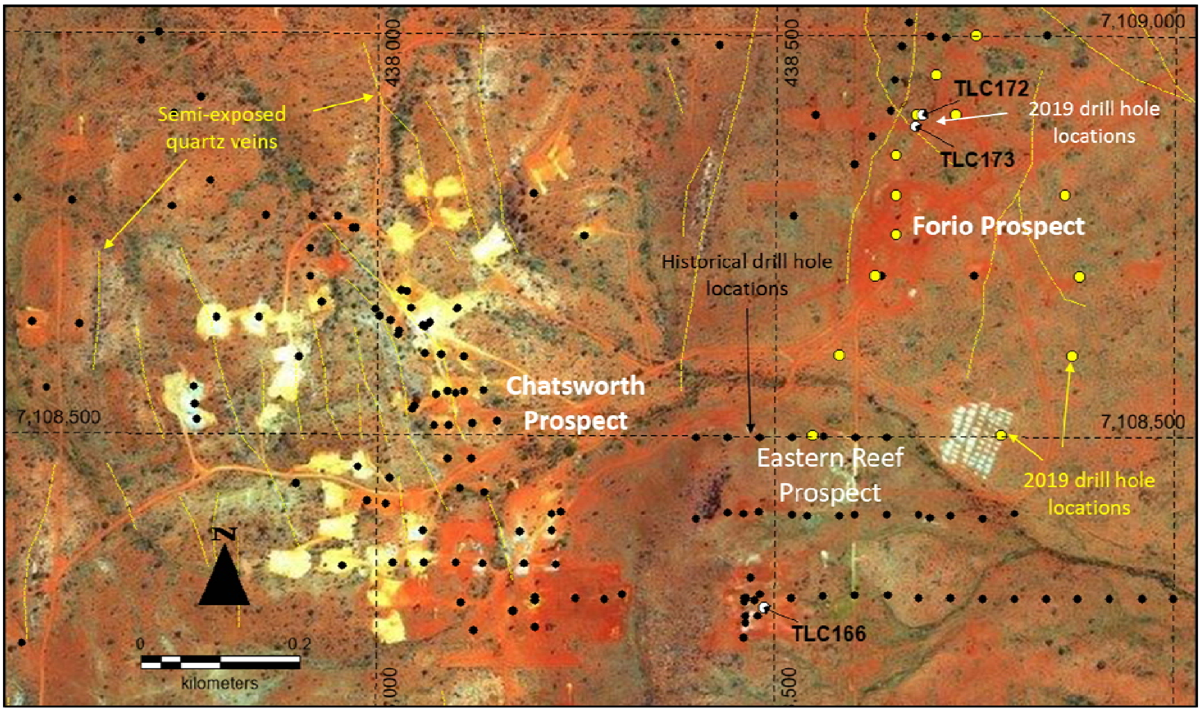

Figure 3 – Tollu Drill Hole Location Map

Forio Prospect Mineralisation

RC drill holes TLC172 and TLC173 have proven short to medium scale continuity, both laterally and to depth, of the thick high grade lens of copper mineralisation intersected at the Forio Prospect in 2018 (**Figure 3**). TLC172 aimed to test the high grade copper mineralisation lens for depth continuity, some 14-15m beneath the 2018 Forio Prospect intersection and TLC173 aimed to test the same lens for lateral continuity, by drilling along the strike of the structure some 15m to the south of the 2017 intersection (**Figure 4**).

The 2020 drill holes show that the lens continues at depth with similar thickness and grade with 13m at 3.04% copper from 57m downhole and laterally to the south, very close to the surface, with 11m at 1.4% copper from 4m downhole, inclusive of 4m at 2.7% copper from 7m downhole (**Figure 4**).

DIRECTORS' REPORT

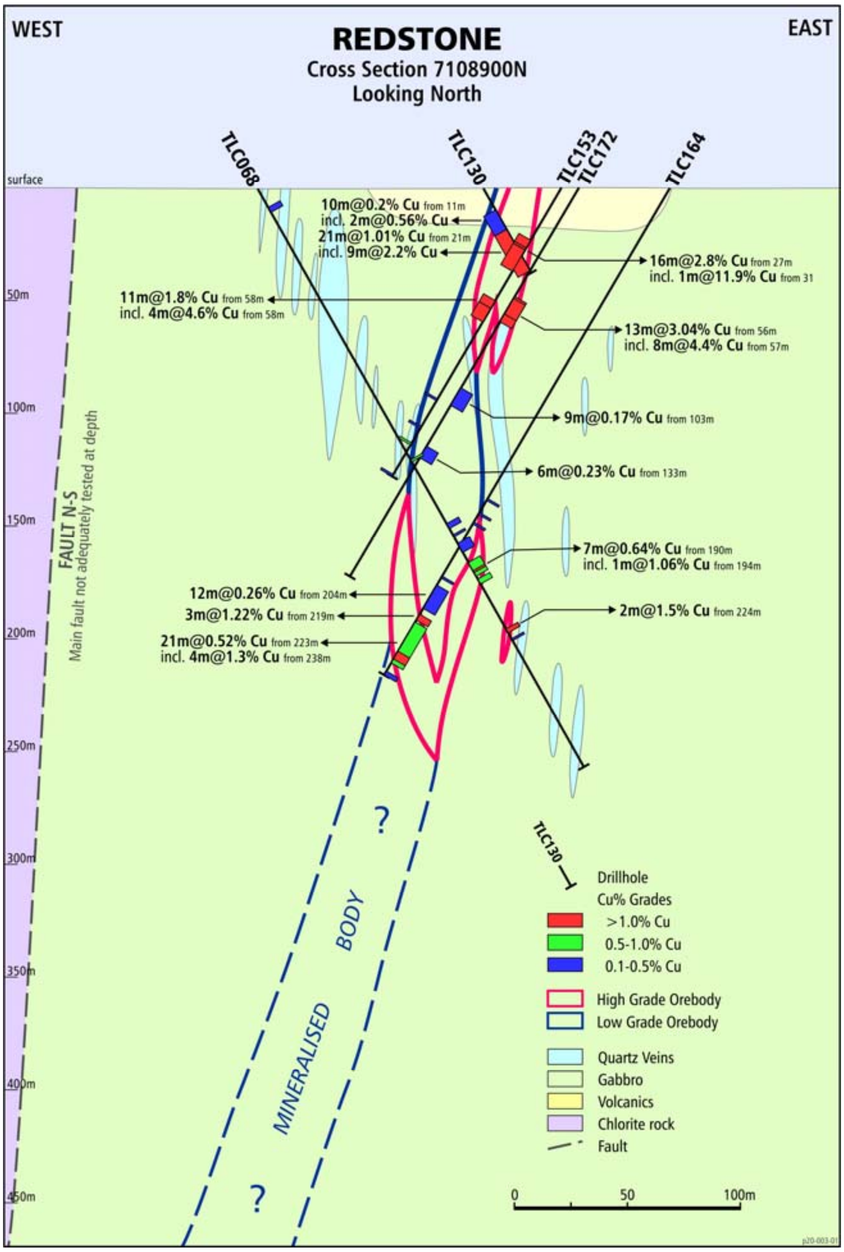

Figure 4 – East-West cross-section (looking north) through the Forio Prospect vein system showing the short and medium scale continuity of the high grade copper mineralisation lens proven by TLC153 and the recently drilled TLC172. Note that the projection of a question marked potential mineralised body at depth in this cross-section is not suggesting that there is, rather that more lenses could exist where drilling has not tested.

Chatsworth Prospect and Eastern Reef Prospect Mineralisation

RC drill hole TLC166 has proven that very thick mineralisation discovered at the intersection of the vein systems of the Chatsworth Prospect and Eastern Reef Prospect (**Figure 3**) is not lost at depth as was previously thought from historical drilling. TLC166 was aimed to test beneath historical drilling which showed that a thick lens of mineralisation intersected in TLC045 (27m at 1.45% Copper from 232m downhole) had not continued in TLC055, which was drilled approximately 70m beneath TLC045 vertically. TLC166 is positioned some 30m beneath TLC055 and 100m beneath TLC045 vertically and 10-12m to the south of both drill holes. It intersected 26m at 1.03% copper from 277m downhole, proving that the thick lens intersected in TLC045 re-emerges at depth or continues but is possibly oriented in a way that did not allow TLC055 to intersect it.

DIRECTORS' REPORT

The 2020 drilling continued to show that the Tollu copper vein system is capable of producing thick high grade lenses of copper mineralisation that can be continuous over the short to medium scale. This information can now be fed into in the current model used for the Tollu resource estimation.

RC Drilling of EM Targets

A total of 1,375m of RC drilling was undertaken in November/December 2019 to test priority ground EM Targets located on the Project, namely Targets EM2 to EM6.

RC drill hole TLC170 targeted an EM anomaly coincident with a large circular magnetic anomaly, known by the Company as the EM5 Target (**EM5**) (**Figure 5**). The finalised results from full geochemical assays has confirmed that the drill hole intersected 95m of disseminated copper sulphides (Chalcopyrite) from 66m downhole with copper concentrations of between 0.03-0.06% copper (**Figure 5**). Although some 28m of the interval was not sampled for assay, the copper sulphides were visible in the field and observed to occur continuously throughout the overall 95m interval. An interesting feature of the interval is elevated concentrations of gold above background, although in trace amounts, and yet to be fully investigated. No other exploration has been carried out in the immediate area, which leaves the copper occurrence untested in all directions, including at depth.

