REDSTONE RESOURCES

**REDSTONE RESOURCES LIMITED**

**ACN 090 169 154**

# ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

## Contents of Financial Report


| | Page |
|---|---|
| Corporate Directory | 2 |
| Directors' Report | 3-15 |
| Audit Independence Declaration | 16 |
| Corporate Governance Statement | 17 |
| Consolidated Statement of Comprehensive Income | 18 |
| Consolidated Statement of Financial Position | 19 |
| Consolidated Statement of Changes in Equity | 20 |
| Consolidated Statement of Cash Flows | 21 |
| Notes to the Consolidated Financial Statements | 22-51 |
| Directors' Declaration | 52 |
| Independent Audit Report to Members | 53-56 |
| Shareholder Information | 57-60 |


**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. Dr Shirtliff is a Member of the Australian Institute of Mining and Metallurgy. Dr Shirtliff has sufficient experience which is relevant to the tasks for which he was 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. Dr Shirtliff consents to the inclusion in the report of matters based on information in the form and context in which it appears.

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

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

**FORWARD LOOKING STATEMENTS:**
This 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.

**REDSTONE RESOURCES LIMITED**

ACN 090 169 154

# CORPORATE DIRECTORY

| | |
|---|---|
| **DIRECTORS:** | Mr Richard Homsany (Chairman)<br>Mr Edward van Heemst<br>Mr Brett Hodgins |
| **SECRETARY:** | Ms Miranda Conti |
| **REGISTERED AND PRINCIPAL OFFICE:** | 60 Havelock Street<br>WEST PERTH WA 6005<br>Tel: +61 8 9328 2552<br>Fax: +61 8 9328 2660<br>email: contact@redstone.com.au |
| **POSTAL ADDRESS:** | PO Box 8646<br>Perth Business Centre WA 6849 |
| **WEBSITE:** | www.redstone.com.au |
| **SHARE REGISTRY:** | Advanced Share Registry Limited<br>110 Stirling Highway<br>NEDLANDS WA 6009<br>PO Box 1156, NEDLANDS WA 6909<br>Tel: +61 8 9389 8033<br><br>Suite 601, Level 6<br>225 Clarence Street<br>SYDNEY NSW 2000<br>PO Box Q1736<br>QUEEN VICTORIA BUILDING NSW 1230<br>Tel: +61 2 8096 3502<br><br>Website: www.advancedshare.com.au |
| **HOME STOCK EXCHANGE:** | Australian Stock Exchange Limited<br>Level 40, Central Park<br>152-158 St George's Terrace<br>PERTH WA 6000<br>ASX Codes: RDS, RDSOB<br>Tel: +61 8 9224 0000 |
| **AUDITOR:** | Butler Settineri (Audit) Pty Ltd<br>Unit 16, First Floor<br>100 Railway Road (Cnr Hay Street)<br>SUBIACO WA 6008<br>Tel: +61 8 9389 5222 |

# 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 2021.

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 51

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 Lithium 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 75

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). Mr van Heemst was also appointed as non-executive chairman of NTM Gold Ltd, an ASX listed company from July 2019 to March 2021.

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 8 March 2021).

**Mr Brett Hodgins** *(BSc (Hons), Grad Dip FINSIA)*, Non-Executive Director, Age 48

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 2021 amounted to $307,888 (2020: $164,932) and net assets were $9,427,307 (2020: $6,717,314).

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

During the year Redstone focused on planning and preparation for its upcoming 2021 exploration programme (the '**Programme**') for 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, Geological interpretation of exploration results and research activities conducted in recent years suggest that the West Musgrave Project may also be prospective for Volcanic Hosted Massive Sulphide (VHMS) deposits, large continental type Molybdenum (Mo)-porphyry deposits, strata-bound Gold (Au)- Silver (Ag) deposits, Tin (Sn) – Tungsten (W) mineralisation related to granites, granite stockworks or greissens, intrusion related polymetallic veining and Intrusion Related Gold deposits (IRG). 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. Previous drilling and research 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.

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

## WORK COMPLETED FY2021

### 2021 Exploration Programme

During the period the Entity commenced planning for its upcoming drilling and exploration programme (the **Programme**) on the Project.

# DIRECTORS' REPORT

Programmes of Works approvals, clearing permits and required heritage clearances with the traditional owners necessary to undertake the Programme were completed with the Entity prepared and ready to proceed with the Programme pending drill rig availability and required geological personnel. Commencement of the Programme was significantly delayed due to the current high demand for and unavailability of RC drill rigs, however Redstone anticipates that an initial phase of shallow drilling to a maximum depth of 250m at Tollu and surrounding prospective Target Areas will now commence in the December 2021 quarter with a second phase of deeper drilling anticipated to be undertaken before the end of the year.

The Programme is planned to comprise two programmes of approximately 6,000m of follow up RC drilling at the:

- Tollu Copper Vein deposit - to drill deeper and north of the Chatsworth Prospect and deeper and wider at the Forio Prospect;
- Opaline Quartz Target Area within a very long E-W oriented vein system with a Cu anomaly coinciding with the potential extension of the Tollu fault to the north of Tollu;
- Hiding Maggie Target – an E-W oriented magnetic rock unit coinciding near the contact of the southern gabbro at the Tollu sub-basin volcanics;
- Location of a 1957 historical diamond drill hole (A-101) completed by Southwestern Mining (SWM – formerly an INCO subsidiary) to test for a repeat of the results of 0.16% Ni over 1.6m from 99m downhole (Laine, 1957)[1]. Drill hole A-101 was drilled into a major N-S trending quartz vein associated with but not hosting the Tollu copper mineralisation; and
- EM5 electromagnetic (EM) Target and two look alike magnetic anomalies.

