



REDSTONE RESOURCES LIMITED
ABN: 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY MEMORANDUM

For the Annual General Meeting of the Shareholders

of

Redstone Resources Limited

to be held on

Thursday 29 November 2012 at 2.30pm (WST) at

Country Women's Association WA (Inc) House

1176 Hay Street

(second building from Havelock Street)

West Perth, Western Australia

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Redstone Resources Limited will be held at Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth Western Australia, at 2.30pm Western Standard Time on Monday, 29 November 2012.

The attached Explanatory Memorandum is provided to supply Shareholders with information to enable them to make an informed decision regarding the resolutions set out in this Notice. The business of the Annual General Meeting affects your shareholding in the Company and your vote is important.

The Explanatory Memorandum is intended to be read in conjunction with, and forms part of, this Notice. Terms and abbreviations used in this Notice are defined in the Glossary contained in the Explanatory Memorandum.

AGENDA

Financial Report

To receive and consider the 2012 Annual Report and the reports of the Directors and the auditor to the Company thereon.

Resolution 1 – Election of Mr Edward van Heemst

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr Edward van Heemst, being a Director who retires in accordance with the Constitution, and being willing and eligible for election, is hereby elected as a Director."

Resolution 2 – Election of Mr Anthony Ailakis

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr Anthony Ailakis, being a Director who retires in accordance with the Constitution, and being willing and eligible for election, is hereby elected as a Director."

Resolution 3 – Re-election of Mr Richard Homsany

To consider and if thought fit, to pass the following as an ordinary resolution:

"That Mr Richard Homsany, being a Director who retires in accordance with the Constitution, and being willing and eligible for re-election, is hereby re-elected as a Director."

Resolution 4 – Adoption of the Remuneration Report (Non-Binding)

To consider and if thought fit, to pass, with or without amendment, the following resolution as a non-binding ordinary resolution:

"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Company adopt the Remuneration Report."

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Note: The vote on this resolution is advisory only and does not bind the Board or the Company.

Voting Prohibition Statement

A vote on this resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 5 – Ratification and Approval of Previous Issue and Allotment of Shares to HJH Nominees Pty Ltd

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders hereby ratify and approve the issue and allotment by the Company of 2,000,000 Shares to HJH Nominees Pty Ltd on the terms and conditions and in the manner described in the Explanatory Memorandum.”

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by HJH Nominees Pty Ltd and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Resolution 6 – Ratification and Approval of Previous Issue and Allotment of Placement Shares and Placement Options (Tranche 1)

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders hereby ratify and approve the issue and allotment by the Company of 11,600,000 Placement Shares and 5,800,013 Placement Options to various investors on the terms and conditions and in the manner described in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by a person who participated in the issue and any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Approval of Issue and Allotment of Placement Shares and Placement Options (Tranche 2)

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.1 and all other purposes, the Company is authorised to issue and allot up to 8,400,000 Placement Shares and 4,200,000 Placement Options to various investors for the purposes, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast on this resolution by a person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed and any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Resolution 8 – Approval of Director Participation in the Issue of Placement Shares and Placement Options (Tranche 2)

Subject to Resolution 7 being passed, to consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of Section 195 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of up to 2,500,000 Placement Shares and 1,250,000 Placement Options to Mr Edward van Heemst (and/or his nominee(s)), for the purposes, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of Section 195 of the Corporations Act and ASX Listing Rule 10.11 the Company will disregard any votes cast on this Resolution 8 by Mr van Heemst and/or his nominee(s) and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 9 – Approval of Director Participation in the Issue and Allotment of Placement Shares and Placement Options (Tranche 2)

Subject to Resolution 7 being passed, to consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of Section 195 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of up to 2,500,000 Placement Shares and 1,250,000 Placement Options to Mr Richard Homsany (and/or his nominee(s)), for the purposes, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of Section 195 of the Corporations Act and ASX Listing Rule 10.11 the Company will disregard any votes cast on this Resolution 9 by Mr Homsany and/or his nominee(s) and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Resolution 10 – Approval of Director Related Party Participation in the Issue and Allotment of Placement Shares and Placement Options (Tranche 2)

Subject to Resolution 7 being passed, to consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of Section 195 of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of up to 200,000 Placement Shares and 100,000 Placement Options to Mr Anthony Ailakis (and/or his nominee(s)), for the purposes, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of Section 195 of the Corporations Act and ASX Listing Rule 10.11 the Company will disregard any votes cast on this Resolution 10 by Mr Anthony Ailakis and/or his nominee(s) and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 11 – Approval of Issue and Allotment of Options to Argonaut Investments Pty Ltd

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.1 and all other purposes, the Company is authorised to issue and allot up to 6,000,000 Options to Argonaut Investments Pty Ltd (and/or its nominee(s)) for the purposes, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast on this resolution by Argonaut Investments Pty Ltd (and/or its nominee(s)) and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Resolution 12 – Approval of Issue and Allotment of Options to Mr Edward van Heemst, Director

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 1,500,000 Options to Mr Edward van Heemst and/or his nominee(s) on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of Chapter 2E.1 of the Corporations Act and ASX Listing Rule 10.11 the Company will disregard any votes cast on this Resolution 12 by Mr van Heemst and/or his nominee(s) and any of his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A vote on this resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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Resolution 13 – Approval of Issue and Allotment of Options to Mr Richard Homsany, Director

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 500,000 Options to Mr Richard Homsany and/or his nominee(s) on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of Chapter 2E.1 of the Corporations Act and ASX Listing Rule 10.11 the Company will disregard any votes cast on this Resolution 13 by Mr Homsany and/or his nominee(s) and any of his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A vote on this resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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Resolution 14 – Approval of 10% Placement Capacity

To consider and if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the Shares on issue (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 7.1A the Company will disregard any votes cast on this by a person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed and any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 15 – Approval of Employee Share Option Plan

To consider and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes, approval is hereby given for the grant of Options under the Company's Employee Share Option Plan, and the issue and allotment of Shares pursuant to those Options, from time to time upon the terms and conditions specified in the rules of the Employee Share Option Plan (which are summarised in the Explanatory Memorandum) as an exception to ASX Listing Rule 7.1."