Importantly, the copper sulphides are hosted in a large gabbroic igneous intrusion (**Figure 5**) over 7.2km north east of Tollu (**Figure 6**) and so represent an entirely different prospective target than the copper mineralisation at Tollu. The magnetic anomaly shows that the gabbroic intrusion containing the disseminated copper sulphides in TLC170 is at least 400-450m in diameter, although it may be much larger at depth.

A similar magnetic anomaly, 650m long and 300m wide, is located only 800m to the south east of that intersected by TLC170, possibly related to the same intrusive body at depth. Other magnetic anomalies that exist throughout the Project are now of interest for future exploration.

The 95m intersection of disseminated copper mineralisation in the gabbroic intrusion at EM5, proves the Project is prospective for copper mineralisation beyond what is already known at Tollu. It shows that there is potential for magmatic intrusions throughout the Project that may contain economic concentrations of metals themselves or that may have created the hydrothermal conditions necessary for mobilising and concentrating metals in the volcanic sequences they have intruded or at their contacts.

It is unclear at this stage, if the copper occurrence in TLC170 is represented by the EM anomaly at EM5.

Project Scale Field Mapping Program

A project scale geological mapping field programme was completed covering an area of approximately 135 square kilometres and which focused on a region that encompassed the major Tollu Fault from the southern to northern property boundaries, west to cover the EM1 target area and northeast through EM5 to the EM6 target area (**Figure 6**). The mapping incorporated all of the main target areas identified from the prospectivity review (see above), including some of the zones of interest identified, including Hiding Maggie (refer to Figure 2). However, due to the size of the target area, only the eastern side of Tollu South was covered by the mapping work. Where basement geology or quartz veins were found outcropping at the surface representative rock chip samples were collected for examination and analysis back in Perth. A limited number of these rock chip samples were sent to the laboratory for whole rock geochemical analysis.

DIRECTORS' REPORT

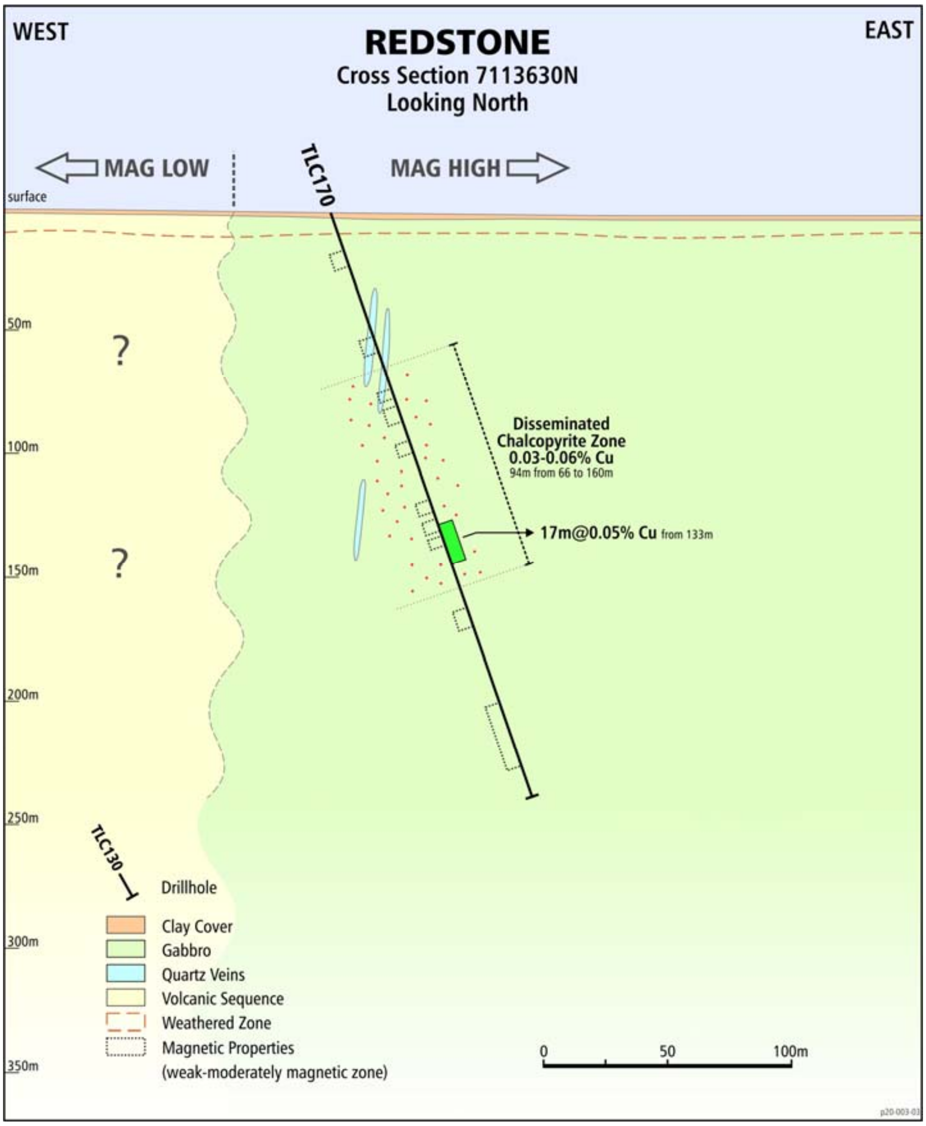

Figure 5 – East-West Cross Section of RC drill hole TLC170, looking North

The returned assay results, which included anomalous copper sulphides in surface rock chip samples returning up to 0.71% copper, along with the observations made in the field, have highlighted at least four zones within the previously identified target areas, that could be prioritised for their potential prospectivity for future copper exploration on the Project. These areas are shown in Figure 6, along with the locations of the samples containing anomalous copper. **Figure 6** also shows the four (4) new target areas (Target Areas) resulting from the 95m thick (downhole) intersection of anomalous copper sulphides in the recently drilled RC drill hole TLC170 at EM5.

As a result of the 2020 drilling two (2) other EM5 'look-a-like' magnetic anomalies have been upgraded to targets for future exploration (**Figure 6**).

DIRECTORS' REPORT

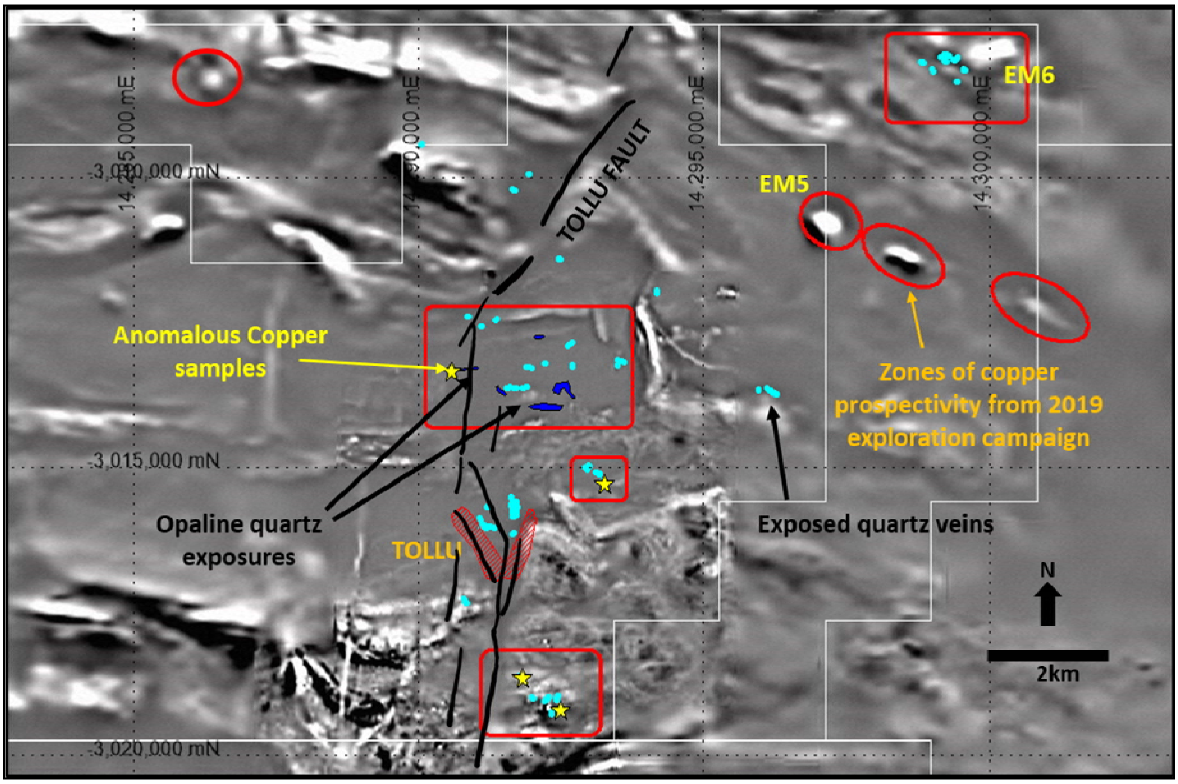

Figure 6 - Location of the anomalous copper samples (yellow stars) and the new Target Areas of prospectivity (red boundaries) identified by the recent exploration campaign (geological mapping and drilling). Opaline quartz is mapped in dark blue and quartz vein outcrops are mapped in light blue. See text for further details.

HANTAILS GOLD PROJECT – FARMIN AND JOINT VENTURE AGREEMENT (RDS: 80%)

During the year Redstone continued its investigation and review of potential new opportunities to add to the Company's project portfolio. This resulted in the 28 July 2020 agreement to farm-in to an 80% interest in the HanTails Gold Project (**HanTails** or the **Project**) (Prospecting licence 26/4308). HanTails is a 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 (see **Figure 7**).

