

Ref: /BSX/609/BSX031

Blackstone Executes Definitive Agreement to Acquire High Grade Cobalt/Gold Project in Canada

Blackstone Minerals Limited (**ASX code: BSX**), is pleased to announce that the Company completed its due diligence, including a site visit (Refer Images Two and Three), and executed a Definitive Agreement. The Definitive Agreement secures Blackstone exclusive rights to acquire 100% of the Little Gem Project, located in British Columbia, Canada (Refer Figure One). Little Gem hosts very high grade cobalt and gold sulphide mineralization, within a well-endowed and high grade gold mining district.

Highlights of the Project and Acquisition include:

- **100% of Vendor's Shareholder Agreements executed** with Blackstone's shareholder meeting the final closing condition;
- Recent rock chip sample from historical adits returned **6.2% cobalt & 46 g/t gold** (Refer Image One and BSX Announcement 26 July 2017);
- Surface channel samples of massive sulphides return assays up to **0.4 m @ 5.7% cobalt & 1.574 g/t (≈50 oz) gold** and **1.8 m @ 5.1% cobalt & 17.8 g/t gold** (Refer BSX Announcement 26 July 2017);
- Underground adit channel sampling of massive sulphides return multiple high grade intersections including **1.8 m @ 4.4% cobalt & 73 g/t gold** and **2 m @ 3.1% cobalt & 76 g/t gold** (Refer BSX Announcement 26 July 2017);
- Historic drilling from the adits returned multiple intersections including **1.8 m @ 2.4% cobalt & 112 g/t gold**, **3.3 m @ 1.4% cobalt & 12.3 g/t gold** and **2.9 m @ 0.9% cobalt & 12 g/t gold** (Refer BSX Announcement 26 July 2017);
- High grade cobalt and gold mineralization **open along strike and down dip**;
- The Little Gem Project covers an area of 195 km² and is favourably located **less than 15 km along strike from the Bralorne-Pioneer mining complex (endowment of 4.4 Moz at 17 g/t Au)** which retains the status of the foremost gold producer in British Columbia and the sixth largest in Canada (Refer Figure Two);
- Blackstone is well funded, with a cash position of A\$2.6 million (as at 30 June 2017) and following completion of the acquisition of the Little Gem Project is ready to commence exploration immediately. Preparations on site are already well advanced.

Blackstone's Technical Director commented; *"Having been on site at Little Gem, I am very keen to get stuck into this potentially exceptional high value per tonne opportunity. We are well located in a mining centre in a low geopolitical risk country with nearby infrastructure to support cobalt-gold development arising from exploration success. The Company has an exceptional exploration team that is well credentialed to add value to this project and therefore to the Blackstone shareholders."*

Blackstone Fast Facts

Shares on Issue	35.8m
Share Price	\$0.25
Market Cap	\$8.95m
ASX Code	BSX

BOARD & MANAGEMENT

Hamish Halliday
Non-Exec Chairman

Andrew Radonjic
Technical Director

Bruce McFadzean
Non-Exec Director

Jamie Byrde
CFO & Company Secretary

RECENT ANNOUNCEMENTS

Blackstone Acquires High Grade Cobalt/Gold Project in British Columbia, Canada (26/07/2017)

Appendix 5B & Quarterly Report (21/07/2017)

79g/t Au rock chip extends mineralisation to 4 km Red Gate Project, WA (11/07/2017)

Change of Registered Address (07/07/2017)

Second New Porphyry Zone Identified at Red Gate Project, WA (25/05/2017)

Investor Presentation May 2017 (11/05/2017)

PROJECTS

Red Gate Project
(Gold)

Middle Creek Project
(Gold)

Silver Swan South Project
(Gold & Nickel)