Voting Exclusion Statement

In accordance with ASX Listing Rules 7.2 Exception 9.2(b) and 14.11 the Company will disregard any votes cast on this resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) and by an associate of the Director.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Voting Prohibition Statement

A vote on this resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Other Business

To deal with any other business that may be lawfully brought forward.

BY ORDER OF THE BOARD OF DIRECTORS



Miranda Conti
COMPANY SECRETARY
REDSTONE RESOURCES LIMITED

Dated this 26th day of October 2012

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Attendance and Voting Eligibility

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the Shares quoted on the ASX at the close of business on 27 November 2012 shall be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

Proxies

A Shareholder who is entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through) its representative will not be permitted to act as proxy.

A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

A Proxy Form accompanies this Notice and to be effective the Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting by:

- delivery to the Redstone Resources Limited registered office, Suite 3 110-116 East Parade, East Perth WA 6004; or
- facsimile to the Company on facsimile number (08) 9328 2660 (International: + (61 8) 9328 2660);
- post to Redstone Resources Limited, PO Box 8646, Perth Business Centre, Western Australia, 6849; or
- post to Advanced Share Registry, PO Box 1156, Nedlands, WA 6909.

Proxies must be received by the Company no later than 48 hours prior to the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

The **enclosed** Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

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Proxy Restrictions

Shareholders (who are not a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of that member) appointing a proxy for Resolutions 4, 12, 13 or 15 should note the following:

If you appoint a member of the Key Management Personnel as your proxy

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, you must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be included in any vote on Resolution 4, 12, 13 or 15.

If you appoint the Chair as your proxy

If you elect to appoint the Chair as your proxy, you do not need to direct the Chair how you wish them to exercise your vote on Resolutions 4, 12, 13 or 15 however if you do not direct the Chair how to vote, you acknowledge that the Chair may exercise his or her discretion in exercising your proxy even though Resolutions 4, 12, 13 and 15 are connected directly or indirectly with the remuneration of Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for that entity.

The Chair intends to vote all undirected proxies in favour of Resolutions 4, 12, 13 and 15.

If you appoint any other person as your proxy

You do not need to direct your proxy how to vote.

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EXPLANATORY MEMORANDUM

This Explanatory Memorandum and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

General Information

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Annual General Meeting to be held on 29 November 2012.

The purpose of the Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the above resolutions in the Notice (of which this Explanatory Memorandum forms a part).

AGENDA

Financial Report

The Corporations Act requires:

- the reports of the Directors and auditors; and
- the 2012 Annual Report,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders at the Meeting will be given reasonable opportunity to raise questions or comments.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

The Company will not provide a hard copy of the 2012 Annual Report to Shareholders unless specifically requested to do so. The 2012 Annual Report is available on the Company's website at www.redstone.com.au.

Resolutions 1 & 2 - Election of Messrs Edward van Heemst and Anthony Ailakis

Rule 8.1(c) of the Constitution requires that any Director appointed by the Board since the last annual general meeting of the Company who is not the Managing Director holds office only until the conclusion of the next annual general meeting of the Company following his or her appointment. Accordingly, any such Director must automatically retire from office at the next annual general meeting of the Company, and being willing and eligible may seek election in accordance with Rule 8.1(i) of the Constitution.

Messrs Edward van Heemst and Anthony Ailakis were appointed as Directors since the date of the last annual general meeting of the Company. Under the Constitution they hold office only until this Meeting and, being willing and eligible, offer themselves for election at the Meeting.

The experience and qualifications of, and other information about, Messrs van Heemst and Ailakis can be found in the 2012 Annual Report.

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The Directors (excluding Mr van Heemst) recommend that Shareholders vote in favour of Resolution 1.

The Directors (excluding Mr Ailakis) recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 – Re-election of Mr Richard Homsany

Rule 8.1(d) of the Constitution requires that at every annual general meeting of the Company, one third of Directors (after excluding a Director who is the Managing Director or any Director appointed by the Board since the date of the last annual general meeting of the Company), or if this number of Directors is 5 or less, then 2 of the remaining Directors, must retire from office and if eligible seek re-election in accordance with Rule 8.1(i) of the Constitution.

Accordingly, Mr Richard Homsany retires by rotation and, being willing and eligible, offers himself for re-election.

The experience and qualifications of, and other information about, Mr Homsany can be found in the 2012 Annual Report.

The Directors (excluding Mr Homsany) recommend that Shareholders vote in favour of Resolution 3.

Resolution 4 - Adoption of the Remuneration Report (Non-Binding)

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Board or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the 2012 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Voting consequences

Under changes to the Corporations Act that came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, a company will be required to put to its shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

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All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for election or re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

At the Company's previous annual general meeting, less than 25% of the votes cast on the remuneration report resolution were voted against adoption of the remuneration report. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Resolution 5: Ratification and Approval of Previous Issue and Allotment of Shares to HJH Nominees Pty Ltd

Background

Pursuant to a sale and purchase agreement for the Aneba (Potash) and Autazes (Potash) Projects dated 7 May 2012, the purchaser, HJH Nominees Pty Ltd, subscribed for 2,000,000 Shares at an issue price of \$0.18 per Share. Of the Shares, 1,111,111 were issued and allotted on 29 May 2012 and 888,889 were issued and allotted on 19 June 2012. These issues were made in accordance with Listing Rule 7.1 which permits a company to issue up to 15% of its issued capital without shareholder approval. HJH Nominees Pty Ltd is not a related party of the Company.