The HanTails Project contains many years of gold tailings deposition material from its original operations during 1986 to 2006, primarily undertaken by then owners Croesus Mining Limited. Based on a drone survey conducted by the vendor of the Project, in conjunction with the TSF engineering parameters, the HanTails TSF is estimated by the vendor to contain approximately 6,300,000 cubic metres of gold tailings deposition material (subject to survey). The specific gravity and the average TSF gold grade has not yet been determined. Further testing and verification by drilling along with metallurgical testing will be required to establish these parameters.

The Company proposes to undertake a swift air core drilling and sampling programme to establish the average gold grade and approximate gold endowment of the HanTails TSF to JORC 2012 status. The Company commenced this programme in September 2020.

The acquisition of HanTails presents an excellent low cost development stage project opportunity for the Company. If proved feasible, the potential gold endowment and production at HanTails has the potential to provide the Company with significant cash flow in the short to medium term.

DIRECTORS' REPORT

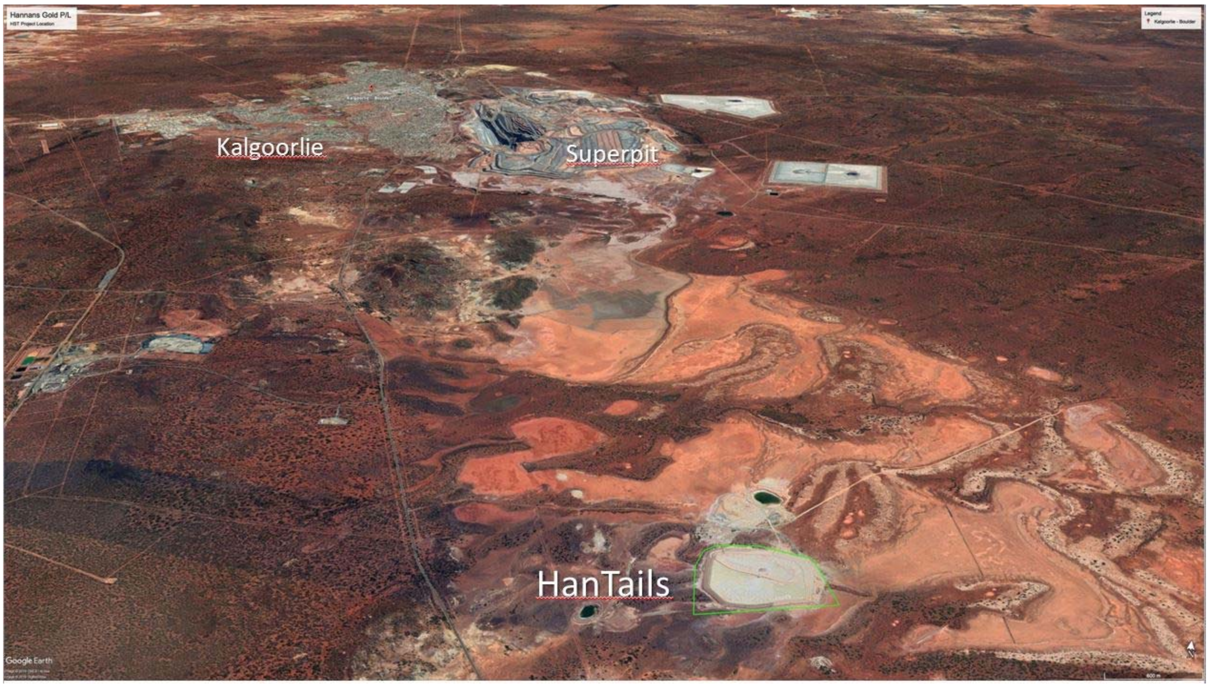

Figure 7 - Location of the HanTails Project TSF 15kms south of Kalgoorlie, Western Australia and 10kms south of the Super Pit.

Exploration Incentive Scheme Co-funded Drilling Grant – Round 20

In December 2019 the Company was successfully awarded the Round 20 EIS co-funding grant (applicable to 31 December 2020) for up to $200,000, to assist with a single deep drill hole of approximately 1,000m at the Chatsworth Prospect. The deep drill hole has been designed to test the transition of Cu-only hydrothermal mineralisation to a potential primary, magmatic Cu-Ni-(Co) mineralisation at depth and has the potential to considerably increase the copper resource at Tollu.

CORPORATE

Research and Development Incentive – FY2019

During the financial year the Company completed and lodged a Research and Development Incentive claim (the **R&D Rebate**) for the 2019 financial year pursuant to the Australian Taxation Office's self-assessment system, with the final amount of $216,000 (before fees) received by Redstone in June 2020.

DIRECTORS' REPORT

Dividends

No dividends were paid during the year and the directors recommend that no dividends be paid or declared for the financial year ended 30 June 2020.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Entity to the date of this report.

Significant Events after Balance Date

HanTails Gold Project Farmin and Joint Venture Agreement

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

Pursuant to the terms of the HanTails Agreement Redstone issued four (4) million fully paid ordinary shares in the Company to the vendor on 29 July 2020 in return for an exclusive due diligence period.

On successful completion of the due diligence and end of the exclusivity period, 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.

Capital Raising – Private Placement

On 30 July 2020 the Company announced that it had completed a private placement to sophisticated and professional investors of 53,571,429 million fully paid ordinary shares in the Company at $0.014 per share to raise $750,000 (before costs).

Extension of Term Application – E69/2450

Tenement E69/2450 held by the Company was due to expire on 18 September 2020. An application for an extension of term for exploration licence E69/2450 for a further two year period to 18 September 2022 was applied for to the Department of Minerals, Industry, Regulation and Safety (**DMIRS**) on 18 September 2020.

Other than as stated above there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial periods.

Likely Developments

Likely developments in the operations of the Entity and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Entity.

DIRECTORS' REPORT

Environmental Issues

The Entity's operations are subject to significant environmental regulation under the law of the Commonwealth and State. The Directors of the Company monitor compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this Report.

Share Options

As at the date of this report, 47,015,048 (2019: 71,015,048) options over unissued ordinary shares in the Company have been granted.

During the period to the date of this report no options were issued and 24,000,000 unlisted options expired.

	Number	Exercise Price	Listed/Unlisted	Expiry Date
	47,015,048	$0.035	Listed - RDSOB	30 April 2021
TOTAL	**47,015,048**			

The options do not entitle the holder to participate in any share issue of the Company.

Directors' Interests

The relevant interests of directors held, directly, indirectly or beneficially, by each specified director including their personally-related entities, in the share capital and unissued shares of the Company as at the date of this report is as follows:

Director	Fully Paid Ordinary Shares		Listed Share Options (ASX: RDSOB)		Unlisted Share Options	
	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly
Richard Homsany	200,000	61,114,778	-	8,021,471	-	-
Edward van Heemst	-	69,750,001	-	6,914,707	-	-
Brett Hodgins	-	4,389,429	-	882,353	-	-

DIRECTORS' REPORT

Meetings of Directors

During the financial year, the following meetings of directors were held:

	Directors' meetings	
	Number eligible to attend	**Number attended**
Mr Richard Homsany	4	4
Mr Edward van Heemst	4	4
Mr Brett Hodgins	4	4

There are no board committees.

Remuneration Report (audited)

This report details the nature and amount of remuneration for each director and key management personnel, including their personally-related entities, of the Company.

- ***Remuneration Policy***

The Board of directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Board acts as the Remuneration Committee and assesses the nature and amount of compensation of key management personnel.

All remuneration paid to directors and executives is valued at cost to the Entity and expensed. Options granted to directors are valued using the Black-Scholes option pricing model. Directors are also eligible to participate in the Company's Employee Share Option Plan (**ESOP**). Any such options to be offered to Directors under the terms of the ESOP require shareholders' approval. These Options are issued for nil consideration and do not have performance conditions attached other than continued employment with the Entity.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and will review their remuneration annually, based on market practice, duties and accountability and to ensure their remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. Independent external advice is sought where required.

The maximum amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are currently fixed at up to $250,000 and are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Options have been and will be issued to directors of the Company. The purpose of issuing options to directors as part of a remuneration package is to be able to attract, retain and motivate people of the highest calibre to oversee management of the Company's operations by providing them with an opportunity to participate in the company's future growth and give them an incentive to contribute to that growth. The issue of options as a part of remuneration packages is a well-established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the directors.

- ***Performance based remuneration***

The Board seeks to align the interests of shareholders and executive directors through a performance related incentive package where applicable. No performance based amounts have been paid or determined to be paid to executives at this stage of the Company's development.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

- ***Company Performance, Shareholder Wealth and Director/Executive Remuneration***

The Company's policy is to promote company performance and shareholder wealth by issuing options to directors with the purpose of:

- aligning the interests of directors with shareholders;
- rewarding capability and experience;
- providing competitive reward for contribution to shareholder wealth;
- providing a clear structure for earning rewards; and
- providing recognition for contribution.

- ***Details of Remuneration***

Year ended 30 June 2020

Directors	Cash Salary and fees ($)	Other – Motor Vehicle ($)	Superannuation ($)	Share Options ($)	Total ($)	Performance Related ($)
Richard Homsany Non-Executive Chairman	60,000	-	2,708	-	62,708	-
Edward van Heemst Non-Executive Director	18,000	-	-	-	18,000	-
Brett Hodgins Non-Executive Director	12,000	-	-	-	12,000	-

Year ended 30 June 2019

Directors	Cash Salary and fees ($)	Other – Motor Vehicle ($)	Superannuation ($)	Share Options ($)	Total ($)	Performance Related ($)
Richard Homsany Non-Executive Chairman	60,000	-	1,710	-	61,710	-
Edward van Heemst Non-Executive Director	18,000	-	-	-	18,000	-
Brett Hodgins Non-Executive Director	12,000	-	-	-	12,000	-

There are no performance conditions attached to remuneration paid during the current or previous financial year.