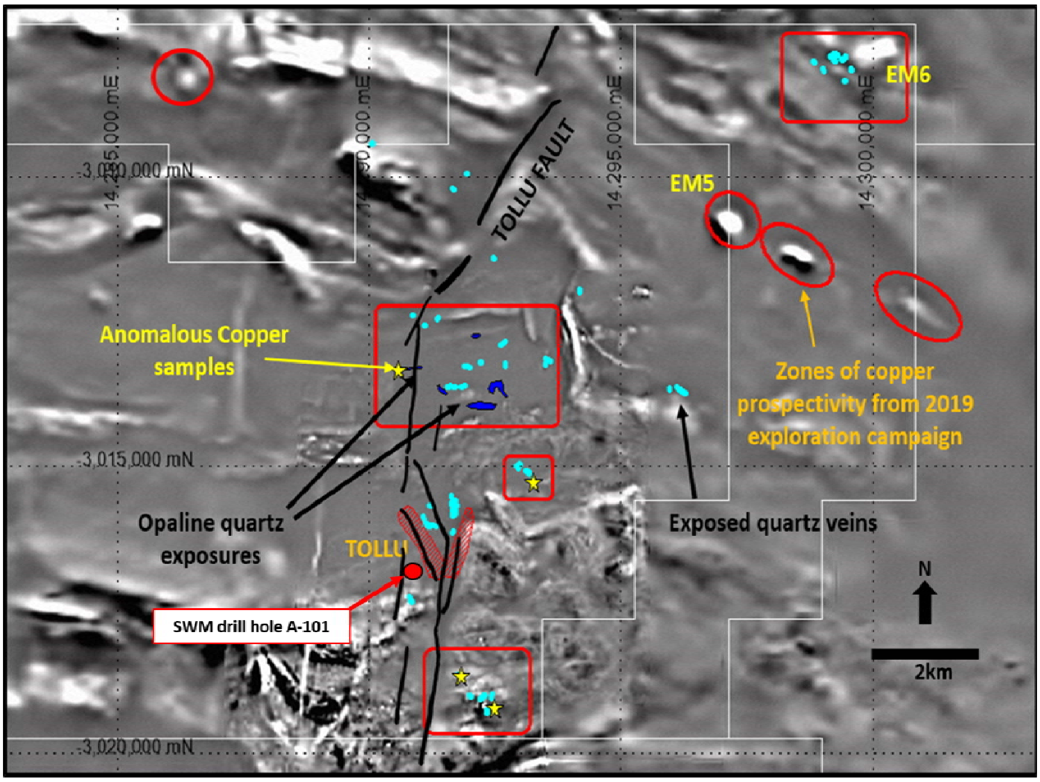


**Figure 1 - Locations of proposed 2021 RC drilling programme, including the EM5 Target and two look alike magnetic anomalies, the 1957 SWM drillhole A-101. The location of anomalous copper samples (yellow stars) are also shown. Opaline quartz is mapped in dark blue and quartz vein outcrops are mapped in light blue.**

The most recent drilling campaigns and continued further evaluation of the Tollu Cu Project, surrounding Target Areas and the broader West Musgrave Project, has the potential to add to the Company's Tollu copper resource of 3.8 million tonnes at 1% Cu, containing 38,000 tonnes of copper (ASX announcement of 15 June 2016)

# DIRECTORS' REPORT

## TOLLU COPPER VEIN DEPOSIT

The 2019 RC drilling programme 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, both shallow and at depth (ASX announcement 25 June 2020). Three RC drill holes were drilled at Tollu in 2019, two of these (TLC172 and TLC173) were aimed at testing continuity of mineralisation lenses at the Forio Prospect and the other (TLC166), was aimed at testing for deeper mineralisation below historical drilling at the intersection of the Chatsworth and Eastern Reef Prospects. The significant results from the 2019 drilling (ASX announcement 25 June 2020) include:

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

Additional shallow RC drilling at Tollu in the 2021 Programme will focus on further testing of the Forio vein system and to test for a northern extension of the Chatsworth prospect at depth.

## COPPER TARGETS IN THE TOLLU SURROUNDS

A project scale geological mapping and rock chip sampling programme undertaken in the 2019 exploration campaign covered an area of approximately 135 square kilometres. The mapping 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 areas (Figure 1). The returned assay results from the rock chip samples along with the observations made in the field highlighted at least four (4) areas of prospectivity for future copper exploration on the Project (refer to Figure 1 and ASX Announcement 15 July 2020):

1. A large 15m long quartz outcrop approximately 2.3km northeast of Tollu, with samples returning up to 0.71% copper.
2. An area of exposed opaline quartz lag with up to 0.12% copper and which stretches E-W for approximately 1km some 3.6km north of Tollu and coincident with the Tollu Fault.
3. Anomalous copper in samples of gabbro outcropping near quartz veins some 2.5km SSW of Tollu where a large gabbroic body has intruded into and incorporated parts of the overlying rift related volcanic rocks.
4. An area with a large NW trending quartz veins in an exposed hill within the EM6 target area that contained visible secondary copper mineralisation (malachite), some 10km N-E of Tollu.

The 2021 drilling campaign will priority drill the second of these targets. The opaline quartz is suggestive of a remobilisation of the quartz vein and the 1km length is indicative of a significant structural event/s. Drilling will focus on the western end of the feature where anomalous copper mineralisation coincides with a potential extension of the Tollu Fault, host to the Tollu Copper Deposit further south. The other anomalies may also be drilled if time and finances permit after all other prioritised targets have been tested.

# DIRECTORS' REPORT

## HIDING MAGGIE MAGNETIC TARGET

The Hiding Maggie target is an E-W oriented untested magnetic rock unit with a number of elevated magnetic centres, seemingly a late magnetic intrusive, that coincides with a district scale E-W linear feature in the magnetics. The major E-W lineament is coincident with the orientation of the Tollu sub-basin and the interpreted rifting responsible for the Tollu volcanic package. A strong near surface airborne electromagnetic (EM) anomaly that also trends across the E-W lineament hides any potential EM anomaly that may exist at depth. Drilling will aim to identify and characterise the geology and test the magnetic intrusive and its contacts with the surrounding rocks for copper or nickel mineralisation potential.

## HISTORICAL SWM HOLE

This initial phase of the Programme is also planned to include RC drilling for nickel prospectivity by drill testing a 1957 Southwestern Mining Ltd (SWM) diamond drillhole, A-101, which yielded a maximum value of 0.16% Ni over 1.6m from 99m downhole (Laine, 1957)[1]. The historical drill hole targeted a N-S oriented fault that is part of the fault system responsible for the Tollu copper mineralisation but situated to the west of the main body of mineralisation so far delineated by Redstone drilling.

Redstone plan to twin the SWM diamond hole A-101 to test if the intersection of anomalous nickel values of up to 0.16% NI can be repeated and if so, ascertain the nature of the anomalous nickel, if it is associated with nickel sulphide mineralisation and where it may have originated from.

Given the world class magmatic nickel, copper, PGE Nebo Babel Deposit, discovered in 2000 by Western Mining Corporation and now owned and undergoing feasibility assessment by Oz Minerals Limited, approximately lies only 50km to the west of Tollu, Redstone are of the view it is prudent to test the historical SWM nickel intersection on Tollu's western margin. If the intersection can be confirmed it may indicate that the Nebo Babel like nickel, copper, PGE mineralisation or even more massive sulphide variants of similar geological theme, could also be present near or at depth to Tollu and in the greater Project area.