Whilst the outcome of Resolution 5 will have no effect on the issue of the Shares issued to HJH Nominees Pty Ltd the approval of Resolution 5 will enable the Company at any time during the next 12 months to issue equity securities up to the 15% threshold set out in ASX Listing Rule 7.1 without the Shares the subject of Resolution 5 counting towards that 15% threshold.

Resolution 5 seeks Shareholder ratification and approval of the prior issue and allotment of these 2,000,000 Shares for the purposes of ASX Listing Rule 7.4 and for all other purposes.

ASX Listing Rule 7.4

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further equity securities up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

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ASX Listing Rule 7.5 Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.5:

- (a) A total of 2,000,000 Shares were issued and allotted.
- (b) The 2,000,000 Shares were issued at \$0.18 per Share to raise \$360,000.
- (c) The 2,000,000 Shares rank equally in all respects with all other ordinary shares in the capital of the Company.
- (d) The 2,000,000 Shares were issued and allotted to HJH Nominees Pty Ltd.
- (e) The funds raised from the issue will be used to provide further working capital.

The Directors recommend that Shareholders vote in favour of Resolution 5 as it allows the Company to ratify the above issue of Shares and retain the flexibility to issue further securities representing up to 15% of the Company's total number of ordinary shares on issue during the next 12 months without Shareholder approval.

Resolution 6: Ratification and Approval of Previous Issue and Allotment of Placement Shares and Placement Options (Tranche 1)

Background

On 10 October 2012 the Company issued and allotted 11,600,000 Shares (**Placement Shares**) and 5,800,013 1:2 attaching Options (**Placement Options**) to various sophisticated investors pursuant to Tranche 1 of a total \$2,000,000 capital raising (**Placement**). The Placement Shares were issued at \$0.10 per Share with a 1 for 2 attaching Placement Option which entitles the holder on exercise to acquire one Share at an exercise price of \$0.20 each, on or before 28 February 2016. This issue was made in accordance with Listing Rule 7.1 which permits a company to issue up to 15% of its issued capital without shareholder approval. The sophisticated investors participating in Tranche 1 of this Placement are not related parties of the Company.

ASX Listing Rule 7.4

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include options) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further equity securities up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

Whilst the outcome of Resolution 6 will have no effect on the issue of the Placement Shares and the Placement Options, the approval of Resolution 6 will enable the Company at any time during the next 12 months to issue equity securities up to the 15% threshold set out in ASX Listing Rule 7.1 without the Shares and attaching 1 for 2 Options described below the subject of Resolution 6 counting towards that 15% threshold.

Resolution 6 seeks Shareholder ratification of the prior issue and allotment of these 11,600,000 Placement Shares and 5,800,013 Placement Options for the purposes of ASX Listing Rule 7.4 and for all other purposes.

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ASX Listing Rule 7.5 Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.5:

- (a) A total of 11,600,000 Shares and 5,800,013 Placement Options were issued and allotted.
- (b) The Placement Shares were issued at \$0.10 per Share to raise \$1,160,000. The Placement Options were issued for no consideration and are exercisable at \$0.20 each any time on or before 28 February 2016.
- (c) The Placement Shares rank equally in all respects with all other ordinary shares in the capital of the Company. The Placement Options are unquoted however application for quotation of Placement Options will be made, subject to the requirements to the ASX Listing Rules and the Corporations Act. The Placement Options are subject to the terms and conditions set out in Annexure A.
- (d) The Placement Shares and Placement Options were issued to various sophisticated investors.
- (e) The funds raised from the Placement Share issue will be used to advance exploration at the Company's flagship Tollu exploration project in Western Australia and to provide further working capital. No funds were raised from the issue of the Placement Options. In the event the Placement Options are exercised in due course the funds raised will be applied for general working capital.

The Directors recommend that Shareholders vote in favour of Resolution 6 as it allows the Company to ratify the above issue of Shares and Options and retain the flexibility to issue further securities representing up to 15% of the Company's total number of ordinary shares on issue during the next 12 months without Shareholder approval.

Resolution 7: Approval of Issue and Allotment of Placement Shares and Placement Options (Tranche 2)

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of shareholders.

Resolution 7 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue and allotment of Placement Shares and Options. The effect of such approval is that any such Shares and Options will be not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

Background

As announced on 4 October 2012, the Company obtained commitments for subscriptions of \$2,000,000 by the placement to sophisticated and professional investors of 20,000,000 Placement Shares issued at \$0.10 per Share together with 10,000,000 Placement Options which entitle the holder on exercise to acquire one Share at an exercise price of \$0.20 each, on or before 28 February 2016.

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Of these Placement securities, 11,600,000 Placement Shares for a total \$1,160,000 and 5,800,013 Placement Options were issued and allotted on 10 October 2012 (up to the Company's 15% threshold under ASX Listing Rule 7.1), whilst the balance of 8,400,000 of the Placement Shares and 4,200,000 Placement Options will be issued and allotted if Shareholder approval is obtained.

