



ASX ANNOUNCEMENT

4 May 2023

Redstone to Acquire Lithium Project in Northwestern Ontario, Canada Well Supported \$1.25M Capital Raising

HIGHLIGHTS

- Redstone enters exclusive Option agreement to acquire a 100% interest in the Attwood Lake Area Lithium Properties (Attwood or the Project) in northwestern Ontario, Canada, which are highly prospective for lithium and rare elements pegmatite hosted mineralisation.
- The Attwood Properties consist of two claim groups, Witchwood and Greenside, comprising 3,026 hectares (7 claims) and 2,546 hectares (6 claims) respectively, located ~ 170km northwest of Nakina, Ontario with good all-weather road, current and near-future logging road access.
- The Project is located in northwestern Ontario, which boasts several advanced lithium projects. Numerous deposits that host significant lithium oxide (Li₂O) have already been delineated in the region (Figure 2), including:
 - Seymour Lake Lithium Deposit and Root Lake-McCombe Lithium Deposit owned by Green Technology Metals (ASX: GT1)
 - Deposits owned by Rock Tech Lithium and Infinite Ore in the Georgia Lake pegmatite field
 - Separation Rapids Lithium deposit owned by Avalon Advanced Materials Inc.
 - Frontier Lithium with the PAK and Sparks deposits
- Reconnaissance mapping by the Ontario Geological Survey (OGS) in 2016 recorded several muscovite-bearing pegmatites along lakeshores and river systems. The claims cover muscovite bearing granites intruded into folded sedimentary gneiss with minor greenstones present. The geology and structural setting are favourable for potential lithium pegmatite discoveries.
- Significantly, the Attwood Properties straddle or are within 5km north of the Uchi-English River terrane boundary. To date, an integral relationship has been identified between lithium deposits and these type of major terrane boundary structures (Breaks et al., 2003)¹.
- The structural complexity of the Attwood Lake area with numerous synclines and fault patterns in association with a subprovince terrane boundary provides excellent pathways and fracture systems for parental melts and deposition of pegmatite bodies.
- Firm commitments received for a well supported placement to raise \$1.25M (before costs).
- Planning underway for Phase 1 exploration program to commence as soon as practicable.
- The Attwood Project acquisition complements the Company's existing 100% owned West Musgrave copper-nickel project, and its strategy to increase exposure to the growing global battery minerals and explore for minerals that are regarded as critical and in high demand.



Commenting on the acquisition Redstone's Chairman, Richard Homsany, said:

"Acquiring the Attwood Lake Lithium Properties is a significant value accretive acquisition for Redstone. It advances our objective of exploring projects that are highly prospective for the critical minerals needed globally for de-carbonisation and therefore in high demand. The geological setting of the Attwood Properties and its potential to host lithium discoveries makes this a very attractive Project."

The presence of many advanced lithium projects and lithium deposits in northwestern Ontario provides Redstone with a compelling opportunity. We look forward to commencing exploration on this Project for which we are well poised.

"We are pleased to have engaged GBA Capital on this capital raising and thank them for their professional and efficient services. We are excited for the next 12 months as we build and gain momentum in the battery and critical mineral sector. We also welcome many new investors to our register and thank them for their support of the Company."

Redstone Resources Limited (ASX: RDS) (**Redstone** or the **Company**) is pleased to announce that it has entered into an exclusive agreement to acquire a 100% legal and beneficial interest in the Attwood Lake Area Lithium Properties (**Attwood** or the **Project**), which are considered highly prospective for Li and/or rare element pegmatites. The Project is located in Northwestern Ontario, Canada where numerous lithium deposits and advanced lithium projects have documented to host significant resources of Li_2O .

The Attwood Project consists of two claim groups, namely the Witchwood and Greenside Lithium properties comprising 3,026 hectares (7 claims) and 2,546 hectares (6 claims) respectively. The Attwood properties are located approximately 170km northwest of Nakina, Ontario. Access to the Project properties can be made by good all-weather road as well as current and near-future logging road access.



Figure 1: Location of the Attwood Lake Lithium Project in Nakina, Ontario in Canada.