## TARGET EM5 – 7.2KM NORTH EAST OF TOLLU AND SIMILAR MAGNETIC ANOMALIES

The second phase of the 2021 Programme will include deeper RC drilling to further test the anomalous copper at the EM5 Target, combined with two other EM5 'look-a-like' magnetic anomalies.

Target EM5, is an EM target coincident with a large circular magnetic anomaly located 7.2km north east of Tollu. The 2019 drilling at the EM5 Target intersected a large gabbroic intrusion over 400m in diameter bearing a thick sequence of anomalous disseminated copper sulphides, continuous for 95m (up to 0.06% copper) from 66m downhole (TLC170) (Figure 1) (ASX announcement 6 July 2020).

The later programme will also test similar magnetic features located within the Project including a cigar shaped anomaly only 800m S-E of the EM5 Target and which is probably related to the same intrusion at depth.

## 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 2**).

# DIRECTORS' REPORT

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. The specific gravity and the average TSF gold grade have not yet been determined.

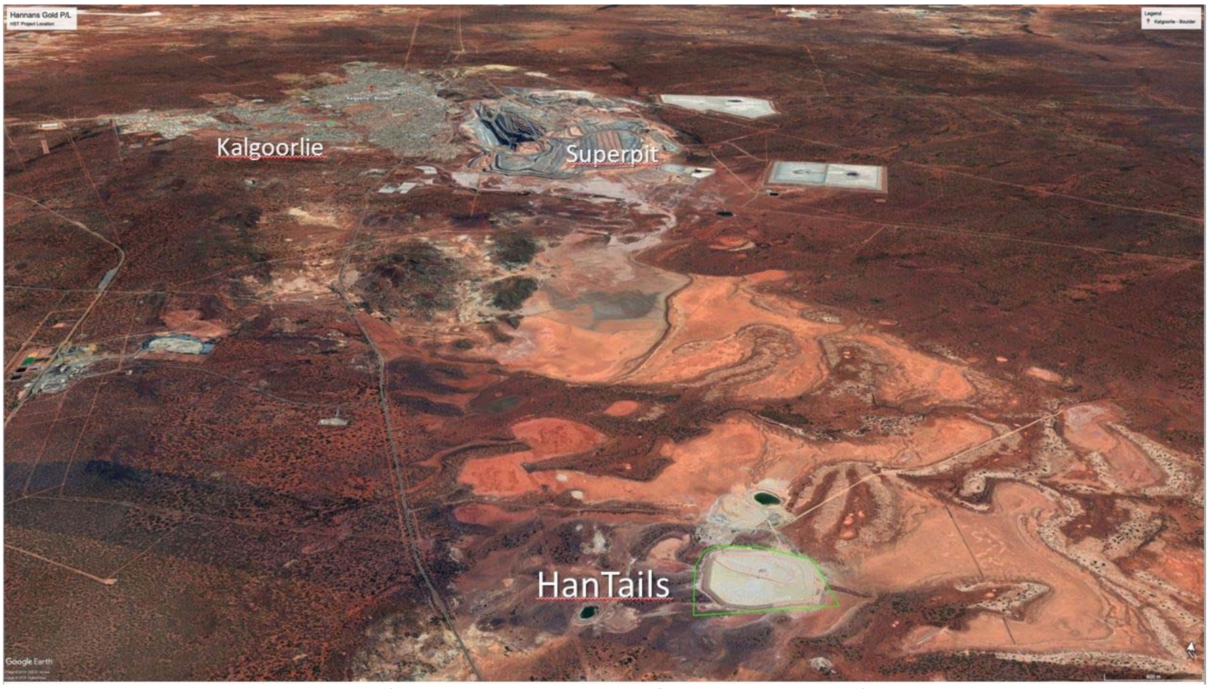


**Figure 2 - Location of the HanTails Project TSF 15kms south of Kalgoorlie, Western Australia and 10kms south of the Super Pit.**

An aircore and auger drilling programme was undertaken by Redstone in September 2020 to establish the overall grade of the material in the TSF and to provide bulk samples for metallurgical testing and recoveries with the aim of establishing the average gold grade and approximate gold endowment of the TSF to JORC 2012 status.

However due to issues with sample return and preparation arising from the aircore and auger drilling and the inherent uncertainty associated with properly evaluating the assay results the Company undertook follow up sonic drilling to validate the results. The sonic drilling was completed in April 2021 comprising 6 holes each to a maximum depth of 15m with 3 holes drilled in each of the two cells of the TSF. Analysis of assay results for the sonic drilling are pending and anticipated to be available soon.

## Exploration Incentive Scheme Co-funded Drilling Grant – Round 22

In December 2020 the Company was successfully awarded the Round 22 EIS co-funding grant (applicable to 31 December 2021) 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.

# DIRECTORS' REPORT

## CORPORATE

### 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.

A variation to the HanTails Agreement was executed in April 2021 which has the effect of extending each of the farmin Stages 1 and 2 by a further 6 months and to add another proximal tenement to the Joint Venture.

### 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 granted by the Department of Minerals, Industry, Regulation and Safety on 2 October 2020.

### Capital Raising – Private Placements

In July 2020 the Company undertook a private placement to sophisticated and professional investors of 51,451,424 million fully paid ordinary shares in the Company ('Shares') at $0.014 per share to raise $720,320 (before costs).

On 27 February 2021, the Company completed a private placement of 189,583,333 million Shares at $0.012 per Share to raise $2,275,000 (before costs) ('Placement'). The Directors (and/or their nominee(s)) also reserved the right to place up to another $325,000 (before costs) to bring the total Placement amount to up to $2.6 million subject to the Company obtaining shareholder approval.

### Research and Development Incentive – FY2020

During the financial year the Company completed and lodged a Research and Development Incentive claim for the 2020 financial year pursuant to the Australian Taxation Office's self-assessment system, with the final amount of $182,500 (before fees) received in August 2021.

### 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 2021.

### 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.

# DIRECTORS' REPORT

## Significant Events after Reporting Date

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.

## 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, 15,000,000 (2020: 47,015,048) options over unissued ordinary shares in the Company have been granted.

During the period to the date of this report 15,000,000 unlisted options were issued and 47,015,048 listed options (ASX: RDSOB) expired.

| | Number | Exercise Price | Listed/Unlisted | Expiry Date |
|---|---|---|---|---|
| | 15,000,000 | $0.0204 | Unlisted | 20 November 2025 |
| **TOTAL** | **15,000,000** | | | |

The options do not entitle the holder to participate in any new 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 | 63,614,778 | - | - | - | 5,000,000 |
| Edward van Heemst | - | 72,750,001 | - | - | - | 2,500,000 |
| Brett Hodgins | - | 6,175,143 | - | - | - | 2,500,000 |

# 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 | 5 | 5 |
| Mr Edward van Heemst | 5 | 5 |
| Mr Brett Hodgins | 5 | 5 |

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.