ASX Listing Rule 7.3 Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) A maximum of 8,400,000 Placement Shares and 4,200,000 Placement Options will be issued.
- (b) The Placement Shares and Placement Options will be issued and allotted as soon as practicable but in any event no later than 1 month after the date of the Meeting, or such later date as may be approved by ASX.
- (c) The Placement Shares will be issued at \$0.10 per Share to raise \$840,000. The Placement Options will be issued for no consideration and are exercisable at \$0.20 each any time on or before 28 February 2016.
- (d) The Placement Shares issued will rank equally in all respects with all other ordinary shares in the capital of the Company. The Placement Options are unquoted however application for quotation of Placement Options will be made, subject to the requirements to the ASX Listing Rules and the Corporations Act. The Placement Options are subject to the terms and conditions set out in Annexure A.
- (e) The Placement Shares and Placement Options will be issued and allotted to sophisticated investors who are not related parties or their associates except for Messrs Edward van Heemst, Richard Homsany and Anthony Ailakis, who are seeking approval from Shareholders under Resolutions 8, 9 and 10 respectively to participate in the Placement.
- (f) The funds raised from the Placement Share issue will be used to advance exploration at the Company's flagship Tolu exploration project in Western Australia and to provide further working capital. No funds were raised from the issue of the Placement Options. In the event the Placement Options are exercised in due course the funds raised will be applied for general working capital.

The Directors recommend that Shareholders vote in favour of Resolution 7.

Resolutions 8,9 & 10: Approval of Director/Related Party Participation in the Issue and Allotment of Placement Shares and Placement Options (Tranche 2)

Subject to Resolution 7 being passed, the Company intends to place 8,400,000 Placement Shares and 4,200,000 Placement Options to sophisticated investors.

Messrs Edward van Heemst, Richard Homsany and Anthony Ailakis, who are Directors, have indicated that they wish to participate in the Placement on the same terms as other persons applying for the Placement Shares and Placement Options.

ASX Listing Rule 10.11 provides generally that a company may not issue securities to related parties without obtaining shareholder approval. Directors are related parties of the Company and Resolutions 8, 9 and 10 seek this approval. Pursuant to Listing Rule 7.1 (Exception 14), approval under ASX Listing Rule 7.1 is not required in order to issue the Placement Shares and Placement Options under Resolution 7 as approval is being obtained under ASX Listing Rule 10.11.

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Shareholder approval under Listing Rule 10.11 is sought to allow Messrs van Heemst and Homsany to participate in the Placement up to a maximum of 2,500,000 Placement Shares and 1,250,000 Placement Options each, and Mr Ailakis to participate in the Placement up to a maximum of 200,000 Placement Shares and 100,000 Placement Options.

If Resolutions 8, 9 and 10 are passed, Messrs van Heemst and Homsany may take up 2,500,000 Placement Shares and 1,250,000 Placement Options each, and Mr Ailakis may take up to 200,000 Placement Shares and 100,000 Placement Options, if they elect to do so.

ASX Listing Rule 10.13 Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 10.13:

- (a) The Placement Shares and Placement Options will be issued and allotted to Messrs van Heemst, Homsany and/or Ailakis if they elect to take up the Placement offer.
- (b) The maximum number of Placement Shares and Placement Options to be issued to each of Messrs van Heemst and Homsany will be 2,500,000 Placement Shares and 1,250,000 Placement Options, and 200,000 Placement Shares and 100,000 Placement Options to Mr Ailakis.
- (c) The Placement Shares to be issued to Messrs van Heemst, Homsany and Ailakis will be issued at \$0.10 per Share. The Placement Options will be issued for no consideration and are exercisable at \$0.20 each any time on or before 28 February 2016.
- (d) The Placement Shares will be issued as soon as practicable but in any event no later than 1 month after the date of the Meeting, or such later date as may be approved by ASX.
- (e) The Placement Shares issued will rank equally in all respects with all other ordinary shares in the capital of the Company. The Placement Options are unquoted however application for quotation of Placement Options will be made, subject to the requirements to the ASX Listing Rules and the Corporations Act. The Placement Options are subject to the terms and conditions set out in Annexure A.
- (f) The Placement Shares and Placement Options will be issued and allotted to Mr Edward van Heemst and/or his nominee(s), Mr Richard Homsany and/or his nominee (s) and Mr Anthony Ailakis and/or his nominee (s).
- (g) The funds raised from the Placement Share issue will be used to advance exploration at the Company's flagship Tollu exploration project in Western Australia and to provide further working capital. No funds will be raised from the issue of the Placement Options. In the event the Placement Options are exercised in due course the funds raised will be applied for general working capital.

Mr Edward van Heemst declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution.

The other Directors, (excluding Mr van Heemst) recommend that Shareholders vote in favour of Resolution 8.

Mr Richard Homsany declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution.

The other Directors, (excluding Mr Homsany) recommend that Shareholders vote in favour of Resolution 9.

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Mr Anthony Ailakis declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution.

The other Directors, (excluding Mr Ailakis) recommend that Shareholders vote in favour of Resolution 10.

Resolution 11: Approval of Issue and Allotment of Options to Argonaut Investments Pty Ltd

Background

The Company is actively engaged in seeking and maintaining professional, corporate and exploration resources which have the potential to increase Shareholder value. It is therefore part of the Company's strategy to offer to consultants incentives to secure such resources. For this reason the Company seeks approval to issue up to 6,000,000 Options (**Argonaut Options**) to Argonaut Investments Pty Ltd, a corporate advisory and broking firm.