- ***Options Granted as Remuneration***

There were no options over ordinary shares in the Company granted to directors and/or specified executives during the current and prior reporting periods.

Remuneration Report (audited) (continued)

Non-Executive Directors

Mr Homsany and his related entity Cardinals Corporate Pty Ltd, of which he is a director was paid an annual director's fee of $62,708 (inclusive of applicable superannuation) for director services for the financial year to 30 June 2020.

Mr van Heemst and his related entity, Troyward Pty Ltd, is entitled to, and accrued, an annual director fee of $18,000 (inclusive of applicable superannuation) for the financial year ended 30 June 2020.

Mr Hodgins and his related entity, Jaybre Consulting Pty Ltd has accrued fees of $12,000 (inclusive of applicable superannuation) for director services for the financial year to 30 June 2020.

Non-Executive directors may charge consulting fees at commercial rates. Consulting fees paid to directors are separate from any responsibility they may have to the Company or the role they perform as a result of their appointment as a Director of the Company.

Transactions with Key Management Personnel

During the financial year the Entity occupied the office premises of a director-related entity of Mr Homsany on a monthly tenancy for an agreed gross commercial 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.

During the financial year the Entity received or is entitled to receive an amount totalling $54,000 (excluding GST) from Toro Energy Limited, a company of which Mr Homsany is the executive chairman, for the hire of exploration equipment.

There were no other loans outstanding to or from key management personnel during the year.

Option Holdings

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities, is as follows:

	Held 1 July 2019	Granted as remuneration – Unlisted Options	Entitlement Issue – Listed Options (ASX: RDSOB)	Exercised	Sold	Expired	Held as at 30 June 2020
Director							
Richard Homsany Non-Executive Chairman	8,021,471	-	-	-	-	-	8,021,471
Edward van Heemst Non-Executive Director	6,914,707	-	-	-	-	-	6,914,707
Brett Hodgins Non-Executive Director	882,353	-	-	-	-	-	882,353

All options are exercisable from the date of issue.

DIRECTORS' REPORT

Equity Holdings and Transactions

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

	Held at 1 July 2019	Received on Exercise of Options	Entitlement Issue	Acquired/ (Disposed) on Market	Other changes	Held as at 30 June 2020
Directors						
Richard Homsany Non-Executive Chairman	57,542,448	-	-	3,772,330	-	61,314,778
Edward van Heemst Non-Executive Director	67,079,414	-	-	2,670,587	-	69,750,001
Brett Hodgins Non-Executive Director	4,389,429	-	-	-	-	4,389,429

Exercise of options granted as remuneration

During the period there were no shares issued on the exercise of any options granted as remuneration.

****** End of Remuneration Report ******

DIRECTORS' REPORT

Indemnification and insurance of Officers

The Company currently has Directors and Officers insurance. The Company has entered into deeds with each director indemnifying each director against liabilities arising out of their conduct while acting in the capacity of a director of the Company to the full extent permitted by law.

The insurance premium relates to liabilities that may arise from an Officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The Officers covered by the insurance policies are the Directors and the Company Secretary.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Auditor

Butler Settineri (Audit) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

There were no non-audit services provided by the Entity's auditor during the financial year.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Legal Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors.

R Homsany

Chairman

Perth, Western Australia

Dated this 29h day of September 2020

BUTLER SETTINERI
Real People. Better Business

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Redstone Resources Limited for the year ended 30 June 2020, 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 audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

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

BUTLER SETTINERI (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 29 September 2020

CORPORATE GOVERNANCE STATEMENT

Redstone Resources Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2020 Corporate Governance Statement is dated at 30 June 2020 and reflects the corporate governance practices in place throughout the 2020 financial year.

In accordance with ASX Listing Rule 4.10.3 the Company has elected to disclose its Corporate Governance Policies and its compliance with them during the 2020 financial year on the Company's website rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance Statement is set out on the Company's website at www.redstone.com.au.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue			
Other revenue	3(b)	177,855	87,622
Expenses			
Administration expenses	3(c)	54,946	54,517
Employee and directors' benefits expenses	3(d)	208,628	202,692
Consulting expense		-	32,094
Depreciation expense	3(e)	1,512	2,170
Finance costs	3(f)	1,477	1,943
Other expenses from ordinary activities		79,238	75,451
Loss before interest and taxes		**(167,946)**	**(281,245)**
Interest revenue	3(a)	3,014	4,107
Loss before income tax		**(164,932)**	**(277,138)**
Income tax expense	4	-	-
Loss after tax for the year		**(164,932)**	**(277,138)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(164,932)**	**(277,138)**
Basic and Diluted Loss per share (cents per share)	14	(0.03)	(0.06)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Current assets			
Cash and cash equivalents	5	381,991	766,426
Trade and other receivables	6	9,773	20,417
Other assets	9	3,563	4,266
Total current assets		**395,327**	**791,109**
Non-current assets			
Deferred exploration expenditure	7	6,652,408	6,436,913
Plant and equipment	8	3,666	5,178
Total non-current assets		**6,656,074**	**6,442,091**
Total assets		**7,051,401**	**7,233,200**
Current liabilities			
Trade and other payables	10	315,945	333,924
Provisions	11	18,142	17,030
Total current liabilities		**334,087**	**350,954**
Total liabilities		**334,087**	**350,954**
Net assets		**6,717,314**	**6,882,246**
Equity			
Issued capital	12(a)	25,200,714	25,200,714
Reserves	13	-	138,256
Accumulated losses		(18,483,400)	(18,456,724)
Total equity		**6,717,314**	**6,882,246**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Contributed Equity $	Accumulated Losses $	Share Option Reserve $	Total Equity $
At 30 June 2018	**23,745,739**	**(18,179,586)**	**138,256**	**5,704,409**
Total comprehensive income attributable to members	-	(277,138)	-	(277,138)
Share capital issued	1,598,511	-	-	1,598,511
Capital issue costs	(143,536)	-	-	(143,536)
At 30 June 2019	**25,200,714**	**(18,456,724)**	**138,256**	**6,882,246**
Total comprehensive income attributable to members	-	(164,932)	-	(164,932)
Transfer on expiry of options	-	138,256	(138,256)	-
At 30 June 2020	**25,200,714**	**(18,483,400)**	**-**	**6,717,314**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(284,742)	(186,196)
Interest received		3,014	4,107
Interest paid		-	-
Income tax paid		-	-
Other income		75,555	42,000
Other income - R&D concession		98,300	29,979
Net cash flows used in operating activities	23	(107,873)	(110,110)
Cash flows from investing activities			
Exploration expenditure		(371,386)	(203,085)
R&D tax concession received		117,577	186,170
Net cash flows used in investing activities		(253,809)	(16,915)
Cash flows from financing activities			
Proceeds from issue of securities		-	923,511
Payment of security issue costs		(22,753)	(152,878)
Net cash flows from financing activities		(22,753)	770,633
Net (decrease)/increase in cash held		(384,435)	643,608
Cash at the beginning of the financial year		766,426	122,818
Cash at end of financial year	5	**381,991**	**766,426**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. Corporate information

The financial report of Redstone Resources Limited and its controlled entities (the Entity or Group) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors of the Entity's parent entity, Redstone Resources Limited, on 29 September 2020.

Redstone Resources Limited (Redstone or the Company) 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 operations and principal activities of the Entity are described in the Directors' Report.

The Group is a for-profit entity for the purpose of preparing financial statements.

2. Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards, Accounting Interpretations and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis and is presented in Australian dollars.

b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2020.

c) Adoption of new and revised standards

The Entity has also reviewed all new Standards and Interpretations that have been issued and are effective for the year ended 30 June 2020. This included AASB 16 *Leases.* The Entity has a single short term lease which is excluded from the requirements of the standard. As a result of this review the Directors have determined that there is no material impact or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Entity's accounting policies.

d) New accounting standards not yet implemented

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. A discussion of those future requirements and their impact on the Entity follows:

- AASB 2014-10*: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable for annual reporting periods commencing on or after 1 January 2022). Initial application of this standard is expected to be in the financial year ending 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

d) **New accounting standards not yet implemented (continued)**

This amendment addresses a current inconsistency between AASB10: *Consolidated Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures (2011)*. The amendment clarifies that, on sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3: *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business.

The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2018-6*: Amendments to Australian Accounting Standards – Definition of a Business* (applicable for annual reporting periods commencing on or after 1 January 2020). Initial application of this standard is expected to be in the financial year ending 30 June 2021.

  AASB 2018-6 amends AASB 3 *Business Combinations* to clarify the definition of a business assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

  The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2018-7*: Amendments to Australian Accounting Standards – Definition of Material* (applicable for annual reporting periods commencing on or after 1 January 2020). Initial application of this standard is expected to be in the financial year ending 30 June 2021.

  AASB 2018-7 principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* by refining the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications.

  The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2019-1*: Amendments to Australian Accounting Standards – References to the Conceptual Framework* (applicable for annual reporting periods commencing on or after 1 January 2020). Initial application of this standard is expected to be in the financial year ending 30 June 2021.

  AASB 2019-1 amends Australian Accounting Standards, Interpretations and other pronouncements to reflect this issuance of the revised *Conceptual Framework for Financial Reporting (Conceptual Framework).*

  The application of the *Conceptual Framework* is limited to:
  - For profit entities that have public accountability;
  - Other for-profit entities that voluntarily elect to apply the *Conceptual Framework*

  The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2019-3*: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* (applicable for annual reporting periods commencing on or after 1 January 2020). Initial application of this standard is expected to be in the financial year ending 30 June 2021.