REGIONAL GEOLOGY

The Project is hosted within the English River Subprovince in northwestern Ontario. The English River Subprovince is an 800 km long by 35– 190 km wide Neoproterozoic metasedimentary belt. Two intrusive suites predominate the English River Subprovince. The first is a suite of diorite–tonalite–granodiorite that has been dated at ca. 2698 Ma. The second intrusive suite is a peraluminous granite suite that has been dated at ca. 2691 Ma. These intrusions are related to the migmatization of the metasedimentary rocks and range from in situ leucosome to large peraluminous two-mica or cordierite–biotite granite intrusions (Breaks 1991)².

The location of Attwood is geologically significant in that the Project properties straddle or are located within 5km north of the Uchi-English River terrane boundary. Numerous Li-deposits/projects of northwestern Ontario are located within 20km of this same terrane boundary. Terrane boundaries represent deep seated sutures that divide accreted Archean terranes and likely acted as conduits for fertile peraluminous granites and therefore have an integral relationship between lithium deposits and structure (Breaks et al., 2003)¹ (Figure 2).

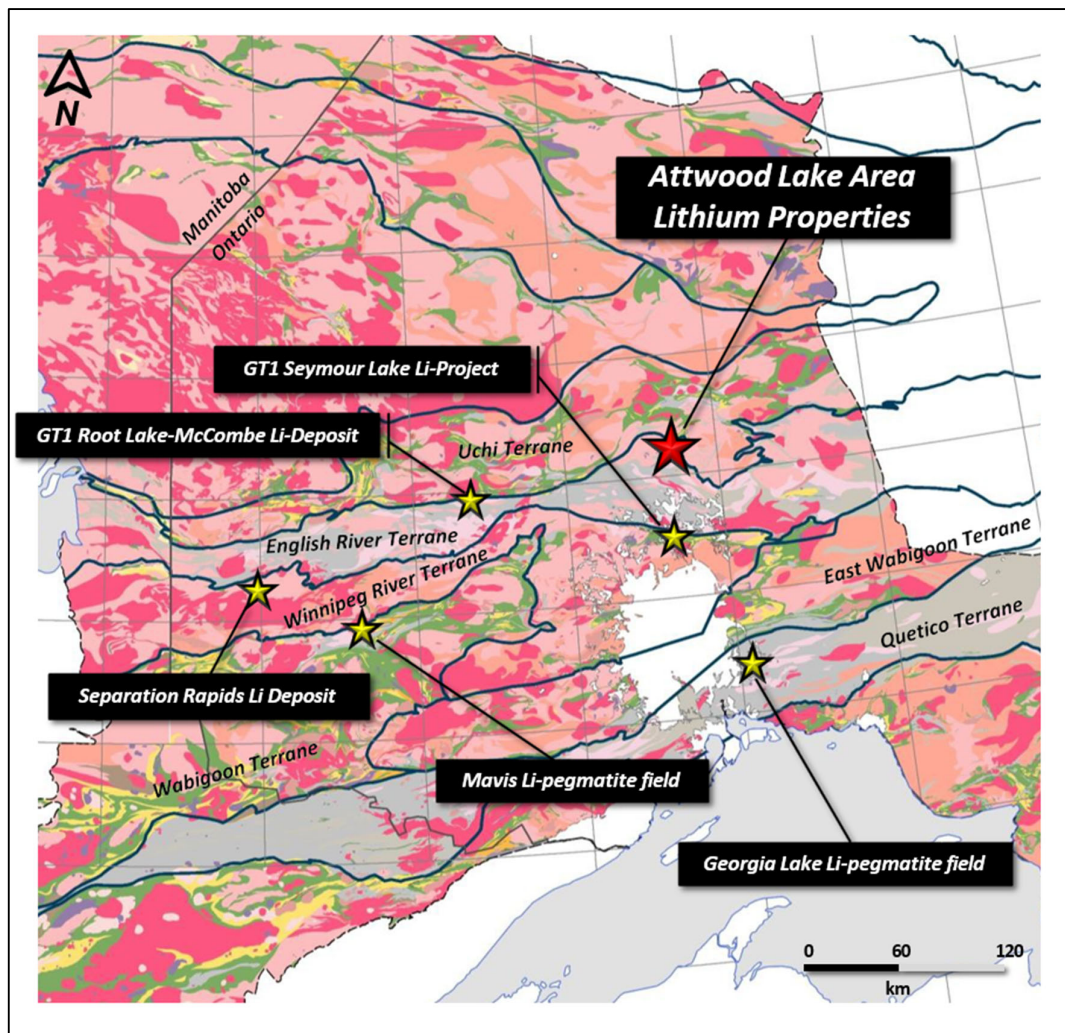


Figure 2: Location of the Attwood Lake Lithium Properties and proximity to other northwestern Ontario Li-Deposits/Projects, including GT1's Seymour Lake Li-Deposit and GT1's Root-Lake McCombe Lithium Deposit. The Attwood Properties are located within 5km north of the Uchi-English River terrane boundary.



The Project properties are hosted within a folded sequence of gneissic metasediments and greenstone that contain muscovite-bearing granitic rocks (including a peraluminous S-type fertile granite in contact with the metasediments. The metasediments make excellent exo-contact hosts for fractionating parental fertile granites that could potentially yield fluids to create Li- and REE-bearing pegmatites (Breaks et al., 2003)¹. The Project is located proximal to a subprovince boundary with numerous structural faults and synforms as mapped by the OGS, that could provide excellent conduits and pathways for parental melts and late stage pegmatite forming fluids (**Figure 3**).

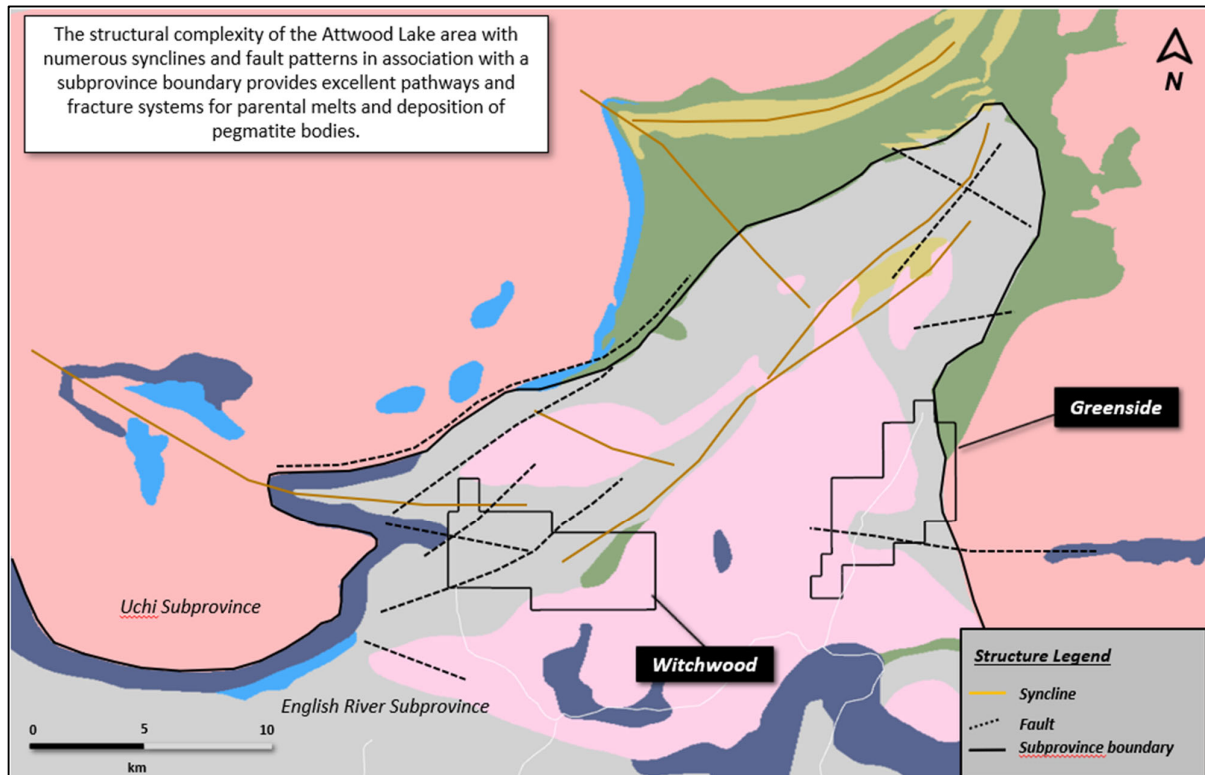


Figure 3: Regional structural features of the Attwood Properties.