ASX Listing Rule 7.3 Disclosure Requirements

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) The maximum number of securities to be issued is 6,000,000 Argonaut Options.
- (b) The Argonaut Options will be issued as soon as practicable but in any event no later than 3 months after the date of the Meeting, or such later date as may be approved by ASX.
- (c) The Argonaut Options will be issued for \$0.001 per Option to raise up to \$6,000.
- (d) The allottee(s) will be Argonaut Investments Pty Ltd (and/or Argonauts nominee(s)).
- (e) The Argonaut Options shall otherwise have the same terms and conditions as the Placement Options set out in Annexure A. Notwithstanding this, three million of the Argonaut Options shall not vest until the Company's Shares trade above a price of \$0.25 for at least three consecutive business days.
- (f) In the event the Argonaut Options are exercised in due course the funds raised will be used to advance exploration at the Company's flagship Tollu exploration project in Western Australia and to provide further working capital.
- (g) The Argonaut Options will be allotted progressively.

The Directors recommend that Shareholders vote in favour of Resolution 11.

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Resolutions 12 and 13 – Approval of Issue and Allotment of Options to Directors

General

The Board has resolved, subject to obtaining Shareholder approval, to issue and allot 1,500,000 Options to Mr Edward van Heemst (and/or his nominee(s)) and 500,000 Options to Mr Richard Homsany (and/or his nominee(s)) on the terms and conditions set out below.

Corporation Act and ASX Listing Rules Requirements

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. In particular section 208 of the Corporations Act prohibits, subject to specified exceptions, a company giving a financial benefit to a related party of the company without prior shareholder approval.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing shares, options and other securities.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of Options to Messrs van Heemst and Homsany requires the Company to obtain Shareholder approval because the grant of the Options constitutes a financial benefit and, as Directors, Messrs van Heemst and Homsany are related parties of the Company.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly Shareholder approval is sought for the grant of Options to Messrs van Heemst and Homsany.

Pursuant to the exception in Listing Rule 7.1(14), approval under Listing Rule 7.1 is not required in order to issue the Options to Messrs van Heemst and Homsany as approval is being obtained under Listing Rule 10.11.

Accordingly, the issue of Options to Messrs van Heemst and Homsany will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 Disclosure Requirements

Pursuant to and in accordance with the requirements of sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options:

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- (a) The related parties are Mr van Heemst (and/or his nominee(s)) and Mr Homsany (and/or his nominee(s)), by virtue of their being Directors.
- (b) The maximum number of Options being granted to Mr van Heemst (and/or his nominee(s)) is 1,500,000 and to Mr Homsany (and/or his nominee(s)) is 500,000.
- (c) The Options will be granted to Messrs van Heemst and Homsany no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Options will be issued for nil consideration as they being issued for the purpose set out in (l) below and accordingly no funds will be raised.
- (e) The exercise price of each Option will be the higher of \$0.20 or the Closing Price plus a premium of 34%. Assuming the Closing Price of \$0.155 as at 16 October 2012 the exercise price would be \$0.208.
- (f) The terms and conditions of the Options are set out in Annexure B.
- (g) The value of the Options and the pricing methodology is set out below under the heading 'Valuation of Options'.
- (h) The relevant interests of Messrs van Heemst and Homsany in securities of the Company, as at the date of this Notice, are:

	Ordinary Shares	Unlisted Options
Mr van Heemst	10,050,000	750,000 unquoted options exercisable at \$0.25 any time on or before 30 November 2012.
Mr Homsany	Nil	<p>1,000,000 unquoted options exercisable at \$0.95 per share at any time on or before 28 November 2012.</p> <p>500,000 unquoted options exercisable at \$1.20 per share at any time on or before 28 November 2012.</p> <p>1,500,000 unquoted options exercisable at \$0.25 per share at any time on or before 28 November 2014.</p> <p>500,000 unquoted options exercisable at \$0.30 per share at any time on or before 30 November 2014.</p> <p>500,000 unquoted options exercisable at \$0.35 per share at any time on or before 30 November 2014.</p>

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(i) The remuneration and emoluments (including superannuation) from the Company to Messrs van Heemst and Homsany and/or their nominee(s) for the current financial year are \$13,080 and \$97,620 respectively per annum. During the previous financial year the remuneration and emoluments (including superannuation) from the Company to Mr Homsany was \$97,620 in Director and legal consulting fees. Mr van Heemst was appointed a director on 10 July 2012 and was therefore not paid any remuneration and emoluments in the previous financial year.

(j) If the Options granted to Messrs van Heemst and Homsany and/or their nominee(s) are exercised a total of 2,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 143,569,390 to 145,569,390 (assuming that no other Options are exercised and no other Shares are issued except Shares issued upon exercise of the Options) with the effect that the shareholding of existing Shareholders would be diluted by 1.39%.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

(k) The following table gives details of the highest, lowest and the latest closing price of the Company's shares trading on the ASX over the last 12 months.

	Date	Closing Price
Highest Price	17 October 2011	\$0.305
Lowest Price	19 July 2012	\$0.080
Latest Price	17 October 2012	\$0.155

(l) The primary purpose of the grant of Options to Messrs van Heemst and Homsany and/or their nominee(s) is to provide a market linked incentive package in their capacity as Directors and for the future performance by them. The Board considered the extensive corporate and exploration industry experience of Messrs van Heemst and Homsany and the current market price of the Shares when determining the number and exercise price of the Options to be put before the Shareholders for their approval. In addition the Board considers the proposed grant of the Options to be put before the Shareholders to be reasonable and commercial in light of the circumstances of the Company given its size and stage of development, market practice of other companies in the mineral exploration and development industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves. Accounting standards require that granted options be valued and expensed. The Board does not consider that there are otherwise any significant opportunity costs to the Company or benefits foregone by the Company in the proposed issue of the Options upon the terms proposed to the Shareholders for their approval.