  AASB 2019-3 amends AASB 7 *Financial Instruments: Disclosures,* AASB 9 *Financial Instruments* and AASB 139 *Financial Instruments: Recognition and Measurement* to modify some specific hedge accounting requirements to provide relief from the potential effects if the uncertainty caused by the interest rate benchmark reform.

  The standard is not expected to have a material impact on the financial statements when first adopted.

d) **New accounting standards not yet implemented (continued)**

- AASB 2019-5*: Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia* (applicable for annual reporting periods commencing on or after 1 January 2020). Initial application of this standard is expected to be in the financial year ending 30 June 2021.

  AASB 2019-5 makes amendments to AASB 1054 *Australian Additional Disclosures* by adding a disclosure requirement to an entity intending to comply with IFRS standards to disclose the information specified in paragraphs 30 and 31 of AASB108 *Accounting Policies, Changes in Accounting Estimates and Errors* on the potential effect of an IFRS standard that has not yet been issued by the AASB.

  The standard is not expected to have a material impact on the financial statements when first adopted.

- AASB 2020-1*: Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current* (applicable for annual reporting periods commencing on or after 1 January 2022). Initial application of this standard is expected to be in the financial year ending 30 June 2023.

  AASB 2020-1 makes amendments to AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

  A liability is classified as current for an entity if the entity has no right at the end of the reporting period to defer settlement for the liability for at least 12 months after the reporting period.

  The standard is not expected to have a material impact on the financial statements when first adopted.

The adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Entity’s reported results and financial position as they do not result in any changes to the Entity’s accounting policies. Adoption, will however, result in changes to information currently disclosed in the financial statements. The Entity does not intend to adopt any of these pronouncements before their effective dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

e) **Parent entity information**

The financial information for the Parent Entity, Redstone Resources Limited, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements.

f) **Significant accounting judgments, estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Capitalisation of exploration and evaluation expenditure
Under AASB 6 Exploration for and Evaluation of Mineral Resources the Entity has the option to either expense exploration and evaluation expenditure as incurred or to capitalise such expenditure provided that certain conditions are satisfied. The Entity applies the latter policy as outlined in note 2(n).

Impairment of plant and equipment
Plant and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

Share based payment transactions
The Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either Black-Scholes or binomial methodology.

g) **Revenue Recognition**

Revenues are recognised to the extent that it is probable that the economic benefit will flow to the Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue can be recognised.

(i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services
Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. Contracts with customers for the provision of exploration equipment are invoiced monthly in arrears for a predetermined rate.

(iii) Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Dividends
Revenue is recognised when the Entity's right to receive the payment is established.

(v) R&D Incentive
Research and Development (R&D) Incentive revenue is recognised upon lodgement of the Entity's annual Company Tax return with the Australian Taxation Office, which includes the amount of R&D incentive rebate determined as per the annual R&D Incentive application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

h) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

i) **Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

j) **Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less credit loss allowances. Trade receivables are generally due for settlement within 30 days.

Credit loss allowances of trade receivables are continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. A credit loss allowance account is used when there is objective evidence that the Entity will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Entity in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Entity. The credit loss allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the credit loss allowance is recognised in the consolidated statement of comprehensive income within other expenses. When a trade receivable for which a credit loss allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other income in the consolidated statement of comprehensive income.

k) **Financial Assets**

Financial assets in the scope of AASB 9 *Financial Instruments* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

k) **Financial Assets (continued)**

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

l) **Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

m) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the consolidated statement of financial position are shown inclusive of GST. The net amount of GST recoverable or payable is included as a current asset or current liability in the consolidated statement of financial position. Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable or payable are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

n) **Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

o) **Plant and equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing balance basis over their useful lives to the Entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	**Depreciation rate**
Office furniture & equipment	7.5% to 20%
Exploration & digital equipment	10% to 20%

Derecognition and disposal
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain of loss arising on derecognition of the asset (calculated as the difference between the net disposal and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

p) **Derecognition of financial assets and liabilities**

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Entity has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Entity's continuing involvement is the amount of the transferred asset that the Entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

q) **Impairment**

The Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

q) **Impairment (continued)**

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

r) **Goodwill**

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

s) **Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Entity.

t) **Employee benefits**

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Annual leave entitlements are accounted for as a provision.

ii. Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is in accordance with i. above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii. Superannuation

Contributions are made by the Entity to employee superannuation funds and are charged as expenses when incurred.

u) **Interest-Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

w) **Share-based payment transactions**

The Entity provides incentives to employees (including directors) of the Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company has in place an Employee Share Option Plan (ESOP) which provides benefits to directors, senior executives and key employees. Key terms of the ESOP are as follows:

- The ESOP is available to eligible persons who will be determined by the Board but must be persons who are Directors or employees of the Entity;
- Options are issued for nil consideration;
- The exercise price is determined by the Board with regard to the market value of the Company's shares at the time it resolves to offer the options;
- Options will be issued subject to certain conditions that must be satisfied for them to be exercised to be determined by the Board when it resolves to offer the Options and in accordance with the purpose of the ESOP;
- The expiry date of the Options will be determined by the Board prior to the offer of the relevant options, subject to any restrictions in the Corporations Act, but in any event no longer than 5 years from the date of issue;
- Options will lapse if the eligible person ceases to be an eligible person for any reason other than retirement, permanent disability, redundancy or death;
- Options are not transferable;
- Any shares issued will rank equally with the Company's then existing issued shares;
- The issue of Options to Directors will require shareholder approval in accordance with the ASX Listing Rules and the Corporations Act.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using Black-Scholes and binomial methods.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Redstone Resources Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Where the Entity acquires some form of interest in an exploration tenement and the consideration comprises share based payment transactions, the fair value of the equity instruments granted is measured at the grant date. The cost of the equity securities is recognised within capitalised exploration expenditure together with a corresponding increase in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

w) **Share-based payment transactions (continued)**

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

x) **Share capital**

Ordinary share capital is recognised at the fair value of the consideration received by the Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

y) **Earnings per share**

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Entity, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to potential ordinary shares.

z) **Joint venture arrangements**

Jointly controlled operations

Where the Entity is a venturer (and so has joint control) in a jointly controlled operation the Entity recognises the assets that it controls and the liabilities it incurs, along with the expenses that it incurs and the Entity's share of the income that it earns from the sale of goods and services by the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

aa) **Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

ab) **Foreign currency**

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of the Entity, and the presentation currency for the consolidated financial statements.

ac) **Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Redstone Resources Ltd and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

ad) **Principles of going concern**

The Entity recorded a loss of $164,932 for the year ended 30 June 2020 and as at 30 June 2020 had net current assets of $61,240 and exploration commitments of $90,713 for the next year (note 21). The financial report has been prepared on a going concern basis, as the Directors are of the opinion that the Entity will be able to pay its debts as and when they fall due.

Subsequent to the end of the financial year the Company undertook a capital raising by private placement to professional and sophisticated investors of 53,571,429 million fully paid ordinary shares in the Company at $0.014 per share to raise $750,000 (before costs).

The Directors contemplate continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

			Consolidated 2020 $	Consolidated 2019 $
3.		**Revenue and expenses**		
	(a)	**Interest**		
		Interest income	3,014	4,107
	(b)	**Revenue**		
		Exploration hire income	54,000	42,000
		Other income		
		Government incentives and rebates	25,555	-
		R&D concession	98,300	45,622
			177,855	87,622
	(c)	**Rent payable under short term leases**	27,600	27,600
	(d)	**Employee and directors' benefits expenses**	208,628	202,692
	(e)	**Depreciation expense**		
		Plant and equipment	1,512	2,170
	(f)	**Finance costs**		
		Other third parties	1,477	1,943
		Interest is expensed as it accrues.		
	(g)	**Dividends**	-	-

No dividends have been paid or are proposed as at 30 June 2020.
As at 30 June 2020 the Company has no franking credits available for use in future years.

			2020 $	2019 $
4.		**Income tax**		
	(a)	**The components of tax expense comprise:**		
		Current tax	-	-
		Deferred tax	-	-
			-	-

4. Income tax (continued)

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense in the financial statements is as follows:

	Consolidated 2020 $	2019 $
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2019: 30%)	(49,480)	(83,141)
Add/(less) tax effect of:		
- Revenue losses and other deferred balances not recognised	80,045	96,147
- Other non-deductible items	2,992	681
- Other non-assessable items	(33,557)	(13,687)
Income tax expense	-	-

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

(c) Deferred tax recognised at 30% (2019: 30%):

	2020	2019
Deferred tax liabilities:		
Exploration expenditure	(2,085,865)	(1,902,314)
Prepayments	(152)	-
Deferred tax assets:		
Carry forward revenue losses	2,085,817	1,902,314
Net deferred tax	-	-

(d) Unrecognised deferred tax recognised at 30% (2019: 30%):

	2020	2019
Carry forward revenue losses	4,381,292	4,375,215
Carry forward capital losses	21,692	21,692
Other	33,089	45,861
Provisions and accruals	7,140	20,458
	4,443,213	4,463,226

These deferred tax assets will only be obtained if:

a) future assessable income is derived of a nature and of an amount sufficient to enable the benefits to be utilised;

b) the Entity continues to comply with the conditions for deductibility imposed by law; and

c) no changes in the income tax legislation adversely affect the Entity in utilising the benefits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

4. Income tax (continued)

It is considered that it is not probable that the Entity will utilise all its carry forward tax losses in the foreseeable future, hence it is not expected to pay tax in the foreseeable future. The deferred tax balances noted above have therefore not been accounted for in the consolidated statement of financial position.

