

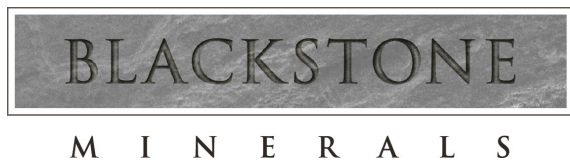
The logo for Blackstone Minerals features the word "BLACKSTONE" in a large, serif, all-caps font. The text is set against a dark, rectangular background with a subtle, grainy texture. This background is enclosed within a thin white border.

BLACKSTONE

M I N E R A L S

Interim Financial Report
31 December 2017

ABN 96 614 534 226



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Corporate Directory

Corporate Directory

Non-Executive Chairman

Hamish Halliday

Managing Director

Scott Williamson

Technical Director

Andrew Radonjic

Non-Executive Directors

Bruce McFadzean

Stephen Parsons

Michael Konnert

Company Secretaries

Michael Naylor

Jamie Byrde

Principal & Registered Office

Level 3, 24 Outram Street

West Perth WA 6005.

Telephone: (08) 9425 5217

Facsimile: (08) 6500 9982

Stock Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: BSX

Website Address

www.blackstoneminerals.com.au

Share Registry

Security Transfers Australia Pty Ltd

770 Canning Highway

APPLECROSS WA 6153

Auditors

Stantons International

Level 2, 1 Walker Avenue

WEST PERTH WA 6005

Bankers

National Australia Bank

50 St Georges Terrace

PERTH WA 6000

Your directors present their report on the consolidated entity consisting of Blackstone Minerals Limited and the entities it controlled at the end of, or during, the period from 1 July 2017 to 31 December 2017.

1. Directors

The following persons were directors of Blackstone Minerals Limited during the half-year and up to the date of this report except where otherwise noted:

Hamish Halliday
 Scott Williamson (Appointed 6 November 2017)
 Andrew Radonjic
 Bruce McFadzean
 Michael Konnert (Appointed 24 October 2017)
 Stephen Parsons (Appointed 30 October 2017)

Michael Naylor was appointed as Joint Company Secretary on 30 October 2017.

2. Review of Operations

Blackstone Minerals Limited, has a net operation loss after tax for the half year ended 31 December 2017 was \$5,523,854, (2016: \$48,990). The loss for the period includes \$813,983 (\$2016 \$46,359) in exploration and evaluation expenditure and share based payment expenses of \$4,119,614 (2016: Nil) were also recognised during the half year.

During the half-year the company focused on completing the acquisition of its Little Gem Cobalt-Gold Project, British Columbia, Canada and commencing exploration at Little Gem and its other projects (Red Gate, Middle Creek and Silver Swan South), which are all located in Western Australia (Refer Figure Six) and are prospective for gold, while the Silver Swan South project is also prospective for nickel.

Little Gem Project (right to earn 100% interest)

Subsequent to the end of the half year Blackstone Minerals announced outstanding results from the first hole of a maiden drilling program at the very high grade Little Gem Cobalt-Gold Project in British Columbia, Canada (Refer Figure Three and BSX Announcement 9 January 2018).

Highlights of the Project include:

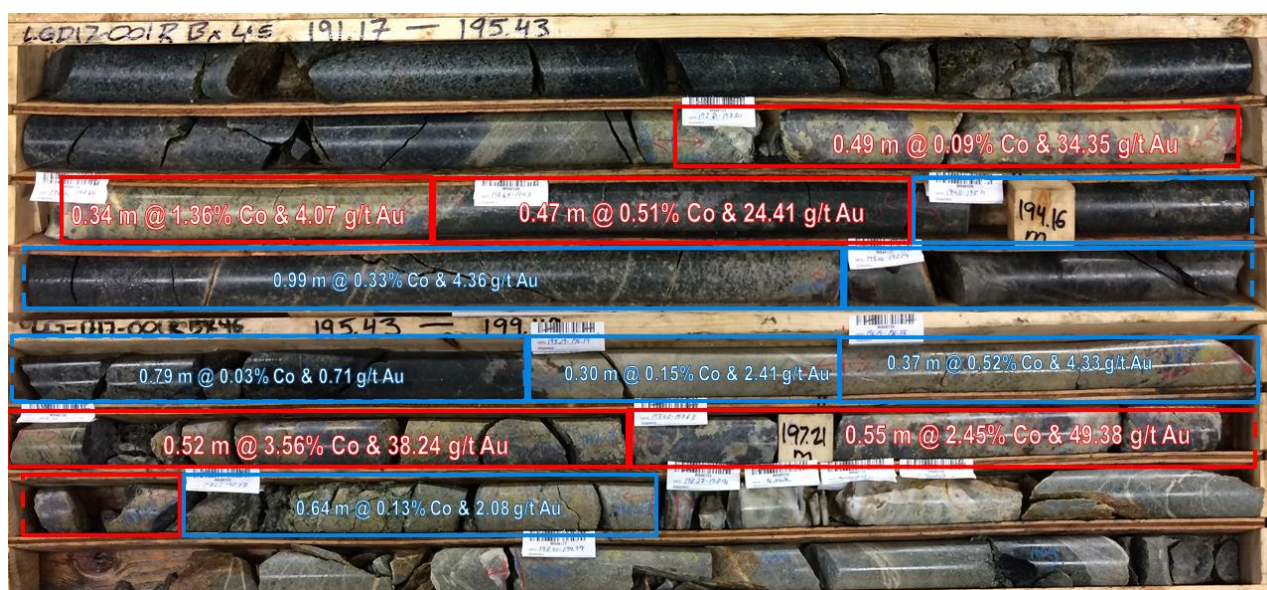
- Blackstone's first drill hole intersected massive, semi-massive and disseminated mineralisation (Refer Image One) with the following significant results:
 - **4.3 m @ 1.0% cobalt & 15 g/t gold;** including
 - **1.1 m @ 3.0% cobalt & 44 g/t gold.**
- Initial results from the maiden drilling are consistent with historic drilling and adit channel sampling which returned average grades of 3% cobalt and 20 g/t gold;
- The first hole has only tested the upper portion of the mineralised target with multiple zones of massive sulfide (Co-Au) mineralisation identified within a broader alteration halo (Refer Figure Two);

2. Review of Operations (continued)

- Maiden drilling is consistent with historic underground drilling from adits including:
 - 1.8 m @ 2.4% cobalt & 112 g/t gold;
 - 3.3 m @ 1.4% cobalt & 80 g/t gold; and
 - 3.3 m @ 1.4% cobalt & 12.3 g/t gold.
- Results from historic adit channel sampling at Little Gem include:
 - 1.8 m @ 4.4% cobalt & 73 g/t gold;
 - 2.0m @ 3.1% cobalt & 76 g/t gold; and
 - 1.5 m @ 5.4% cobalt & 26 g/t gold.

The Little Gem Project covers a large land holding with 48 km of untested strike potential of geology analogous to the world class Bou-Azzer primary Cobalt district in Morocco (Refer Figure Four). Little Gem 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).

Image One | Little Gem drill hole LGD17-001R mineralised intersection



2. Review of Operations (continued)

Figure One | Little Gem Plan of Local Geology, Underground workings & Drill Holes