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- (m) The Board acknowledges the grant of Options to Messrs van Heemst and Homsany and/or their nominee(s) is contrary to Recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However the Board considers the grants to Messrs van Heemst and Homsany are reasonable in the circumstances for the reasons set out in paragraph (l) above.

Valuation of Options

- (a) The Options to be issued and allotted to Messrs van Heemst and Homsany pursuant to Resolutions 12 and 13 have been independently valued.

The intended grant date of the Options is a future date yet to be decided though expected to be on 29 November 2012. However, since the actual Share price is not known, for the purposes of the valuation, the Options have been valued as though granted on 16 October 2012. The Options have been valued using market data current at that time. Accordingly the actual exercise price (and also the value of the Options as at the date of issue) could vary having regard to the fluctuations in the market price of the Shares between the date of this Notice and the date upon which the Options are offered to Messrs van Heemst and Homsany following the Annual General Meeting in which case the valuation of the Options may vary.

- (b) Using the theoretical Black-Scholes Option Pricing Model and based on the assumptions set out below, the Options were ascribed a value range as follows:

Assumptions:	
Valuation date	16 October 2012
Closing Market price of Shares	\$0.155
Option Exercise Price (Closing Price plus 34%)*	\$0.208
Option Expiry Date	5 years (less one day) from grant date
Risk Free Interest Rate	2.55%
Volatility (Average)	95%
Indicative value per Option	\$0.107
Total Value of Options	\$214,000

*Assuming an Option Exercise Price of \$0.20 and all other assumptions per the table above the Indicative value per Option would be \$0.108, to bring the total Value of Options to \$216,000.

Note: The valuation ranges noted above are not necessarily the market prices that the Options could be traded at and they are not automatically the market prices for taxation purposes.

Note 1: The underlying share spot price used for the purpose of the valuation is based on the price as at 16 October 2012.

Note 2: No dividends are expected to be paid during the life of the Options.

Note 3: The risk free rate is the Australian Government 5 year bond rate at 16 October 2012.

Note 4: The volatility was estimated from the Company's average historical trading volatility.

Note 5: The expiry date of the Options is 5 years (less one day) from date of grant. The life of the Options is therefore 5 years (less one day).

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Mr Edward van Heemst declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution.

The other Directors (excluding Mr van Heemst) recommend that, for the reasons set out in paragraph (l) above, Shareholders vote in favour of Resolution 12.

Mr Richard Homsany declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution.

The other Directors (excluding Mr Homsany) recommend that, for the reasons set out in paragraph (l) above, Shareholders vote in favour of Resolution 13.

Resolution 14 – Approval of 10% Placement Capacity

Background

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an eligible entity to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the eligible entity's Annual General Meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity for the purposes of ASX Listing Rule 7.1A.

If Shareholders approve Resolution 14, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in the Summary of ASX Listing Rule 7.1A (b) below).

The effect of Resolution 14 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the period up to 12 months after the Meeting without subsequent Shareholder approval and without using Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 14 is a special resolution. Accordingly 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 14 for it to be passed.

Summary of ASX Listing Rule 7.1A

(a) Equity Securities

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities. At the date of this Notice, the Company has only one class of quoted Equity Securities, being its Shares.

(b) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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(A x D) – E

Where:

- A is the number of shares on issue 12 months before the date of issue or agreement:
- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the 12 months;
 - (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
 - (d) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

Information required by ASX Listing Rule 7.3A

Under ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 14:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (a)(i) above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and

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- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

or such longer period if allowed by ASX (**10% Placement Capacity Period**).

- (c) Risk of economic and voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 14 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice assuming the full 10% dilution.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Issue Price (per Share)	Dilution		
		\$0.078 (50% decrease in issue price)	\$0.155 (Issue price)	\$0.232 (50% increase in issue price)
143,569,390 (Current)	Shares issued	14,356,939	14,356,939	14,356,939
	Funds Raised	\$1,112,663	\$2,225,326	\$3,337,988
215,354,085 (50% increase)*	Shares issued	21,535,408	21,535,408	21,535,408
	Funds Raised	\$1,668,994	\$3,337,988	\$5,006,982
287,138,780 (100% increase)*	Shares issued	28,713,878	28,713,878	28,713,878
	Funds Raised	\$2,225,325	\$4,450,651	\$6,675,977

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

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The table above uses the following assumptions:

1. The current Shares on issue are as at the date of the Notice.
2. The issue price set out above is the closing price of the Shares on 16 October 2012.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity hence the voting dilution is shown in each example as 10%.
4. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances, and if necessary seek advice from their professional advisers.
5. No unlisted options or performance rights of the Company are exercised into Shares before the date of issue of the Equity Securities.
6. The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
7. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

Shareholders should note that there is a risk that:

- (i) the market price for the Equity Securities to be issued may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue.

Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for, continued exploration expenditure primarily on the Company's flagship Tollu exploration project and for its other project holdings; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities will be current Shareholders or new investors (or both), none of whom will be related parties of the Company.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Previous Approval under ASX Listing Rule 7.1A

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder or security holder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 14.

The Directors consider that the approval of the issue of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the Notice, the Company has no plans to use the 10% Placement Capacity should it be approved.

Resolution 15 – Approval of Employee Share Option Plan

Listing Rule 7.1 provides, in summary, that subject to certain conditions, the Company must not issue or agree to issue equity securities, including options, in any 12 month period equal to more than 15% of the number of issued fully paid ordinary shares of the Company at the beginning of the 12 month period, except with prior Shareholder approval in general meeting of the terms and conditions of the proposed issue.

Exception to Listing Rule 7.1

Listing Rule 7.2 Exception 9(b) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme, if within 3 years before the date of the issue, shareholders have approved the issue of securities under the employee incentive share scheme as an exception to Listing Rule 7.1.