REGISTERED OFFICE

Blackstone Minerals Limited
ACN 614 534 226

Suite 3, Level 3, 24 Outram Street, West Perth, WA, 6005

T: +61 8 9425 5217

F: +61 8 6500 9982

E: admin@blackstoneminerals.com.au

Figure One | Location of the Little Gem Project

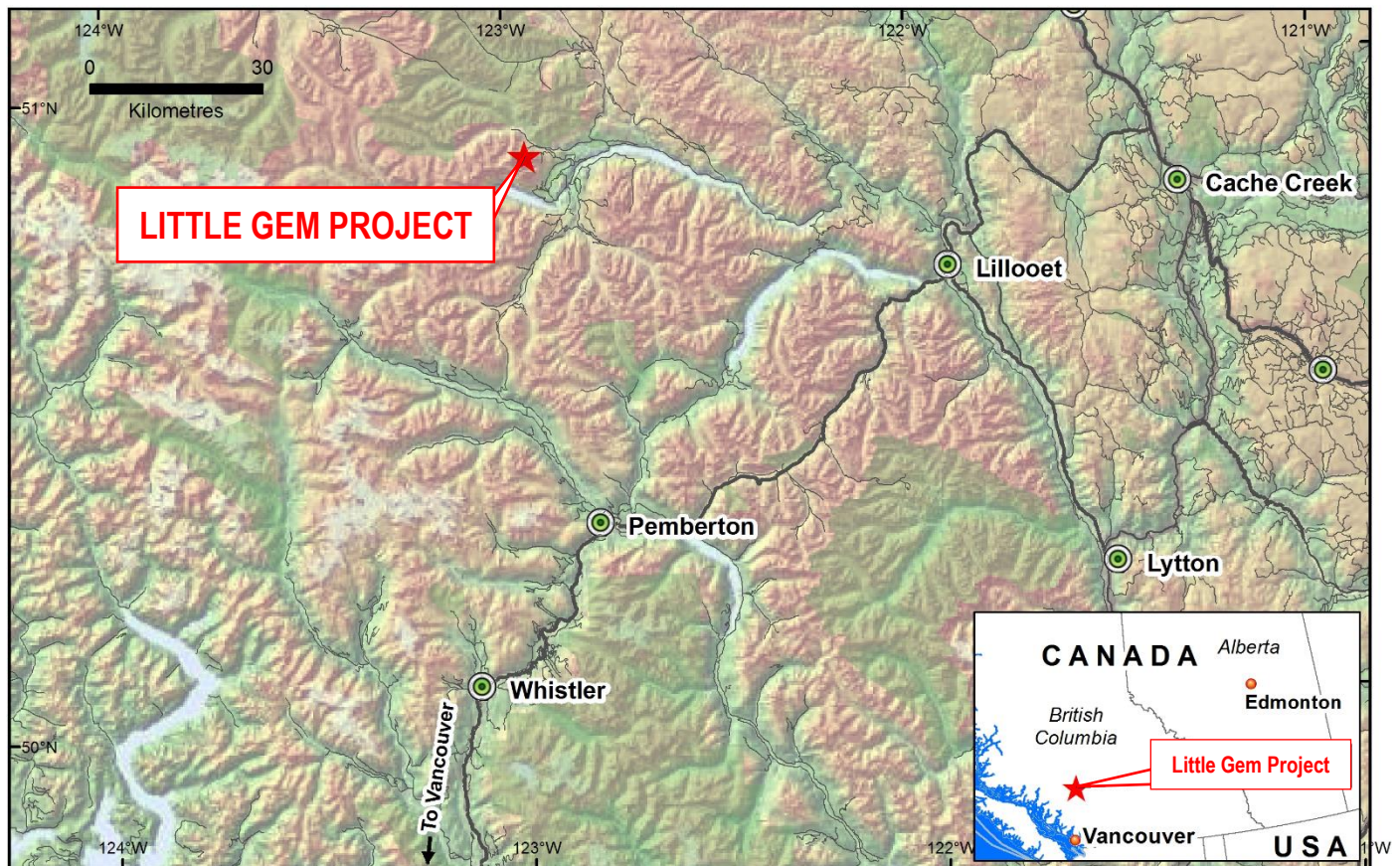


Image One | Recent sample of mineralisation from the adits at Little Gem assaying 6.2% cobalt and 46 g/t gold



Image Two | Recent sample of mineralisation taken on the site visit to Little Gem – Assays pending



Image Three | Evidence of historical mining activity at Little Gem



The Little Gem Project was discovered in the 1930's by prospectors identifying a pink cobalt-bloom on weathered mineralization that led to three adits being developed. A total of 1,268 m of drilling was completed from underground and detailed channel sampling was taken from the adits. Results from this work generated some exceptional Cobalt and Gold assays including: **1.8 m @ 2.4% cobalt & 112 g/t gold, 3.3 m @ 1.4% cobalt & 12.3 g/t gold, 2.9 m @ 0.9% cobalt & 12 g/t gold, 4.1 m @ 1.4% cobalt & 11.3 g/t gold and 3.3 m @ 1.4% cobalt & 80 g/t gold** from drilling, and **1.8 m @ 4.4% cobalt & 73 g/t gold, 2 m @ 3.1% cobalt & 76 g/t gold, 1.5 m @ 5.4% cobalt & 26 g/t gold and 1.3 m @ 4.0% cobalt & 29 g/t gold** from underground channel sampling and **0.4 m @ 5.7% cobalt & 1,574 g/t gold, 1.8 m @ 5.1% cobalt & 17.8 g/t gold and 0.1 m @ 4.6% cobalt & 800 g/t gold** from surface channel sampling (Refer BSX Announcement 26 July 2017 for full set of results and Figure Four).