# DIRECTORS' REPORT

## Remuneration Report (audited) (continued)

- ***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.

- ***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 2021

| Directors | Cash Salary and fees ($) | Other – Motor Vehicle ($) | Superannuation ($) | Share Options ($) | Total ($) | Performance Related ($) |
|---|---|---|---|---|---|---|
| Richard Homsany<br>Non-Executive Chairman | 60,000 | - | 5,700 | 47,998 | 113,698 | - |
| Edward van Heemst<br>Non-Executive Director | 18,000 | - | - | 23,999 | 41,999 | - |
| Brett Hodgins<br>Non-Executive Director | 12,000 | - | - | 23,999 | 35,999 | - |

### Year ended 30 June 2020

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

During the financial year 10,000,000 options over ordinary shares in the Company were granted to directors and/or specified executives. No options over ordinary shares were issued in the prior reporting period.

# DIRECTORS' REPORT

## Remuneration Report (audited) (continued)

Share-based payments were valued using Black Scholes methodology. The value of the 10,000,000 options issued to directors for the year ending 30 June 2021 is $95,996 as follows

.

| $ | |
|---|---|
| 95,996 | 10,000,000 Director Options granted on 27 November 2020. Exercise price $0.0204 exercisable from 27 November 2020 and expiring 20 November 2025. |
| 95,996 | Total Options 10,000,000 |

The option valuation adopted above is calculated using the following assumptions:

***Options granted in financial year ending 30 June 2021:***
Underlying security spot price of $0.014
Dividend rate of nil
Volatility factor of 100%
Risk free interest rate of 0.31%
The weighted average exercise price is $0.0204 and the weighted average expiry period is 4.98 years.
The weighted average value per option as at the measurement date is $0.0096 per option.

## 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 $65,700 (inclusive of applicable superannuation) for director services for the financial year to 30 June 2021.

Mr van Heemst and his related entity, Troyward Pty Ltd, is entitled to an annual director fee of $18,000 (inclusive of applicable superannuation) for the financial year ended 30 June 2021.

Mr Hodgins and his related entity, Jaybre Consulting Pty Ltd is entitled to $12,000 (inclusive of applicable superannuation) for director services for the financial year to 30 June 2021.

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, Cardinals Corporate Pty Ltd, a company of which Mr Homsany is a director, undertook legal and consulting services for the Company totalling $25,965 excluding GST, in addition to the amount which has been disclosed as remuneration in the Directors' Report. Services from Cardinals Corporate Pty Ltd were provided on arm's length terms.

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 $65,000 (excluding GST) from Toro Energy Limited, a company of which Mr Homsany is the executive chairman, for the hire of exploration equipment.

During the financial year, Jaybre Geological Consulting Pty Ltd, a company of which Mr Hodgins is a director, undertook geological consulting services for the Company totalling $5,000 excluding GST, in addition to the amount which has been disclosed as remuneration in the Directors' Report. Services from Jaybre Geological Consulting Pty Ltd were provided on arm's length terms.

# DIRECTORS' REPORT

## Remuneration Report (audited) (continued)

### 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 2020 | Granted as remuneration – Unlisted Options | Expired Listed Options (ASX: RDSOB) | Exercised | Sold | Expired | Held as at 30 June 2021 |
|---|---|---|---|---|---|---|---|
| **Director** | | | | | | | |
| Richard Homsany<br>Non-Executive Chairman | 8,021,471 | 5,000,000 | (8,021,471) | - | - | - | 5,000,000 |
| Edward van Heemst<br>Non-Executive Director | 6,914,707 | 2,500,000 | (6,914,707) | - | - | - | 2,500,000 |
| Brett Hodgins<br>Non-Executive Director | 882,353 | 2,500,000 | (882,353) | - | - | - | 2,500,000 |

All options are exercisable from the date of issue.

### 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 2020 | Received on Exercise of Options | Placement - $0.014 /Share | Acquired/ (Disposed) on Market | Other changes | Held as at 30 June 2021 |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Richard Homsany<br>Non-Executive Chairman | 61,314,778 | - | 2,500,000 | - | - | 63,814,778 |
| Edward van Heemst<br>Non-Executive Director | 69,750,001 | - | 2,500,000 | - | - | 72,250,001 |
| Brett Hodgins<br>Non-Executive Director | 4,389,429 | - | 1,785,714 | - | - | 6,175,143 |

### 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 29th day of September 2021

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Redstone Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the 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 2021

# 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 (4th edition) published by the ASX Corporate Governance Council in February 2019.

The 2021 Corporate Governance Statement is dated as at 30 June 2021 and reflects the corporate governance practices in place throughout the 2021 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 2021 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 2021

| | Note | Consolidated 2021 $ | 2020 $ |
|---|---|---|---|
| **Revenue** | | | |
| Other revenue | 3(b) | 184,045 | 177,855 |
| **Expenses** | | | |
| Administration expenses | | 60,203 | 54,946 |
| Employee and directors' benefits expenses | 3(d) | 204,631 | 208,628 |
| Share option expense | 26 | 143,993 | - |
| Depreciation expense | 3(e) | 4,019 | 1,512 |
| Finance costs | 3(f) | 1,836 | 1,477 |
| Other expenses from ordinary activities | | 77,366 | 79,238 |
| **Loss before interest and taxes** | | **(308,003)** | **(167,946)** |
| Interest revenue | 3(a) | 115 | 3,014 |
| **Loss before income tax** | | **(307,888)** | **(164,932)** |
| Income tax expense | 4 | - | - |
| **Loss after tax for the year** | | **(307,888)** | **(164,932)** |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **(307,888)** | **(164,932)** |
| Basic and Diluted Loss per share (cents per share) | 14 | (0.05) | (0.03) |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Note | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 2,645,571 | 381,991 |
| Trade and other receivables | 6 | 167,461 | 9,773 |
| Other assets | 9 | 4,602 | 3,563 |
| **Total current assets** | | **2,817,634** | **395,327** |
| **Non-current assets** | | | |
| Deferred exploration expenditure | 7 | 6,847,460 | 6,652,408 |
| Plant and equipment | 8 | 7,707 | 3,666 |
| **Total non-current assets** | | **6,855,167** | **6,656,074** |
| **Total assets** | | **9,672,801** | **7,051,401** |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 225,721 | 315,945 |
| Provisions | 11 | 19,773 | 18,142 |
| **Total current liabilities** | | **245,494** | **334,087** |
| **Total liabilities** | | **245,494** | **334,087** |
| **Net assets** | | **9,427,307** | **6,717,314** |
| **Equity** | | | |
| Issued capital | 12(a) | 28,074,602 | 25,200,714 |
| Reserves | 13 | 143,993 | - |
| Accumulated losses | | (18,791,288) | (18,483,400) |
| **Total equity** | | **9,427,307** | **6,717,314** |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