REDSTONE RESOURCES LIMITED
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EXPLANATORY MEMORANDUM

Resolution 15 seeks Shareholder approval under Listing Rule 7.2 Exception 9(b), for the grant of Options under the 2006 Redstone Resources Limited Employee Share Option Plan (**ESOP**) (and the issue of Shares in the Company on exercise of those Options) from time to time as an exception to Listing Rule 7.1 for a period of three years commencing on the date of the Meeting without being required to count those securities as part of, and without reducing, the number of securities which the Company can issue under its annual 15% limit. The impact is that for a period of three years the grant of Options, or issue of Shares upon exercise of the Options, will be excluded from the number of securities used to determine the Company's annual 15% limit in each rolling 12 month period.

Summary of ESOP

A summary of the key terms and conditions of the ESOP is set out below:

- (a) The primary purpose of the ESOP is to recognise the ability and efforts of employees of the Company, to attract persons of ability and experience and to foster and promote loyalty between the Company and its employees.
- (b) The ESOP is available to eligible persons who will be determined by the Board but must be persons who are Directors and employees (whether full-time or part-time) of the Company or its subsidiaries. The issue of Options to Directors will require Shareholder approval in accordance with the ASX Listing Rules and the Corporations Act.
- (c) Options will lapse if the eligible person ceases to be an eligible person for any reason other than retirement, permanent disability, redundancy or death.
- (d) Options will be issued for nil consideration.
- (e) Options issued will be subject to conditions that must be satisfied in order for them to be exercised. These conditions will be determined by the Board when it resolves to offer the Options and will be in accordance with the purpose of the ESOP.
- (f) The expiry date of the Options will be determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act, but in any event no longer than 5 years from the date of issue.
- (g) The exercise price of the Options will be determined by the Board with regard to the market value of the Shares when it resolves to offer the Options.
- (h) The Company will not apply for Official Quotation of any Options. If shares of the same class as those allotted under the ESOP are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.
- (i) Options are not transferable.
- (j) Options not validly exercised on or before the Expiry Date will automatically lapse.
- (k) Any Shares issued upon exercise of the Options will rank equally with the Company's then existing issued Shares.

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EXPLANATORY MEMORANDUM

- (l) Holders may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice as required under the Listing Rules to holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- (m) If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- (n) If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.
- (o) If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules.
- (p) The Company shall not offer or issue Options to any eligible person in accordance with the ESOP if the total number of Shares the subject of the Options being offered, when aggregated with any other Shares issued under the ESOP over the previous five years, would exceed 5% of the total number of issued Shares in the Company at the time of the offer under the ESOP.
- (q) The Board may, subject to the Listing Rules (if applicable) alter, delete or add to these Rules at any time

ASX Listing Rule 7.2 (Exception 9(b)) Disclosure Requirements

In accordance with Listing Rule 7.2 (Exception 9(b)), the following information is disclosed to Shareholders for the purposes of Resolution 15:

- (a) A summary of the terms and conditions of the ESOP is set out above. A copy of the full terms and conditions of the ESOP is available to any Shareholder on request to the Company.
- (b) Since inception of the ESOP on 17 May 2006, 4,800,000 Options have been granted under the ESOP.

Enquiries

Shareholders are invited to contact the Company Secretary, Miranda Conti on (08) 9328 2552 if they have any queries in respect of the matters set out in this Notice.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting:

2012 Annual Report means the annual report of the Company including the reports of the Directors and auditor and the financial statements of the Company for the financial year ended 30 June 2012, which can be downloaded from the Company's website at www.redstone.com.au.

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, except New Years Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Chair means the chairperson of the Meeting.

Closely Related Party is defined in respect of a member of Key Management Personnel as:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations that may be made for this purpose.

Closing Price means the closing sale price of the Shares recorded on the ASX on the day immediately preceding the day of the Meeting that the Shareholders resolve to give approval for the Company to issue and allot the Options pursuant to Resolutions 12 and 13 of this Notice.

Company or **Redstone** means Redstone Resources Limited (ABN 42 090 169 154).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

REDSTONE RESOURCES LIMITED
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EXPLANATORY MEMORANDUM

GLOSSARY (continued)

Director means a director of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- a) is not included in the A&P/ASX 300 Index; and
- b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an equity security.

Explanatory Memorandum means the explanatory memorandum that accompanies and forms part of the Notice.

Key Management Personnel has the same meaning given in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Meeting or **Annual General Meeting** means the meeting convened by this Notice.

Notice or **Notice of Meeting** means the notice of Annual General Meeting accompanying this Explanatory Memorandum.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Related party has the meaning given to that term in the Corporations Act.

Remuneration Report means that section of the Directors' report contained in the 2012 Annual Report, under the heading 'Remuneration Report', prepared in accordance with Section 300A of the Corporations Act.

Resolution means a resolution contained in the Notice.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means the holder of a Share.

WST means Western Standard Time, as observed in Perth, Western Australia.

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

REDSTONE RESOURCES LIMITED
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EXPLANATORY MEMORANDUM

Annexure A – Terms and Conditions of Placement Options

Each Placement Option entitles the holder to subscribe for Shares on the following terms and conditions:

1. Entitlement

Each Placement Option entitles the holder to subscribe for one Share upon exercise of each Placement Option.

2. Exercise Price

The exercise price of the Placement Option is \$0.20.

3. Expiry Date

Each Placement Option has an expiry date of 28 February 2016.

4. Exercise Period

Each Placement Option is exercisable at any time on or before 28 February 2016.