Little Gem is mostly underlain by granite of the Coast Plutonic Complex and ultramafic rocks on what is interpreted to be the northern extension of the Cadwallader fault zone (Refer Figure Two). These are the major geological units and structures important to the mineral deposits either as the host rocks or sources of the mineralizing fluids that gave rise to the Bridge River mining camp. The camp has 60 mineral localities including the Bralorne-Pioneer mining complex (**endowment of 4.4 Moz at 17 g/t Au**) which retains the status of the foremost gold producer in British Columbia and the sixth largest in Canada. Little Gem is only 15 km along strike to the north of the Bralorne-Pioneer mining complex. (Refer BSX Announcement 26 July 2017 for full description of the Project's Geology).

There has been very little modern day exploration at Little Gem with the main activities being airborne geophysical surveys (including magnetic, radiometric and electromagnetic ("EM") surveys) in the 1970's (Refer Figure Three) and a further two drill holes completed in 1986.

The second mineral occurrence at the Little Gem Project is the historic Jewel Gold Prospect which supported some gold production from 1938 to 1940 and is located only 1.1 km north-northeast (Refer Figure Three) of the Little Gem Mine.

Blackstone has recently completed a site visit to in order to firm up drill pad locations, take numerous reconnaissance samples (Refer Image Two) for confirmation of very high grade historical results and to test other exploration opportunities within the project area (with results due shortly), to meet with diamond drilling contractors for potential engagement and to review the Vendor's progress on re-establishing access. Consequently, the Company is well advanced with drilling permits and site access to enable a steady flow of exploration results from activity in the current field season.

Cobalt Market Commentary

Cobalt contributes up to 60% of the value of Lithium Ion Batteries which in turn accounts for 42% of demand for cobalt. The lithium ion battery is projected to become the world's most significant source of power with the use in electric vehicles ("EV") being the key driver. Bloomberg forecasts 35% of vehicles sold by 2040 will be electric, currently only 1% of global sales are EVs. Consequently, cobalt demand is expected to rise at 5% compound annual growth rate ("CAGR") over the next 4 years. Cobalt's other main use at 16% is in superalloys which compliments the battery demand as high-tech industry grows.

Cobalt is expected to have a supply deficit as currently mining is only just meeting demand. The cobalt price has risen significantly from US\$10/lb (US\$22,000/t) to US\$27.50/lb (US\$61,000/t) over the last 21 months. Current prices are still well short of the 2008 high of US\$52/lb (US\$115,000/t) which was the last time cobalt was in deficit.

Approximately 98% of the world's supply of cobalt comes from copper and nickel production with 15 mines representing half of the world's supply. This makes the supply stream for cobalt highly sensitive to disruptions caused by mine related issues. A recent example was the shutdown of copper mining in the Katanga Province in the DRC due low copper prices which cut 3% of the world's cobalt supply.

Definitive Agreement

In accordance with the Binding Heads of Agreement Terms (Refer to BSX Announced 26 July 2017), Blackstone Minerals have Executed the Definitive Agreement with Cobalt One Energy Corp ("Cobalt One") obtaining 100% of Cobalt One's Shareholder Agreements to transfer their shares to Blackstone Minerals as well as satisfactory completion of the due diligence.

The Definitive Agreement Execution is now largely finalised with the significant achievement of Cobalt One's Shareholder Agreements to sell their shares to Blackstone Minerals, thus ensuring the acquisition of Little Gem and Cobalt One is achieved. However, the closing conditions still remain subject to Blackstone's Shareholder approval and an application for an Exemption Order to be applied for in British Columbia, Canada which is likely to be achieved around the same time as Blackstone's General Meeting. It is envisaged the General Meeting will be held early October 2017, and the transaction to be completed by no later than 31 October 2017.