Reconnaissance mapping undertaken by the OGS in 2016 (M3800), mostly along lakeshores, have identified numerous muscovite-bearing pegmatites in the Attwood Lake area. These pegmatites occur in metasediments and along the peraluminous granite contacts suggesting fractionation of the parental plutons (**Figure 4**). A compilation of assessment reports has also yielded a number of pegmatites identified in historical drilling near to the Attwood Properties. All of these occurrences indicate that there is a strong likelihood for the discovery of pegmatites on the Attwood Property and potentially the discovery of Li and REEs.

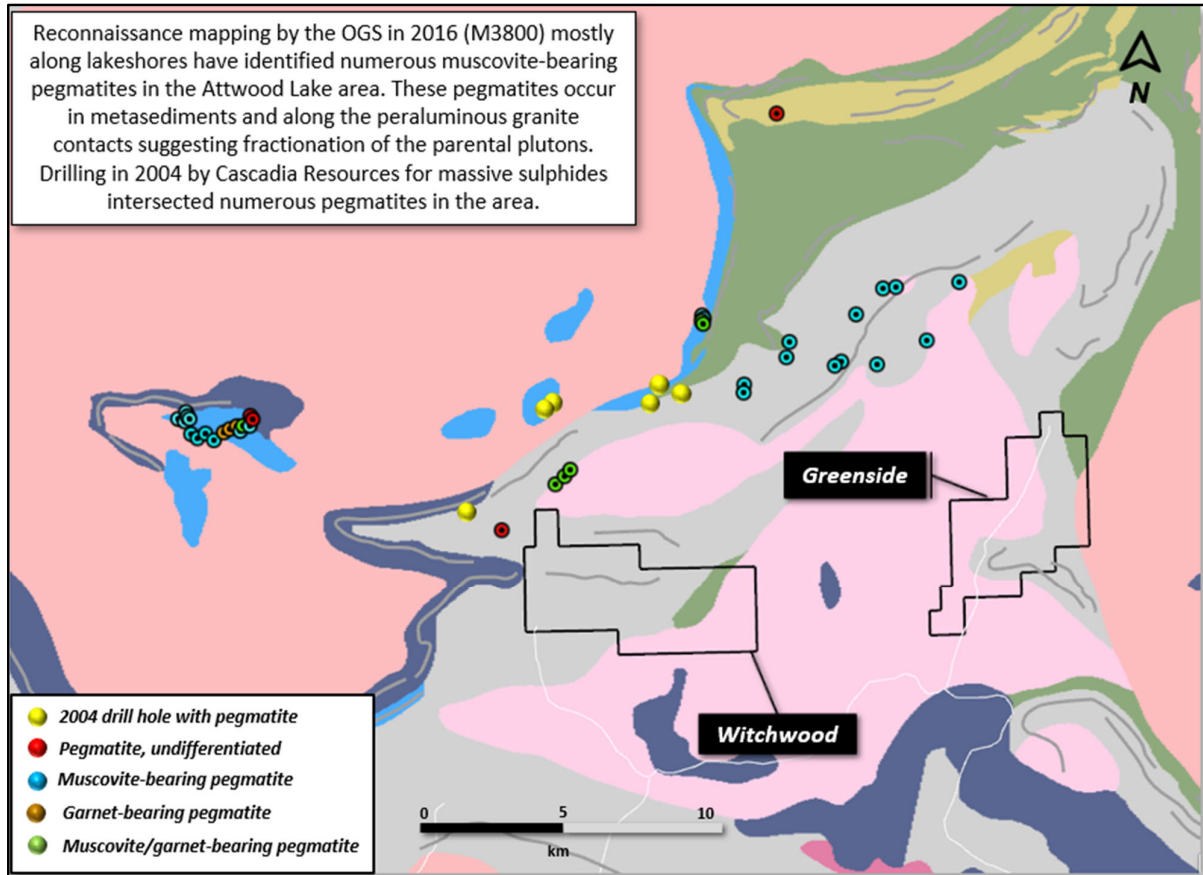


Figure 4: Pegmatites of Attwood Lake Area

NORTHWESTERN ONTARIO LITHIUM DEPOSITS AND MINING DISTRICT

Northwest Ontario has a long mining history with mining suppliers and contractors regionally available. Planning and development of further mining and processing of lithium projects by companies operating in the region demonstrates the significance and prospectivity of this area.

Some of the significant Li deposits already delineated in the northwestern Ontario region proximal to the Project include GT1's Seymour Lake Lithium Deposit (**Seymour**) situated approximately 75km's south of the Project and the Root-Lake McCombe Lithium Deposit (**Root**), situated approximately 215km west of the Project (**Figure 2**).

Seymour has an existing Mineral Resource estimate of 9.9 Mt @ 1.04% Li₂O (comprised of 5.2 Mt at 1.29% Li₂O Indicated and 4.7 Mt at 0.76% Li₂O Inferred (refer **GT1 ASX Announcement of 23 June 2022**)³ at their North and South Aubry Deposit areas. In April 2023 GT1 also announced a maiden mineral resource for the Root Project, at the advanced McCombe deposit area with an estimate of 4.5 million tonnes at 1.01 per cent lithium and 110 parts per million (ppm) Ta₂O₅ (inferred) (refer **GT1 ASX Announcement of 19 April 2023**)⁴. The Root Deposit has supplemented GT1's total mineral resources to 14.4Mt (refer **GT1 ASX Announcement of 19 April 2023**)⁴.