5. Quotation

The Placement Options are unquoted however application for quotation of Placement Options will be made, subject to the requirements to the ASX Listing Rules and the Corporations Act.

6. Notice of Exercise

Each Placement Option may be exercised by notice in writing to the Company. Any notice of exercise of Placement Options received by the Company will be deemed to be a notice of the exercise of the Placement Options as at the date of receipt.

7. Timing of issue of Shares

After a Placement Option is validly exercised, the Company must as soon as possible:

- (a) issue and allot the Share; and
- (b) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Placement Option.

8. Shares issued on exercise

Shares issued on exercise of the Placement Options rank equally with the then shares of the Company.

9. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Placement Options.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Placement Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options.

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EXPLANATORY MEMORANDUM

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give holders of Placement Options the opportunity to exercise their Placement Options prior to the date for determining entitlements to participate in any such issue.

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Placement Option will be increased by the number of Shares which the Placement Option holder would have received if the Placement Option holder had exercised the Placement Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Placement Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Placement Option.

E = the number of underlying Shares into which one Placement Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

13. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Placement Option holders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

REDSTONE RESOURCES LIMITED
ABN 42 090 169 154
EXPLANATORY MEMORANDUM

Annexure B – Terms and Conditions of Options

Each Option entitles the holder to subscribe for Shares on the following terms and conditions:

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

2. Exercise Price

The exercise price of each Option will be the higher of:

- (a) \$0.20; or
- (b) the Closing Price plus a premium of 34%.

3. Expiry Date

Each Option has an expiry date being 5 years (less one day) from the date of grant.

4. Exercise Period

Each Option is exercisable at any time on or before the date being five years (less one day) from the date of grant.

5. Quotation

The Options are unquoted.

6. Notice of Exercise

Each Option may be exercised by notice in writing to the Company. Any notice of exercise of Options received by the Company will be deemed to be a notice of the exercise of the Option as at the date of receipt.

7. Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

- (a) issue and allot the Share; and
- (b) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option.

8. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then shares of the Company.

9. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

REDSTONE RESOURCES LIMITED
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EXPLANATORY MEMORANDUM

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

13. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

PROXY FORM

APPOINTMENT OF PROXY
Redstone Resources Limited
ACN 090 169 154 (Company)

ALL CORRESPONDENCE TO:
PO BOX 8646
PERTH BUSINESS CENTRE WA 6849
RETURN FAX: + 61 8 9328 2660

ANNUAL GENERAL MEETING

I/We

of

being a member of Redstone Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

the Chair as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws, as the proxy sees fit, at the Annual General Meeting to be held at Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth Western Australia, at 2.30pm Western Standard Time on Monday, 29 November 2012, and at any adjournment thereof.

I/we acknowledge that the Chair intends to vote all undirected/available proxies in favour of each of Resolutions 1 to 15 inclusive.

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Election of Mr Edward van Heemst	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Mr Anthony Ailakis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Richard Homsany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification and Approval of Previous Allotment of Shares, HJH Nominees Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification and Approval of Previous Allotment of Placement Securities (Tranche 1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Issue and Allotment of Placement Securities (Tranche 2)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Director Participation in Placement Securities (Tranche 2), Mr Edward van Heemst	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of Director Participation in Placement Securities (Tranche 2), Mr Richard Homsany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of Director Participation in Placement Securities (Tranche 2), Mr Anthony Ailakis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued overleaf

PROXY FORM

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 11	Approval of Issue and Allotment of Options to Argonaut Investments Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Approval of Issue and Allotment of Options to Mr Edward van Heemst, Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approval of Issue and Allotment of Options to Mr Richard Homsany, Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion or number of voting rights this proxy represents is _____

Important for Resolutions 4, 12, 13 and 15

Where I/we have appointed the Chair as my/our proxy or the Chair becomes my/our proxy by default, I/we expressly authorise the Chair to exercise my/our proxy in respect of Resolutions 4, 12, 13 and 15 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even though Resolutions 4, 12, 13 and 15 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If the Chair is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions 12, 13 and 15, please place a mark this box. By marking this box, you acknowledge that the Chair may exercise your proxy even if he has an interest in the outcome of Resolutions 12, 13 and 15 and that votes cast by the Chair for Resolutions 12, 13 and 15 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 12, 13 and 15 and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Signature of Member(s): _____

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A Shareholder entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion or number of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion or number, each proxy may exercise half the votes. Fractions will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Proxy Voting):** Sections 250BB and 250BC of the Corporations Act broadly provide that:
 - if proxy holders vote, they must cast all directed proxies as directed; and
 - any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.

Transfer of non-Chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of Shareholders; and
- the appointed proxy is not the Chair; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Instructions for Completing 'Appointment of Proxy' Form continued overleaf

Instructions for Completing 'Appointment of Proxy' Form (continued)

4. **(Signing Instructions):**

- **(Individual):** Where the holding is in one name, the Shareholder must sign.
- **(Joint Holding):** Where the holding is in more than one name, all of the Shareholders should sign.
- **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

5. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Annual General Meeting.

6. **(Return of Proxy Form):** To vote by proxy, please complete and sign the Proxy Form enclosed and either:

- (a) deliver the Proxy Form by hand to the Company's registered office at Suite 3, 110-116 East Parade, East Perth WA 6004;
- (b) send the Proxy Form by post to Redstone Resources Limited, PO Box 8646, Perth Business Centre, Western Australia, 6849;
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9328 2660 (International: + (61 8) 9328 2660); or
- (d) return the Proxy Form using the enclosed Reply Paid envelope,

so that it is received not later than 2.30pm WST on 27 November 2012.

Proxy forms received later than this time will be invalid.