| | Contributed Equity $ | Accumulated Losses $ | Share Option Reserve $ | Total Equity $ |
|---|---|---|---|---|
| **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** |
| Total comprehensive income attributable to members | - | (307,888) | - | (307,888) |
| Share capital issued | 3,055,320 | - | - | 3,055,320 |
| Capital issue costs | (181,432) | - | - | (181,432) |
| Cost of share-based payment | - | - | 143,993 | 143,993 |
| **At 30 June 2021** | **28,074,602** | **(18,791,288)** | **143,993** | **9,427,307** |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

| | Note | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (344,994) | (284,742) |
| Interest received | | 115 | 3,014 |
| Interest paid | | - | - |
| Income tax paid | | - | - |
| Receipts from equipment hire | | 69,000 | 50,000 |
| Other income – Government grants and tax incentives | | 63,055 | 25,555 |
| Other income - R&D concession | | - | 98,300 |
| Net cash flows used in operating activities | 23 | (212,824) | (107,873) |
| **Cash flows from investing activities** | | | |
| Exploration expenditure | | (301,535) | (371,386) |
| Payments for project acquisition | | (27,887) | - |
| Payments for plant and equipment | | (8,062) | - |
| R&D tax concession received | | - | 117,577 |
| Net cash flows used in investing activities | | (337,484) | (253,809) |
| **Cash flows from financing activities** | | | |
| | | 2,995,320 | - |
| Proceeds from issue of securities | | - | - |
| Payment of security issue costs | | (181,432) | (22,753) |
| Net cash flows from financing activities | | 2,813,888 | (22,753) |
| Net increase/(decrease) in cash held | | 2,263,580 | (384,435) |
| Cash at the beginning of the financial year | | 381,991 | 766,426 |
| **Cash at end of financial year** | 5 | **2,645,571** | **381,991** |

The accompanying notes form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2021

### 1. Corporate information

The financial report of Redstone Resources Limited and its controlled entities (the Entity or Group) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors of the Entity's parent entity, Redstone Resources Limited, on 29 September 2021.

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 2021.

#### c) Adoption of new and revised standards

The Entity has also reviewed all new Standards and Interpretations applicable to the Entity that have been issued and are effective for the year ended 30 June 2021. 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 applicable to the Entity 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.

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 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 2023). Initial application of this standard is expected to be in the financial year ending 30 June 2024.

  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.

- AASB 2020-3*: Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments* (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 2020-3 amends the following Standards:
  - AASB 1 *First-time Adoption of Australian Accounting Standards* (July 2015);
  - AASB 3 *Business Combinations* (August 2015);
  - AASB 9 *Financial Instruments* (December 2014):
  - AASB 116 *Property, Plant and Equipment* (August 2015);
  - AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (August 2015); and
  - AASB 141 *Agriculture* (August 2015).

- The s AASB 2020-8*: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 – September 2020* (applicable for annual reporting periods commencing on or after 1 January 2021). Initial application of this standard is expected to be in the financial year ending 30 June 2022.

  AASB 2020-8 amends the following Standards:
  - AASB 4 *Insurance Contracts* (August 2015);
  - AASB 7 *Financial Instruments: Disclosures* (August 2015);
  - AASB 9 *Financial Instruments* (December 2014):
  - AASB 6 *Leases* (February 2016);
  - AASB 139 *Financial Instruments: Recognition and Measurement* (August 2015); and

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

- AASB 2021-2*: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (applicable for annual reporting periods commencing on or after 1 January 2023). Initial application of this standard is expected to be in the financial year ending 30 June 2024.

  AASB 2021-2 amends the following Australian Accounting Standards:
  - AASB 7 *Financial Instruments: Disclosures* (August 2015);
  - AASB 101 *Presentation of Financial Statements* (July 2015):
  - AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (August 2015);
  - AASB 134 *Interim Financial Reporting* (August 2015); and

  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, may 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.

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.

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% |
| Computer equipment | 25% |

*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 2021**

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.

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 2021

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 2021

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 $307,888 for the year ended 30 June 2021 and as at 30 June 2021 had net current assets of $2,572,140 and exploration commitments of $200,000 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2021

| | | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|---|
| **3.** | **Revenue and expenses** | | |
| **(a)** | **Interest** | | |
| | Interest income | 115 | 3,014 |
| **(b)** | **Revenue** | | |
| | Exploration equipment hire income | 65,000 | 54,000 |
| | **Other income** | | |
| | Government incentives and rebates | 63,055 | 25,555 |
| | R&D concession | 55,990 | 98,300 |
| | | 184,045 | 177,855 |
| **(c)** | **Rent payable under short term leases** | | |
| | | 27,600 | 27,600 |
| **(d)** | **Employee and directors' benefits expenses** | | |
| | Employee and director benefits | 204,631 | 208,628 |
| | Share option expense | 119,994 | - |
| | | 324,625 | 208,628 |
| **(e)** | **Depreciation expense** | | |
| | Plant and equipment | 4,019 | 1,512 |
| **(f)** | **Finance costs** | | |
| | Other third parties | 1,836 | 1,477 |
| | Interest is expensed as it accrues. | | |
| **(g)** | **Dividends** | - | - |

No dividends have been paid or are proposed as at 30 June 2021.
As at 30 June 2021 the Company has no franking credits available for use in future years.

| | | 2021 $ | 2020 $ |
|---|---|---|---|
| **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 2021 $ | 2020 $ |
|---|---|---|
| Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2020: 30%) | (92,366) | (49,480) |
| Add/(less) tax effect of: | | |
| - Revenue losses and other deferred balances not recognised | 72,358 | 80,045 |
| - Other non-deductible items | 45,282 | 2,992 |
| - Other non-assessable items | (25,274) | (33,557) |
| **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% (2020: 30%):**

| | 2021 $ | 2020 $ |
|---|---|---|
| **Deferred tax liabilities:** | | |
| Exploration expenditure | (2,148,441) | (2,085,665) |
| Plant and equipment | (1,590) | - |
| Prepayments | (120) | (152) |
| **Deferred tax assets:** | | |
| Carry forward revenue losses | 2,150,151 | 2,085,817 |
| **Net deferred tax** | - | - |