Other significant Li deposits in the region include the Georgia Lake Li deposit owned by Rock Tech Lithium, located 160km north of the Thunder Bay Mining District, Infinite Ore's Jackpot Lithium Project, both of which are located in the Georgia Lake pegmatite field area, and also the Separation Rapids Lithium deposit owned by Avalon Advanced Materials (**Figure 2**).

KEY ACQUISITION TERMS

The Company has executed an agreement (**Agreement**) with Gravel Ridge Resources Ltd and 1544230 Ontario Inc. to acquire a sole and exclusive option 100% legal and beneficial interest in the Attwood Lake Lithium Projects comprising thirteen (13) unpatented mining claims which are filed with the Ministry of Northern Development, Mines, Natural Resources and Forestry (the "**MNDM**") and situated in the Province of Ontario (the **Project**).

The material terms of the Agreement include:

- Upon signing the Agreement, a payment of C\$30,000 in cash and C\$50,000 worth of Shares based on the 5 day VWAP Share price preceding the date of the signing of the Agreement (the **Initial Payment**). The Company had paid an initial C\$6,000 exclusivity payment which has been applied against the Initial Payment.
- On the date that is 30 days from the date of signing the Agreement, an additional cash payment of C\$20,000 (the **Second Payment**).
- On the 1st anniversary of the date of signing the Agreement, an additional C\$50,000 cash payment and C\$50,000 of Shares based on the 5 day VWAP Share price preceding the 1st anniversary of the date of signing this Agreement;
- On the 2nd anniversary of the date of signing the Agreement an additional C\$50,000 cash payment and \$50,000 of Shares based on the 5 day VWAP Share price preceding the 2nd anniversary of the date of signing this Agreement.
- A 1.5% Net Smelter Returns Royalty.

The exercise of the option is subject to customary terms and conditions.

If the Agreement is terminated by the Company then, except for the Initial Payment and the Second Payment, the Company will not have any obligation to incur any additional Share issues or cash payments to the Vendors pursuant to the Agreement. The Vendors will retain all Shares issued, and cash payments made to them, and the Company will not retain any interest in the Project.