Redstone Resources Limited and its controlled entities have not elected to form a tax consolidation group.

		Consolidated	
		2020 $	2019 $
5.	**Cash and cash equivalents**		
	Cash at bank	371,991	252,633
	Cash on deposit	10,000	513,793
		381,991	766,426
6.	**Trade and other receivables**		
	Current		
	Trade debtor	4,400	-
	GST receivable	5,373	20,417
		9,773	20,417
7.	**Deferred exploration expenditure**		
	Exploration costs brought forward	6,436,913	6,341,048
	Expenditure incurred on exploration assets	318,775	294,251
	Reimbursement of capitalised costs	(103,280)	(198,386)
	Carrying amount at the end of the year	6,652,408	6,346,913

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated	
		2020	2019
		$	$
8.	**Plant and equipment**		
	At cost	144,940	144,940
	Accumulated depreciation	(141,274)	(139,762)
	Total written down value	3,666	5,178

Reconciliation
A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial period.

Plant and equipment

	2020	2019
Carrying amount at beginning of year	5,178	7,348
Depreciation expense	(1,512)	(2,170)
Total plant and equipment	3,666	5,178

9. Other assets

Current

	2020	2019
Prepayments	3,563	4,266

10. Trade and other payables

Current

	2020	2019
Trade creditors (i)	201,040	273,889
Other creditors (ii)	114,905	60,035
Total current trade and other payables	315,945	333,924

Terms and conditions relating to the above financial instruments:
(i) Trade creditors are non-interest bearing and are normally settled on 14-30 days terms, other than for related party creditors of the Entity totalling $101,359 (2019: $127,294) 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 $81,600 (2019: $30,000) which, by mutual agreement with the Entity, currently have no set term for payment.

Trade and other payables include $90,101 (2019: $136,016) relating to exploration expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated	
		2020	2019
		$	$
11.	**Provisions**		
	Employee entitlements		
	Opening balance at 1 July 2019	17,030	17,404
	Provision additions	10,667	14,859
	Amounts used/paid out	(9,555)	(15,233)
	Balance as at 30 June 2020	18,142	17,030
	Current	18,142	17,030

Provision for employee entitlements relates to the Group's liability for annual leave and long service leave.

		2020	2019
12.	**Issued Capital**		
(a)	Issued and paid up capital 473,964,306 (2019: 473,964,306) ordinary shares fully paid	25,200,714	25,200,714
	Listed $0.035 options (ASX: RDSOB) expiring 30 April 2021 – 47,015,048 (2019: 47,015,048)	-	-
		25,200,714	25,200,714

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised share capital and issued shares do not have a par value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

12. Issued Capital (continued)

(b) Movements in fully paid ordinary shares during the year were as follows:

	2020		2019	
	No. of Shares	**$**	**No. of Shares**	**$**
Movements in shares on issue				
Opening balance	473,964,306	25,200,714	379,934,261	23,745,739
Prorata non renounceable 1:3 Entitlement Offer - 9 October 2018	-	-	85,382,485	1,451,502
Prorata non renounceable 1:3 Entitlement Offer Shortfall - 18 December 2018	-	-	5,059,324	86,009
Prorata non renounceable 1:3 Entitlement Offer Shortfall - 3 January 2019	-	-	588,236	10,000
Prorata non renounceable 1:3 Entitlement Offer Shortfall - 29 March 2019	-	-	3,000,000	51,000
Share issue costs	-	-	-	(143,536)
Closing balance	473,964,306	25,200,714	473,964,306	25,200,714

(c) Movements in options issued during the year were as follows:

	2020		2019	
	No. of Listed Options (RDSOB)	**$**	**No. of Listed Options (RDSOB)**	**$**
Movements in listed options on issue				
Opening balance	47,015,048	-	-	-
Prorata non renounceable 1:3 Entitlement Offer (ASX: RDSOB) – 9 October 2018	-	-	42,691,267	-
Prorata non renounceable 1:3 Entitlement Offer Shortfall (ASX: RDSOB) – 18 December 2018	-	-	2,529,663	-
Prorata non renounceable 1:3 Entitlement Offer Shortfall (ASX: RDSOB) – 3 January 2019	-	-	294,118	-
Prorata non renounceable 1:3 Entitlement Offer Shortfall (ASX: RDSOB) - 29 March 2019	-	-	1,500,000	-
Option expiry (ASX: RDSOA) – 31 July 2018	-	-	-	-
Closing balance	47,015,048	-	47,015,048	-

12. Issued Capital (continued)

(c) Movements in options issued during the year (continued):

Movements in unlisted options on issue

During the financial year 24,000,000 unlisted options over ordinary shares expired. No unlisted options over ordinary shares were issued or converted into ordinary shares.

Unlisted share options	As at 30 June 2019	Issued/ (lapsed)	As at 30 June 2020	Exercise price	Exercisable from	Expiry
Unlisted options	10,000,000	(10,000,000)	-	0.015	28 Feb 17	28 Feb 20
Unlisted options	10,000,000	(10,000,000)	-	0.020	28 Feb 17	28 Feb 20
Unlisted options	2,000,000	(2,000,000)	-	0.015	7 Mar 18	31 Jan 20
Unlisted options	2,000,000	(2,000,000)	-	0.020	7 Mar 18	31 Jan 20
Total options	**24,000,000**	**(24,000,000)**	**-**			
Weighted average exercise price (cents/share)	0.0175		-			
Weighted average exercise price of lapsed options (cents/share)		0.0175				
		-				
Weighted average exercise price of issued options (cents/share)		-				

The weighted average remaining contractual life of unlisted options on issue as at 30 June 2020 is nil years (2019: 0.65 years). As at 30 June 2020 there are no unlisted options on issue.

(d) Terms and conditions of contributed equity

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Option holders do not have the right to receive dividends nor are they entitled to vote at a meeting of the company.

(e) Employee Share Option Plan (ESOP)

Key terms relating to the Employee Share Option Plan (ESOP) are set out in note 2(w).

During the financial year no options were issued to eligible persons pursuant to the ESOP (2019: nil) and no options lapsed or expired (2019: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. Reserves

	Consolidated	
	2020 $	2019 $
Share option reserve (i)	-	138,256

(i) This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration and as consideration for other equity settled transactions.

Movements in reserves are set out in the Statement of Changes in Equity.

14. Loss per share

	Consolidated	
	2020	2019
Basic loss per share (cents per share)	(0.03)	(0.06)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	473,964,306	448,486,913
Earnings used in the calculation of basic loss per share	(164,392)	(277,138)

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

15. Key management personnel disclosures

(a) *Key management personnel*
The directors of Redstone Resources Limited during the financial year were:

Richard Homsany (*BCom, LLB (Hons), CPA, Grad. Dip. FINSIA, F Fin, MAICD)* - Non-Executive Chairman
Edward van Heemst *(B Com, MBA, CA, CPA)* – Non-Executive Director
Brett Hodgins (*BSc (Hons), Grad Dip FINSIA*) – Non-Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

15. Key management personnel disclosures (continued)

(b) ***Remuneration of key management personnel***

Refer to the Remuneration Report included on pages 17 to 20 for details of remuneration paid to directors and the specified executives.

(c) ***Share holdings of key management personnel***

2020	Held as at 1 July 2019	Acquired/ (Disposed) on Market	Acquired/ (Disposed) off Market	Entitlement Issue/ Underwriting	Other Changes	Held as at 30 June 2020
Directors						
R Homsany	57,542,448	3,772,330	-	-	-	61,314,778
E van Heemst	67,079,414	2,670,587	-	-	-	69,750,001
B Hodgins	4,389,429	-	-	-	-	4,389,429

2019	Held as at 1 July 2018	Acquired/ (Disposed) on Market	Acquired/ (Disposed) off Market	Entitlement Issue	Other Changes	Held as at 30 June 2019
Directors						
R Homsany	34,668,392	6,831,114	-	16,042,942	-	57,542,448
E van Heemst	51,750,001	1,500,000	-	13,829,413	-	67,079,414
B Hodgins	2,624,723	-	-	1,764,706	-	4,389,429

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(d) Transactions with key management personnel

Refer to the Remuneration Report included on pages 17 to 20 for details of transactions with key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated	
		2020	2019
		$	$
16.	**Employee benefits**		
	Aggregate liability for employee benefits		
	Current		
	Trade and other payables	12,189	19,799
	Employee entitlement provision	18,141	17,030
		30,330	36,829
	Non-Current		
	Employee entitlement provision	-	-
		-	-

The Entity has in place an employee share option plan (ESOP) for the granting of non-transferable options to certain directors, senior executives and key employees, further details of which are provided in note 2(w).

		2020	2019
17.	**Auditors remuneration**		
	Amounts received or due and receivable by the auditors of the Entity for:		
	- an audit or review of the financial statements of the Entity	20,088	22,142
	- non audit services	-	-
		20,088	22,142

18. Subsequent events

HanTails Gold Project Farmin and Joint Venture Agreement

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

Pursuant to the terms of the HanTails Agreement Redstone issued four (4) million fully paid ordinary shares in the Company to the vendor on 29 July 2020 in return for an exclusive due diligence period.

On successful completion of the due diligence and end of the exclusivity period, 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.

Capital Raising – Private Placement

On 30 July 2020 the Company announced that it had completed a private placement to sophisticated and professional investors of 53,571,429 million fully paid ordinary shares in the Company at $0.014 per share to raise $750,000 (before costs).