**(d) Unrecognised deferred tax recognised at 30% (2020: 30%):**

| | 2021 $ | 2020 $ |
|---|---|---|
| Carry forward revenue losses | 4,357,303 | 4,381,292 |
| Carry forward capital losses | 21,692 | 21,692 |
| Capital raising costs | 64,619 | 33,089 |
| Provisions and accruals | 10,879 | 7,140 |
| | 4,454,493 | 4,443,213 |

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

**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 consolidated group.

| | | Consolidated | |
|---|---|---|---|
| | | 2021<br>$ | 2020<br>$ |
| **5.** | **Cash and cash equivalents** | | |
| | Cash at bank | 2,635,571 | 371,991 |
| | Cash on deposit | 10,000 | 10,000 |
| | | 2,645,571 | 381,991 |
| **6.** | **Trade and other receivables** | | |
| | **Current** | | |
| | Trade debtor | - | 4,400 |
| | R&D tax concession receivable | 163,300 | - |
| | GST receivable | 4,161 | 5,373 |
| | | 167,461 | 9,773 |
| **7.** | **Deferred exploration expenditure** | | |
| | Exploration costs brought forward | 6,652,408 | 6,436,913 |
| | Project acquisition costs - HanTails | 97,887 | - |
| | Expenditure incurred on exploration assets | 210,355 | 318,775 |
| | Reimbursement of capitalised costs | (113,190) | (103,280) |
| | **Carrying amount at the end of the year** | 6,847,460 | 6,652,408 |

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 2021**

| | | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|---|
| **8.** | **Plant and equipment** | | |
| | At cost | 153,000 | 144,940 |
| | Accumulated depreciation | (145,293) | (141,274) |
| | **Total written down value** | 7,707 | 3,666 |

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

Plant and equipment

| | 2021 $ | 2020 $ |
|---|---|---|
| Carrying amount at beginning of year | 3,666 | 5,178 |
| Additions | 8,060 | - |
| Depreciation expense | (4,019) | (1,512) |
| **Total plant and equipment** | 7,707 | 3,666 |

| | | 2021 $ | 2020 $ |
|---|---|---|---|
| **9.** | **Other assets** | | |
| | **Current** | | |
| | Prepayments | 4,601 | 3,563 |

| | | 2021 $ | 2020 $ |
|---|---|---|---|
| **10.** | **Trade and other payables** | | |
| | **Current** | | |
| | Trade creditors (i) | 90,259 | 201,040 |
| | Other creditors (ii) | 135,462 | 114,905 |
| | **Total current trade and other payables** | 225,721 | 315,945 |

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 $85,574 (2020: $101,359) 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 $101,700 (2020: $81,600) which, by mutual agreement with the Entity, currently have no set term for payment.

Trade and other payables include $8,962 (2020: $90,101) relating to exploration expenditure.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 30 JUNE 2021**

## 11. Provisions

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| *Employee entitlements* | | |
| Opening balance at 1 July 2020 | 18,142 | 17,030 |
| Provision additions | 10,661 | 10,667 |
| Amounts used/paid out | (9,030) | (9,555) |
| Balance as at 30 June 2021 | 19,773 | 18,142 |
| Current | 19,773 | 18,142 |

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

## 12. Issued Capital

**(a)**

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Issued and paid up capital 718,999,063 (2020: 473,964,306) ordinary shares fully paid | 28,074,602 | 25,200,714 |
| Listed $0.035 options (ASX: RDSOB) expiring 30 April 2021 – Nil (2020: 47,015,048) | - | - |
| | 28,074,602 | 25,200,714 |

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

During the year the Company issued and allotted 51,451,424 Shares at $0.014 per Share to complete a capital raising totalling $720,320 (before costs) by private placement to sophisticated and professional investors.

On 27 February 2021 the Company completed a further private placement of up to 189,583,333 million Shares at $0.012 per share to raise to $2,275,000 (before costs). The Directors (and/or their nominee(s)) also reserved the right to place up to another $325,000 (before costs) on the same terms to bring the total placement amount to up to $2.6 million, subject to the Company obtaining shareholder approval.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

**12. Issued Capital (continued)**

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **No. of Shares** | **$** | **No. of Shares** | **$** |
| **Movements in shares on issue** | | | | |
| Opening balance | 473,964,306 | 25,200,714 | 473,964,306 | 25,200,714 |
| Placement – 29 July 2020 HanTails Vendor | 4,000,000 | 60,000 | - | - |
| Placement – 10 August 2020 | 42,165,710 | 590,320 | - | - |
| Placement – 30 September 2020 | 2,500,000 | 35,000 | - | - |
| Placement – 24 December 2020 | 6,785,714 | 95,000 | - | - |
| Placement – 27 February 2021 | 189,583,333 | 2,275,000 | - | - |
| Share issue costs | - | (181,432) | - | - |
| Closing balance | 718,999,063 | 28,074,602 | 473,964,306 | 25,200,714 |

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **No. of Listed Options (RDSOB)** | **$** | **No. of Listed Options (RDSOB)** | **$** |
| **Movements in listed options on issue** | | | | |
| Opening balance | 47,015,048 | - | 47,015,048 | - |
| Option expiry (ASX: RDSOB) - 30 April 2021 | (47,015,048) | - | - | - |
| Closing balance | - | - | 47,015,048 | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2021**

## 12. Issued Capital (continued)

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

**Movements in unlisted options on issue**

During the financial year 15,000,000 unlisted options over ordinary shares were issued. No unlisted options over ordinary shares expired or were converted into ordinary shares.

| Unlisted share options | As at 30 June 2020 | Issued/ (lapsed) | As at 30 June 2021 | Exercise price | Exercisable from | Expiry |
|---|---|---|---|---|---|---|
| Unlisted options | - | 15,000,000 | 15,000,000 | 0.0204 | 27 Nov 20 | 20 Nov 25 |
| **Total options** | **-** | **15,000,000** | **15,000,000** | | | |
| Weighted average exercise price (cents/share) | - | | 0.0204 | | | |
| Weighted average exercise price of lapsed options (cents/share) | | - | | | | |
| Weighted average exercise price of issued options (cents/share) | | 0.0204 | | | | |

The weighted average remaining contractual life of unlisted options on issue as at 30 June 2021 is 4.39 years (2020: nil years). As at 30 June 2021 there are 15,000,000 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 (2020: nil) and no options lapsed or expired (2020: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2021

## 13. Reserves

| | Consolidated | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| Share option reserve (i) | 143,993 | - |

(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 | |
|---|---|---|
| | 2021 | 2020 |
| Basic loss per share (cents per share) | (0.05) | (0.03) |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share | 584,327,742 | 473,964,306 |
| Earnings used in the calculation of basic loss per share | (307,888) | (164,392) |

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

**15. Key management personnel disclosures (continued)**

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

Refer to the Remuneration Report included on pages 11 to14 for details of remuneration paid to directors and the specified executives.