Upon completion of the total payments above, Redstone will acquire a 100% ownership interest in the Project, when 100% legal and beneficial interest in the Project tenements will be transferred to Redstone. The Company shall also have the right at any time to acquire back from the vendors a 0.5% net smelter return royalty (one-third of the Net Smelter Returns Royalty) by a one-off payment of C\$600,000.



Shares to be issued to the Vendors in consideration of the C\$50,000 Initial Payment will be issued under the Company's existing ASX Listing Rule 7.1 capacity. The option is subject to any required regulatory approvals.

CAPITAL RAISING

Redstone is very pleased to also announce that it has received firm commitments for a well-supported placement to professional and sophisticated investors of 125,000,000 million fully paid ordinary shares in the Company at \$0.010 per share (**Shares**) with a 1:3 free attaching unlisted \$0.04 option exercisable on or before 31 December 2025 (**Options**), to raise \$1.25M (before costs) (the **Placement**).

Proceeds from the Placement will be used to undertake initial exploration activities on the Attwood Project, for the West Musgrave Project and for general working capital purposes.

The Directors of the Company have also committed to participate up to \$250,000 in the Placement. Director participation in the Placement will be subject to, inter alia, shareholder approval under ASX Listing Rule 10.11.

GBA Capital Pty Ltd (**GBA**) are the Lead Manager to the Placement. The Company will pay GBA the following capital raising fees:

- a) 6% plus GST of Placement Funds raised; and
- b) 1,500,000 Lead Manager Shares and 1,500,000 Lead Manager Options on same terms as the Placement Shares and Options

The Placement Shares and Lead Manager Shares will be issued under the Company's existing placement capacity under ASX Listing Rule 7.1A (73,683,239) and ASX Listing Rule 7.1 (27,816,761). The Shares to be issued under the Placement (excluding those to the Directors of the Company) is expected to occur on 12 May 2023 and will rank equally with the Company's existing fully paid ordinary shares.

The Company will seek shareholder approval for the issue of the 41,666,667 free attaching Placement Options, 1,500,000 Lead Manager Options and Placement Shares to be issued to the Directors.

As the Company's assessment of the Project develops and the Company makes a decision as to whether to proceed or not to proceed with the Project, the Company will need to raise additional funds. Those funds may be raised from existing shareholders or new investors through capital raisings or other funding arrangements. Decisions on which method to use for future fund raising will depend on the prevailing circumstances and market conditions at the time those decisions are made.



The Company advises that other than the information contained in this announcement, there is no other information that the Company deems to be material that requires disclosure under Listing Rule 3.1 at this time.

This Announcement has been approved for release by the Board of Redstone Resources Limited.

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References

- ¹ **Breaks, F.W., Selway, J.B. and Tindle, A.G. 2003.** Fertile peraluminous granites and related rare-element mineralization in pegmatites, Superior Province, northwest and northeast Ontario: Operation Treasure hunt; Ontario Geological Survey, Open File Report 6099, 179p.
- ² **Breaks, F.W. 1991.** English River subprovince. In Geology of Ontario. Special Vol. 4, Part 1. Edited by P.C. Thurston, H.R. Williams, R.H. Sutcliffe and G.M. Stott. Ontario Geological Survey, pp. 239–277.
- ³ Green Technology Metals (ASX:GT1) ASX Announcement 23 June 2022 – INTERIM SEYMOUR MINERAL RESOURCE DOUBLES TO 9.9MT.
- ⁴ Green Technology Metals (ASX:GT1) ASX Announcement 19 April 2023 - GT1 MINERAL RESOURCES INCREASED TO 14.4MT.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to statements concerning Redstone Resources Limited's (**Redstone**) planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Redstone believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

REDSTONE RESOURCES

Redstone Resources Limited (**ASX: RDS**) is a base and precious metals developer exploring its 100% owned prospective West Musgrave Project, which includes the Tollu Copper deposit, in Western Australia. The West Musgrave Project is located between BHP's Nebo Babel Deposit and Nico Resources' Wingellina Ni-Co project. Redstone is also evaluating the HanTails Gold Project at Kalgoorlie, Western Australia for potential development in the future.