Extension of Term Application – E69/2450

Tenement E69/2450 held by the Company was due to expire on 18 September 2020. An application for an extension of term for exploration licence E69/2450 for a further two year period to 18 September 2022 was applied for to the Department of Minerals, Industry, Regulation and Safety (**DMIRS**) on 18 September 2020.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Entity, the results of those operations, or the state of affairs of the Entity in future financial periods

19. Segment Reporting

The Entity has one operating segment being the distinct geographical location of its Area of Interest in Australia (the Entity's primary basis of segmentation).

20. Related Party Transactions

Other than disclosed in note 15 there were no other related party transactions during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

21. 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.

The annual expenditure commitments (including access fees) on granted tenements as at 30 June 2020 amount to $90,713 (2019: $186,000). Exploration Licence E69/240 was due to expire on 18 September 2020. On 18 September 2020 the Company applied to the Department of Minerals, Industry, Regulation and Safety (**DMIRS**) for an extension of term for exploration licence E69/2450 for a further two year period to 18 September 2022. The annual expenditure commitment for the extended term is $123,000.

The future exploration commitment (including access payments) of the Entity relating to granted tenements is as follows:

	Consolidated	
Cancellable operating lease commitments for exploration tenements	2020 $	2019 $
Within one year	90,713	186,000
One year or later and no later than five years	47,040	59,375
Later than five years	-	-
	137,753	245,375

These obligations may vary from time to time, are subject to approval and are expected to be fulfilled in the normal course of operations by the relevant entity. Further, these obligations are subject to the possibility of adjustment to the amount and timing of such obligations or extinguished upon any surrender of the tenement.

Operating lease commitments

	Consolidated	
Cancellable operating lease commitments	2020 $	2019 $
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

Capital Commitments

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

22. Financial Risk Management

(a) Overview
The Entity has exposure to the following risks from use of their financial instruments

- credit risk
- liquidity risk
- market risk

This note presents information about the Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework.

(b) Credit risk
Credit risk is the risk of financial loss to the Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Entity's receivables from customers and investments.

(c) Liquidity risk
Liquidity risk is the risk that the Entity will not be able to meet its financial obligations as they fall due. The Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Entity's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

It is the Entity's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days (excluding those amounts due to related party creditors of the Entity), including the servicing of financial obligations.

The contractual maturities of the financial liabilities referred to in note 10 to the financial report for the Entity at reporting date are less than 3 months, other than for related party creditors of the Entity ($182,959), which by mutual agreement currently have no set date for payment.

(d) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Entity's income or the value of its holdings of financial instruments.

(i) Price Risk
The Entity has no exposure to price risk.

(ii) Currency risk
The Entity is exposed to currency risk on purchases and investments that are denominated in a currency other than their functional currency, namely the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are the United States dollar (USD).

To date, currency risk has not been material to the Entity.

22. Financial Risk Management (continued)

(d) Market risk (continued)

(iii) Interest rate risk
The cash balance of $381,991 as at 30 June 2020 is sensitive to interest rate risk whereby a 1% per annum movement in interest rates would impact the consolidated statement of comprehensive income and net equity by $3,820. This risk is not considered to be material.

At reporting date the Entity does not have any short term borrowings.

(e) Capital risk management
Management's policy is to control the capital of the Company in order to maintain a strong capital base so as to maintain investor, creditor and market confidence and to ensure that the Entity can fund its operations and continue as a going concern.

The Entity's capital includes ordinary share capital and financial liabilities, comprising trade and other payables totalling $315,945 (2019: $333,924) and financial assets of $391,764 (2019: $786,843). The financial liabilities of $315,945 include related party creditors of the Entity totalling $182,959, which by mutual agreement currently have no set date for payment.

Financial risk management objectives and policies
The Entity's principal financial instrument is cash. The main purpose of these financial instruments is to provide working capital for operations.

The Entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. The main risks currently arising from the Entity's financial instruments are interest rate risk and credit risk.

It is not expected that the Entity will be undertaking transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations are not expected to arise.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any credit loss allowances of those assets, as disclosed in the statement of financial position and the notes to the consolidated financial statements.

The Entity does not have any material credit risk exposure to debtors under financial instruments it has entered into.

As at 30 June 2020, financial assets comprise cash held with reputable financial institutions and is therefore not considered to present material credit risk.

Net fair values
The carrying amount of financial assets and financial liabilities approximate their net fair values at balance date.

22. Financial Risk Management (continued)

Interest rate risk
The following table sets out the carrying amount and maturity of the financial instruments exposed to interest rate risk:

Consolidated – 2020 Category	Time Period	Interest Bearing (Floating)	Non-Interest Bearing	Total Carrying Amount as per the consolidated statement of financial position	Weighted Average Effective Interest Rate %
Financial assets:					
Cash	<1 year	381,991	-	381,991	0.90%
Cash	<1 year	-	-	-	-
Trade and other receivables	<1 year	-	9,773	9,773	-
Total financial assets		381,991	9,773	391,764	
Financial liabilities					
Trade creditors and other payables*	<1 year	-	315,945	315,945	-
Total financial liabilities		-	315,945	315,945	

**Trade creditors and other payables include $182,959 payables or accrued amounts owing to director related parties of the entity which have no set date of repayment.*

Consolidated – 2019 Category	Time Period	Interest Bearing (Floating)	Non-Interest Bearing	Total Carrying Amount as per the consolidated statement of financial position	Weighted Average Effective Interest Rate %
Financial assets:					
Cash	<1 year	632,925	-	632,925	0.98%
Cash	<1 year	-	133,501	133,501	-
Trade and other receivables	<1 year	-	20,417	20,417	-
Total financial assets		632,925	153,918	786,843	
Financial liabilities					
Trade creditors and other payables*	<1 year	-	333,924	333,924	-
Total financial liabilities		-	333,924	333,924	

**Trade creditors and other payables include $157,294 payables or accrued amounts owing to director related parties of the entity which have no set date of repayment.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

23. Cash flow information

	Consolidated 2020 $	Consolidated 2019 $
Loss from ordinary activities after income tax	(164,932)	(277,138)
Depreciation	1,512	2,170
Non cash payments	-	574,900
Changes in operating assets and liabilities		
Increase/(decrease) in provisions	1,111	(374)
Increase/(decrease) in trade creditors and accruals	43,089	(391,110)
Decrease/(increase) in sundry receivables and prepayments	11,347	(18,558)
Net cash flow used in operating activities	(107,873)	(110,110)

Non-Cash Transactions

There were no non-cash transactions during the 2020 financial year.

During the 2019 financial year payments totalling $675,000 were made by way of debt offset pursuant to the Company's 2018 Prospectus. In accordance with the terms of the Underwriting Agreement and Sub-Underwriting Agreements to the 2018 Prospectus, the obligations of the Underwriter (if any), were able to be relieved or satisfied by the Underwriter and/at its sole and absolute discretion offsetting such obligations against debts owed by the Entity 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.

Accordingly, 39,705,885 fully paid ordinary shares in the Company and 19,852,943 listed options (ASX: RDSOB) were issued in accordance with terms of the 2018 Prospectus in settlement of amounts owed to the Underwriter and other Related Parties totalling $675,000.

24. Contingent Assets and Liabilities

Financial year ending 30 June 2020

Provision for 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 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

25. Parent Information

	Parent Entity 2020 $	Parent Entity 2019 $
Current assets	395,303	791,109
Non-current assets	6,657,529	6,442,091
Total Assets	**7,052,832**	**7,233,200**
Current liabilities	334,087	350,954
Total Liabilities	**334,087**	**350,954**
Net Assets	**6,718,745**	**6,882,246**
Equity		
Issued capital	25,200,714	25,200,714
Reserves	-	138,256
Accumulated losses	(18,481,969)	(18,456,724)
Total RDS equity	**6,718,745**	**6,882,246**
Net loss for the year before other comprehensive income	(163,502)	(277,138)
Total comprehensive income for the year	(163,502)	(277,138)
Earnings per share (EPS) – (cents per share)	(0.03)	(0.06)

Controlled entities

Redstone Resources Limited is the ultimate parent entity of the controlled entities.

(a) Particulars in relation to controlled entities	Country of incorporation	2020 Ownership %	2019 Ownership %
Allhawk Nominees Pty Ltd	Australia	100	100
Minex Services Pty Ltd	Australia	100	100
Westmin Exploration Pty Ltd	Australia	100	100
River Gold Exploration Pty Ltd	Australia	100	100
Redstone Mineracao Do Brasil Ltda[1]	Brazil	98	98

[1] Redstone Mineraco Do Brasil Ltda is 98% owned by the Company. The remaining 2% shareholding is held by a previous consultant of the Entity, who is a Brazilian citizen and is holding these shares on trust for the Company. The Board and shareholding structure is in accordance with Brazilian law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

25. Parent Information (continued)

(b) Contribution to consolidated result

The results of the controlled entities inclusion in the consolidated statement of comprehensive income is a loss of $1,430 (2019: nil).

26. Share based payments

The impact of share based payments on the consolidated statement of comprehensive income for the financial year ended 30 June 2020 is as follows:

	Consolidated 2020 $	2019 $
Net loss after income tax and including share based payments	(164,392)	(277,138)
Add: share based payments expense	-	-
Net loss after income tax excluding share based payments	(164,392)	(277,138)

During the financial year no share options were granted for nil consideration (2019: nil). Share-based payments relating to prior financial years were valued using either Black Scholes or binomial methodology as detailed in note 2(w). The value of existing options for the year ending 30 June 2020 is nil.