The material terms of the Definitive Agreement are in accordance with the previously announced Binding Heads of Agreement as follows:

- a) the consideration for the Acquisition will be satisfied by the issue of 25,000,000 fully paid ordinary shares subject to Shareholder approval in the Company to the Cobalt One shareholders;
- b) 8,000,000 performance shares each convertible into one fully paid ordinary share in the Company subject to ASX and Shareholder approval on the same terms (Refer BSX Announcement 26 July 2017) will be issued to certain Cobalt One shareholders in association with the Acquisition;
- c) the Company shall assume Cobalt One's obligations under the Goldbridge Option Agreement for C\$700,000 (being the equivalent of approximately A\$710,000) of staged option payments payable in respect of the Little Gem Gold-Cobalt Project in the following instalments: first payment of C\$200,000 due on completion of the Acquisition, second payment of C\$250,000 due on or before 3 months after completion and a final payment of C\$250,000 due on or before 6 months from the date of completion, upon payment of which, Cobalt One will become the 100% owner of the Little Gem Project;

M I N E R A L S

- i. in respect of the Little Gem Gold-Cobalt Project, the Company will be required to pay the following royalties:
- in respect of the first 10,000 tonnes of ore mined from the Project, a 20% net profits interest and a 1% Net Smelter Return (NSR) royalty shall be payable to the current owner of the Little Gem Gold-Cobalt Project; and
 - a NSR royalty equal to 2.5% thereafter (over 10,000 tonnes) shall be payable to the current owner of the Little Gem Gold-Cobalt Project

Yours sincerely



Andrew Radonjic
Technical Director

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Andrew Radonjic, a full time employee of the company and who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Andrew Radonjic has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew Radonjic consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Figure Two | Little Gem Geological Setting