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

| 2021 | Held as at 1 July 2020 | Acquired/ (Disposed) on Market | Acquired/ (Disposed) off Market | Placement | Other Changes | Held as at 30 June 2021 |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| R Homsany | 61,314,778 | - | - | 2,500,000 | - | 63,814,778 |
| E van Heemst | 69,750,001 | - | - | 2,500,000 | - | 72,250,001 |
| B Hodgins | 4,389,429 | - | - | 1,785,714 | - | 6,175,143 |

| 2020 | Held as at 1 July 2019 | Acquired/ (Disposed) on Market | Acquired/ (Disposed) off Market | Placement | 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 |

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 11 to 14 for details of transactions with key management personnel.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 30 JUNE 2021**

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| **16. Employee benefits** | | |
| Aggregate liability for employee benefits | | |
| **Current** | | |
| Trade and other payables | 21,764 | 12,188 |
| Employee entitlement provision | 19,773 | 18,142 |
| | 41,537 | 30,330 |
| **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).

## 17. Auditors remuneration

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Amounts received or due and receivable by the auditors of the Entity for: | | |
| - an audit or review of the financial statements of the Entity | 20,000 | 20,088 |
| - non audit services | - | - |
| | 20,000 | 20,088 |

## 18. Subsequent events

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

## 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.

## 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 2021 amount to $200,000 (2020: $90,713). 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.

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

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

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

As at 30 June 2021 Redstone had not yet completed Stage 1 of the HanTails Farm-in and JV.

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

| | Consolidated | |
|---|---|---|
| **Cancellable operating lease commitments for exploration tenements** | 2021<br>$ | 2020<br>$ |
| Within one year | 200,000 | 90,713 |
| One year or later and no later than five years | 32,100 | 47,040 |
| Later than five years | - | - |
| | 232,100 | 137,753 |

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2021

**21. Expenditure commitments (continued)**

**Capital commitments**

The Entity does not have any capital commitments at reporting date.

**Operating lease commitments**

| | Consolidated | |
|---|---|---|
| **Cancellable operating lease commitments** | 2021<br>$ | 2020<br>$ |
| 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 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2021**

## 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 ($187,274), 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 $2,645,571 as at 30 June 2021 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 $26,456. 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 $225,721 (2020: $315,945) and financial assets of $2,813,032 (2020: $391,764). The financial liabilities of $225,721 include related party creditors of the Entity totalling $187,274, 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 2021, financial assets primarily comprise cash held with reputable financial institutions and receivables from the Australian Taxation office. These financial assets are 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2021**

**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 – 2021** 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 | 2,645,571 | - | 2,645,571 | 0.01% |
| Cash | <1 year | - | - | - | - |
| Trade and other receivables | <1 year | - | 167,461 | 167,461 | - |
| Total financial assets | | 2,645,571 | 167,461 | 2,813,032 | |
| **Financial liabilities** | | | | | |
| Trade creditors and other payables* | <1 year | - | 225,721 | 225,721 | - |
| Total financial liabilities | | - | 225,721 | 225,721 | |

**Trade creditors and other payables include $187,274 payables or accrued amounts owing to director related parties of the entity which have no set date of repayment.*

| **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.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2021**

## 23. Cash flow information

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Loss from ordinary activities after income tax | (307,888) | (164,932) |
| Depreciation | 4,019 | 1,512 |
| Share based payment | 143,993 | - |
| **Changes in operating assets and liabilities** | | |
| Increase/(decrease) in provisions | 1,631 | 1,111 |
| (Decrease)/increase in trade creditors and accruals | (9,044) | 43,089 |
| (increase)/decrease in sundry receivables and prepayments | (45,535) | 11,347 |
| **Net cash flow used in operating activities** | (212,824) | (107,873) |

**Non-Cash Transactions**

*Financial year ended 30 June 2021*

Pursuant to the terms of the HanTails Farm-In and JV Agreement the Entity issued four (4) million Shares to the vendor of the HanTails Project on 29 July 2020 in return for an exclusive due diligence period.

During the year 15,000,000 options were granted to Directors, Consultants and Employee for nil consideration. Further information on granted options is available at note 26.

*Financial year ended 30 June 2020*

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

## 24. Contingent Assets and Liabilities

***Foreign Subsidiary Obligations***

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2021**

## 25. Parent Information

| | Parent Entity 2021 $ | Parent Entity 2020 $ |
|---|---|---|
| Current assets | 2,817,608 | 395,303 |
| Non-current assets | 6,857,232 | 6,657,529 |
| **Total Assets** | **9,674,840** | **7,052,832** |
| Current liabilities | 245,494 | 334,087 |
| **Total Liabilities** | **245,494** | **334,087** |
| **Net Assets** | **9,429,346** | **6,718,745** |
| **Equity** | | |
| Issued capital | 28,074,602 | 25,200,714 |
| Reserves | 143,993 | - |
| Accumulated losses | (18,789,249) | (18,481,969) |
| **Total RDS equity** | **9,429,346** | **6,718,745** |
| Net loss for the year before other comprehensive income | (307,280) | (163,502) |
| Total comprehensive income for the year | (307,280) | (163,502) |
| Earnings per share (EPS) – (cents per share) | (0.05) | (0.03) |

**Controlled entities**

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

During the year Redstone Resources Limited acquired 100% of the shares of Earaheedy Resources Pty Ltd.

| (a) **Particulars in relation to controlled entities** | Country of incorporation | 2021 Ownership % | 2020 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 |
| Earaheedy Resources Pty Ltd | Australia | 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 2021**

**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 $608 (2020: $1,430 loss).

**26. Share based payments**

The impact of share based payments on the consolidated statement of comprehensive income for the financial year ended 30 June 2021 is as follows:

| | Consolidated 2021 $ | Consolidated 2020 $ |
|---|---|---|
| Net loss after income tax and including share based payments | (307,888) | (164,392) |
| Add: share based payments expense | 143,993 | - |
| Net loss after income tax excluding share based payments | (163,895) | (164,392) |

During the financial year 15,000,000 unlisted share options were granted for nil consideration (2020: nil). Share-based payments 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 2021 is $143,993 as follows.

| $ | |
|---|---|
| 143,993 | 15,000,000 Director, Consultant and Employee Options granted on 27 November 2020. Exercise price $0.0204 exercisable from 27 November 2020 and expiring 20 November 2025. |
| 143,993 | Total Options 15,000,000 |

The option valuation adopted above is calculated using the following assumptions:

***Options granted in financial year ending 30 June 2021:***
Underlying security spot price of $0.014
Dividend rate of nil
Volatility factor of 100%
Risk free interest rate of 0.31%
The weighted average exercise price is $0.0204 and the weighted average expiry period is 4.98 years.
The weighted average value per option as at the measurement date is $0.0096 per option.

# DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 18 to 51 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 2021 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.

R Homsany
Chairman
Perth, Western Australia

Dated this 29th day of September 2021

**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 2021, 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 2021 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.



Unit 16, First Floor
Spectrum Offices
100 Railway Road
(Cnr Hay Street)
Subiaco WA 6008

Tel : (08) 6389 5222
Fax : (08) 6389 5255
mail@butlersettineri.com.au
www.butlersettineri.com.au

Locked Bag 18
Subiaco WA 6904
Australia

Butler Settineri (Audit) Pty Ltd
RCA No. 289109 ABN 61 112 942 373
Liability limited by a scheme approved under Professional Standards Legislation

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Deferred exploration expenditure** (*refer note 7)*<br><br>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.<br><br>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 $6,847,460 as at 30 June 2021.<br><br>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:<br><br>• ensuring the Group's continued right to explore for minerals in the relevant project areas including assessing documentation such as exploration and mining licences;<br><br>• 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;<br><br>• 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;<br><br>• assessing the Group's ability to finance the planned exploration and evaluation activity; and<br><br>• assessing the adequacy of the disclosures made by the Group in the financial report. |
| **Deferred Taxation** *(refer note 4)*<br><br>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:<br><br>• examining the qualifications, objectivity and experience of management's expert;<br><br>• evaluating the assumptions, methodologies and conclusions used by the Group in preparing their estimate of deferred taxes; and<br><br>• 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 2021 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 11 to 14 of the directors' report for the year ended 30 June 2021.

In our opinion the Remuneration Report of Redstone Resources Limited for the year ended 30 June 2021 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 2021

# SHAREHOLDER INFORMATION AS OF 22 SEPTEMBER 2021

## 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> | 64,400,001 |
| CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C> | 62,189,778 |

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

There are 1,879 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 5 holders of unlisted options.

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

| | Holders of Ordinary Shares | Number of Ordinary Shares | % |
|---|---|---|---|
| 1 - 1,000 | 103 | 48,271 | 0.01 |
| 1,001 - 5,000 | 288 | 877,493 | 0.12 |
| 5,001 - 10,000 | 234 | 1,933,954 | 0.27 |
| 10,001 - 100,000 | 709 | 29,753,552 | 4.14 |
| 100,001 and over | 537 | 686,385,793 | 95.46 |
| **TOTALS** | 1871 | 718,999,063 | 100.00 |

4. Marketable Parcel

There are 1,049 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 | 64,400,001 | 8.96 |
| 2 | CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C> | 62,189,778 | 8.65 |
| 3 | GREYHOUND INVESTMENTS PTY LTD <GREYHOUND INVESTMENTS A/C> | 32,650,136 | 4.54 |
| 4 | CARDINALS INVESTMENTS PTY LTD | 23,011,047 | 3.20 |
| 5 | MR DALE JAMES CHAMPION+MRS ANITA MARIA CHAMPION <CHAMPION INVESTMENT / | 21,250,000 | 2.96 |
| 6 | TORO ENERGY LTD | 17,500,000 | 2.43 |
| 7 | VYSCARD PTY LTD<LE ROY SUPER FUND A/C> | 17,000,000 | 2.36 |
| 8 | THE DUTCHINA INVESTMENTS PTY LTD | 11,000,000 | 1.53 |
| 9 | MS XIAODAN WU | 10,419,341 | 1.45 |
| 10 | ACEDAY INVESTMENTS PTY LTD <THE HOFMANN SUPER FUND A/C> | 9,000,000 | 1.25 |
| 11 | MEMPHIS HOLDINGS PTY LTD <SUPER FUND A/C> | 8,000,000 | 1.11 |
| 12 | TROYWARD PTY LTD | 7,850,000 | 1.09 |
| 13 | MR CHRIS PANDILOVSKI | 6,800,000 | 0.95 |
| 14 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 6,642,680 | 0.92 |
| 15 | GRAHAM JOHN FISHER PTY LTD <GRAHAM JOHN FISHER S/F A/C> | 6,184,588 | 0.86 |
| 16 | MR ROBERT JOHN SUNSHINE PHILLIPS <NO 2 A/C> | 6,000,000 | 0.83 |
| 17 | MR ILIAS LEE RISKAS <RISKAS FAMILY A/C> | 6,000,000 | 0.83 |
| 18 | MRS LUCY KOPPES | 5,800,003 | 0.81 |
| 19 | MR UMUT RESUL AKKURT | 5,500,000 | 0.76 |
| 20 | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 5,285,000 | 0.74 |
| | | 332,482,574 | 46.24 |

6. Details of Restricted Securities

No securities are subject to escrow.

7. Details of Unlisted Options

| % or No. holders | No. Options | Name / Class of Option |
|---|---|---|
| 5 | 15,000,000 | Options<br>Exercise price $0.0204 from 27 November 2020 and expiring 20 November 2021 |
| 5 | **15,000,000** | Total Unlisted Options |

**Unquoted Securities > 20% Holders**

Class - Unlisted Options: Exercise price $0.0204 from 27 November 2020 and expiring 20 November 2021

| Holder | No. Options |
|---|---|
| CARDINALS CORPORATE PTY LTD <CARDINALS CORPORATE A/C> | 5,000,000 |

# SHAREHOLDER INFORMATION

## 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).

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 Ltd | 0% | 0% | (17/09/2019) | N/A | 107 | 330.0 |
| | | | | | | | 203 | 626.0 |

### Kalgoorlie, Australia

| Project | Tenement | Registered Holder Applicant | Holder Interest | Consolidated Entity Interest | Grant Date/ (Application Date) | Expiry | Blocks | Area km2 |
|---|---|---|---|---|---|---|---|---|
| HanTails | P26/4308 | Hannans Gold Pty Ltd | 0% | 0% | 3/04/2019 | 2/04/2023 | N/A | 0.6 |
| HanTails | P26/4465 | Hannans Gold Pty Ltd | 0% | 0% | 5/08/2019 | 4/08/2023 | N/A | 1.7 |
| | | | | | | | - | 2.3 |