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 24 to 57 are in accordance with the Corporations Act 2001, including:
   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the Entity's financial position as at 30 June 2020 and its performance for the financial year ended on that date and

b) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by s295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Richard Homsany

R Homsany
Chairman
Perth, Western Australia

Dated this 29th day of September 2020

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

Report on the Financial Report

Opinion

We have audited the financial report of Redstone Resources Limited (the Company) and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a while, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
Deferred exploration expenditure (*refer note 7)* The Group operates as an exploration entity and as such its primary activities entail expenditure focussed on the exploration for and evaluation of economically viable mineral deposits. These activities are currently focused on the West Musgrave and HanTails Projects. All exploration and evaluation expenditure incurred has been capitalised and recognised as an asset in the Statement of Financial Position. The closing value of this asset is $6,652,408 as at 30 June 2020. The carrying value of deferred exploration assets is subjective and is based on the Group's intention and ability, to continue to explore the asset. The carrying value may also be affected by the results of ongoing exploration activity indicating that the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the asset value included within the financial statements may not be recoverable.	Our audit procedures included the following: • ensuring the Group's continued right to explore for minerals in the relevant project areas including assessing documentation such as exploration and mining licences; • enquiring of management and the directors as to the Group's intentions and strategies for future exploration activity and reviewing budgets and cash flow forecasts; • assessing the results of recent exploration activity to determine whether there are any indicators suggesting a potential impairment of the carrying value of the asset; • assessing the Group's ability to finance the planned exploration and evaluation activity; and • assessing the adequacy of the disclosures made by the Group in the financial report.
Deferred Taxation *(refer note 4)* The Company relies on the use of an expert to prepare the taxation disclosures which are included in the financial statements	In accordance with Australian Auditing Standards, we relied on the work of management's expert with respect to the assumptions used in the calculation of deferred taxes. Our audit procedures included: • examining the qualifications, objectivity and experience of management's expert; • evaluating the assumptions, methodologies and conclusions used by the Group in preparing their estimate of deferred taxes; and • assessing the adequacy of the disclosures made by the Group in the financial report

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included on pages 17 to 20 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Redstone Resources Limited, for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BUTLER SETTINERI (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 29 September 2020

SHAREHOLDER INFORMATION AS OF 22 SEPTEMBER 2020

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period can be found on the Company's website at www.redstone.com.au/corporate_governance.html.

B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the company's register:

Shareholder	Number
MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST <LYNWARD SUPER FUND A/C>	61,900,001
CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	61,114,778
GREYHOUND INVESTMENTS PTY LTD <GREYHOUND INVESTMENTS A/C>	31,725,136

2. Number of holders in each class of equity securities and the voting rights attached

There are 1,800 holders of ordinary shares. Each shareholder is entitled to one vote per share held. On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

There are 169 holders of quoted options (ASX: RDSOB). which are exercisable at $0.035 on or before 30 April 2021. There are no voting rights attached to the RDSOB options.

There are no holders of unlisted options. There are no other unquoted securities of the Company.

3. Distribution schedule of the number of holders in each class is.

	Holders of Ordinary Shares	Number of Ordinary Shares	%
1 - 1,000	99	48,297	0.01
1,001 - 5,000	292	891,405	0.17
5,001 - 10,000	238	1,964,492	0.38
10,001 - 100,000	746	30,463,971	5.86
100,001 and over	425	486,761,851	93.58
TOTALS	1800	520,130,016	100.00

4. Marketable Parcel

There are 932 shareholders with less than a marketable parcel.

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds are as follows:

SHAREHOLDER INFORMATION

Fully Paid Ordinary Shares – ASX: RDS

Rank	Name	No. of Ordinary Shares	%
1	MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST <LYNWARD SUPER F	61,900,001	11.90
2	CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	59,689,778	11.48
3	GREYHOUND INVESTMENTS PTY LTD <GREYHOUND INVESTMENTS A/C>	31,725,136	6.10
4	CARDINALS INVESTMENTS PTY LTD	23,011,047	4.42
5	VYSCARD PTY LTD<LE ROY SUPER FUND A/C>	21,997,845	4.23
6	ACEDAY INVESTMENTS PTY LTD <THE HOFMANN SUPER FUND A/C>	9,000,000	1.73
7	TROYWARD PTY LTD	7,850,000	1.51
8	GRAHAM JOHN FISHER PTY LTD <GRAHAM JOHN FISHER S/F A/C>	6,184,588	1.19
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,540,001	1.07
10	MEMPHIS HOLDINGS PTY LTD <SUPER FUND A/C>	4,717,504	0.91
11	SVAGELJ INVESTMENTS PTY LTD	4,086,640	0.79
12	POSSUM INVESTORS PTY LTD < A JOHN SUPER FUND A/C>	4,000,000	0.77
13	JAYBRE GEOLOGICAL CONSULTING PTY LTD	3,986,929	0.77
14	MS MIRANDA CONTI	3,980,428	0.77
15	MR GAVIN HEDGES < HEDGES FAMILY ACCOUNT>	3,879,106	0.75
16	MR WILLIAM GREEN & MRS MARLENE PATRCIA GREEN <BILMAR SUPER FUND A/C>	3,552,223	0.68
17	WALSEC PTY LTD <PIPER SUPER FUND A/C>	3,500,000	0.67
18	MR PETER MICHAEL MALLACH	3,155,556	0.61
19	VERIQUAL PTY LTD <HESKETH SUPER FUND A/C>	3,091,646	0.59
20	TORO ENERGY LTD	3,050,000	0.59
		267,898,428	51.51

Listed Options – ASX: RDSOB

Rank	Name	No. of Listed RDSOB Options	%
1	CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C>	8,021,471	17.06
2	CARDINALS INVESTMENTS PTY LTD	4,034,412	8.58
3	MR EDWARD VAN HEEMST & MRS MARILYN ELAINE VAN HEEMST <LYNWARD SUPER F	3,970,589	8.45
4	MR JUAN PABLO VARGAS DE LA VEGA	3,000,000	6.38
5	TROYWARD PTY LTD	2,944,118	6.26
6	HORN NOMINEES PTY LTD	2,941,175	6.26
7	HORN RESOURCES PTY LTD	2,058,825	4.38
8	MR ANTHONY EDWIN JOHN	1,500,000	3.19
9	MR ZHONGMING HONG	1,500,000	3.19
10	MR GREG NICHOLAS POLAK	1,440,736	3.06
11	MR GAVIN EDWARD HEDGES <HEDGES FAMILY ACCOUNT>	1,122,500	2.39
12	MR DAVID KENNEDY	1,000,000	2.13
13	JAYBRE GEOLOGICAL CONSULTING PTY LTD	882,353	1.88
14	MR ROBERT PETER VAN DER LAAN	882,350	1.88
15	MR MICHEL MARIER	750,000	1.60
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	716,251	1.52
17	FRANDEN PTY LTD <D&F HULL SUPER FUND A/C>	650,825	1.38
18	MEMPHIS HOLDINGS PTY LTD <SUPER FUND A/C>	589,688	1.25
19	MR BRETT JAMES RUDD	557,563	1.19
20	SVAGELJ INVESTMENTS PTY LTD	510,830	1.09
		39,073,686	83.11

6. Details of Restricted Securities

No securities are subject to escrow.

SHAREHOLDER INFORMATION

7. Details of Unlisted Options

   There are no unlisted options on issue.

C. OTHER DETAILS

1. Company Secretary

   The name of the company secretary is Miranda Conti.

2. Address and telephone details of the entity's registered and administrative office

   60 Havelock Street
   West Perth WA 6005
   Tel: + 61 8 9328 2552
   Fax: + 61 8 9328 2660
   email: contact@redstone.com.au

3. Address and telephone details of the office at which a register of securities is kept.

   Advanced Share Registry Limited
   Website: www.advancedshare.com.au

   Western Australia – Main Office
   110 Stirling Highway, NEDLANDS WA 6009
   PO Box 1156, NEDLANDS WA 6909
   Tel: +61 8 9389 8033
   Fax: +61 8 9262 3723

   New South Wales - Branch
   Suite 601, Level 6
   225 Clarence Street
   SYDNEY NSW 2000

   PO Box Q1736
   Queen Victoria Building
   SYDNEY NSW 1230
   Tel: + 61 2 8906 3502

   Victoria
   Tel: +61 3 9018 7102

   Queensland
   Tel: +61 7 3103 3838

SHAREHOLDER INFORMATION

4. Stock exchange on which the Company's securities are quoted

   The Company's listed equity securities are quoted on the Australian Stock Exchange (ASX: RDS and RDSOB).

5. Review of Operations

   A review of operations is contained in the Directors' Report.

D. TENEMENT SUMMARY

Following is a list of the Entity's tenements which are live or active as at the date of this report.

West Musgrave, Australia

Project	Tenement	Registered Holder Applicant	Holder Interest	Consolidated Entity Interest	Grant Date/ (Application Date)	Expiry	Blocks	Area km2
Tollu	E 69/2450	Redstone Resources Limited	100%	100%	19/09/2008	18/09/2020*	41	126.4
Milyuga	E 69/3456	Redstone Resources Limited	100%	100%	14/08/2017	13/08/2022	28	86.4
Milyuga	E 69/3568	Redstone Resources Limited	0%	0%	(10/05/2018)	N/A	27	83.2
Milyuga	E 69/3750	Westmin Exploration Pty Limited	0%	0%	(17/09/2019)	N/A	107	330.0
							203	626.0

**Extension of Term Application – E69/2450*

Exploration Licence E69/2450 held by the Company had an expiry date of 18 September 2020. On 18 September 2020 an application for an extension of term for exploration licence E69/2450 for a further two year period was lodged with the Department of Minerals, Industry, Regulation and Safety (**DMIRS**).