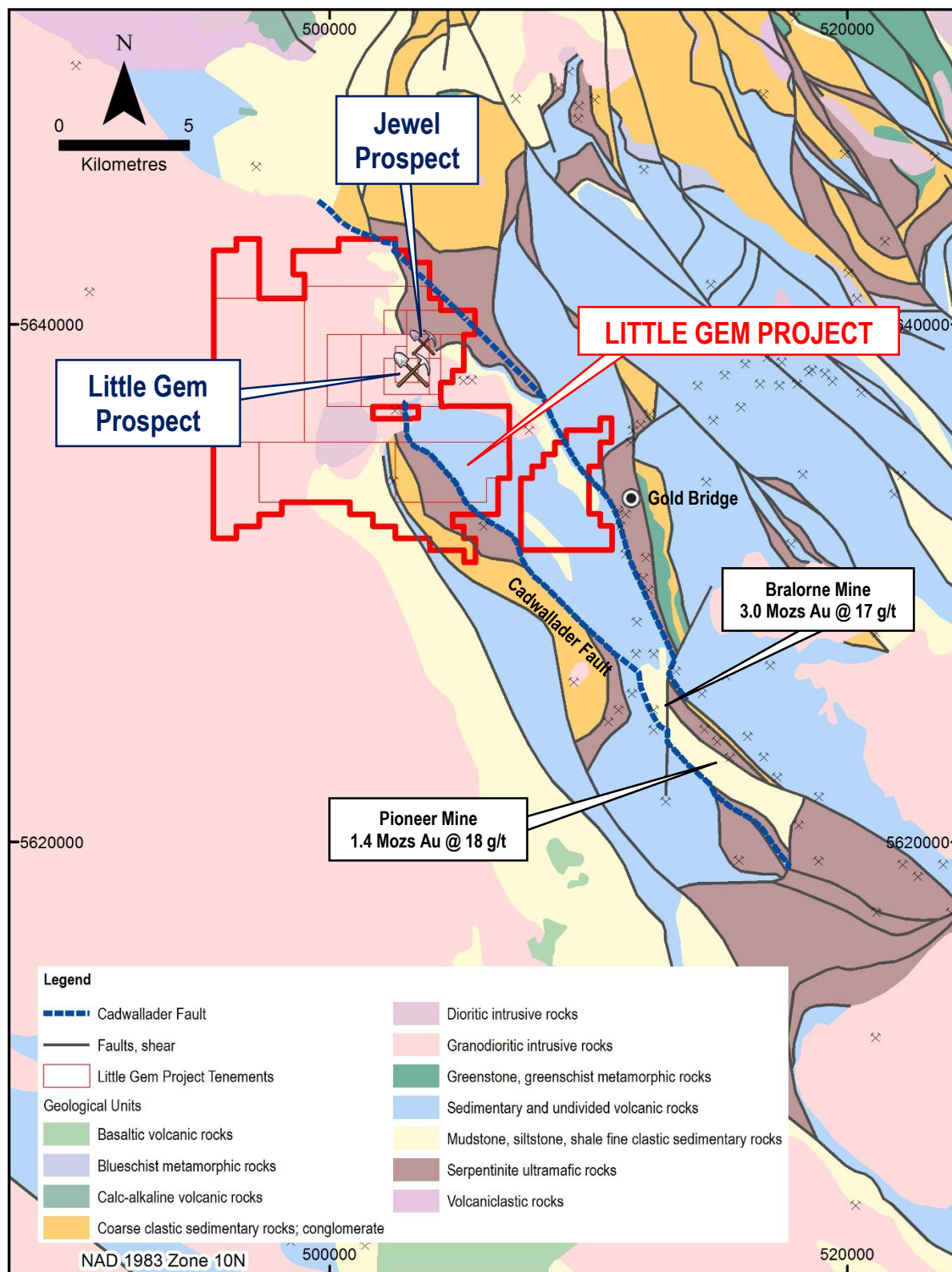


Figure Three | Little Gem Prospect Locations & Geophysical Targets

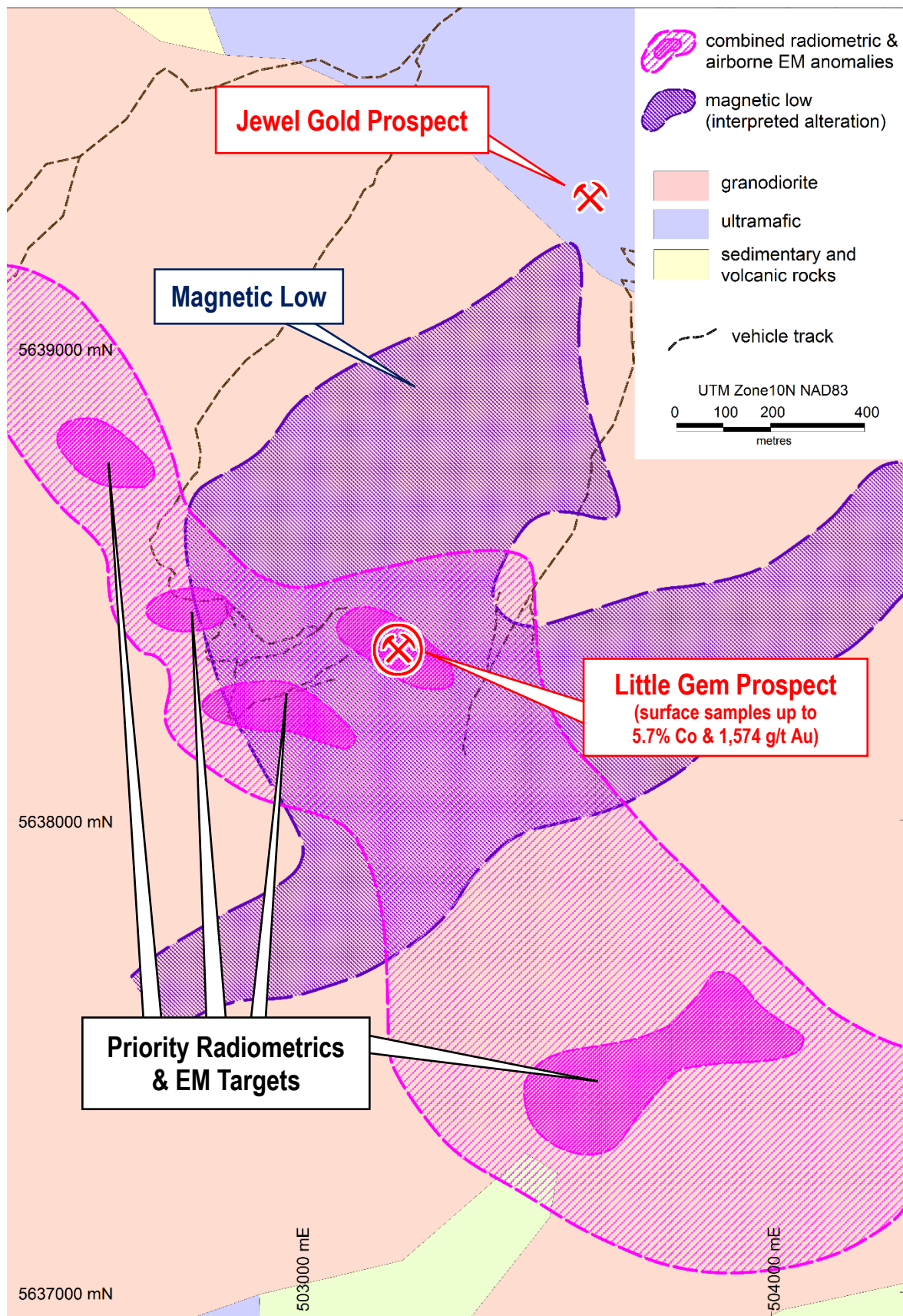


Figure Four | Little Gem Local Geology, Works & Drill Holes