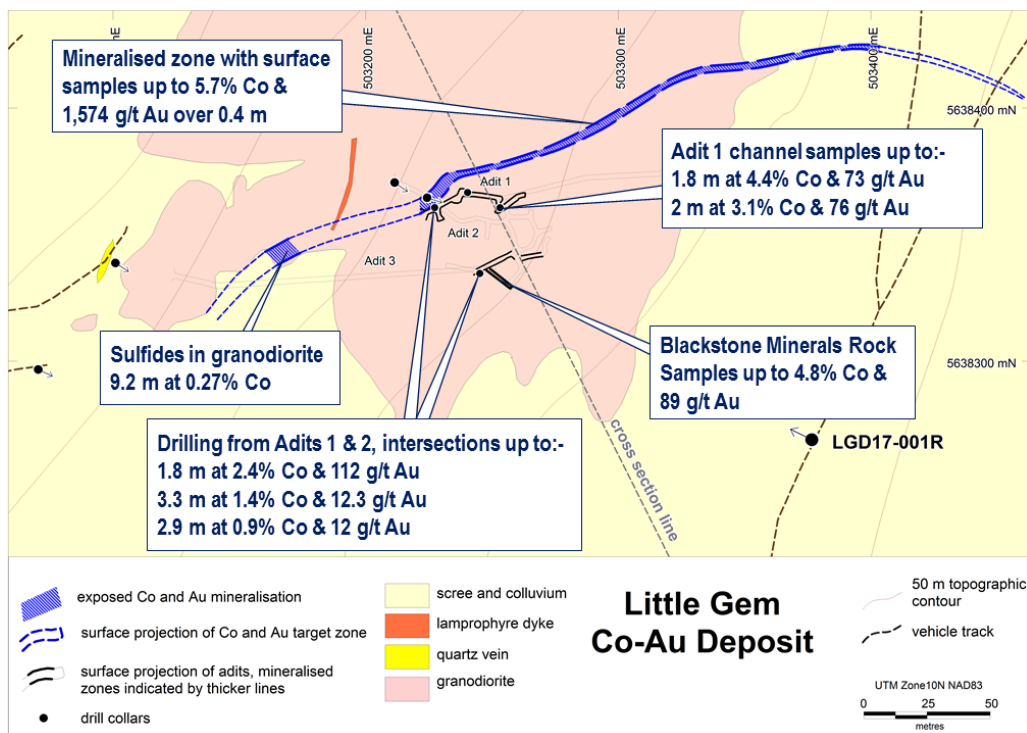
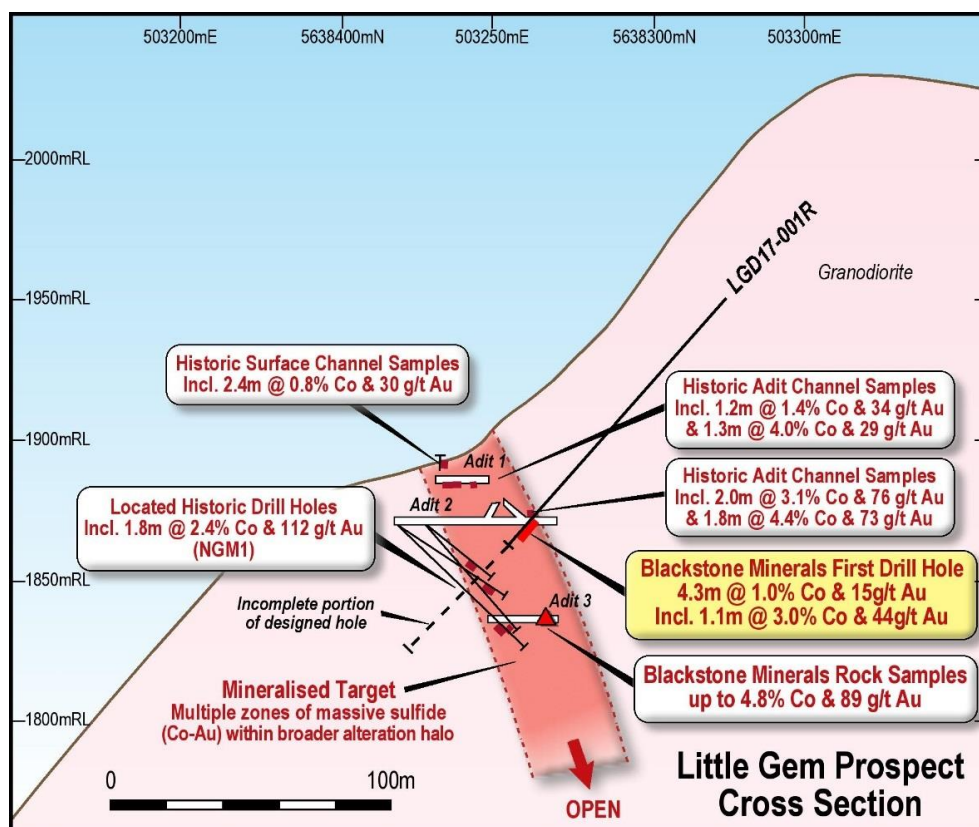
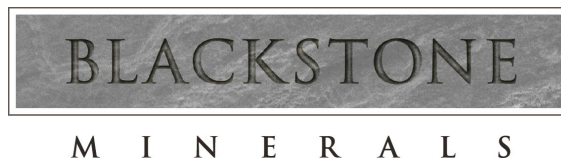


Figure Two | Little Gem Cross Section showing drill hole LGD17-001R





2. Review of Operations (continued)

The Little Gem Project was discovered in the 1930's by prospectors identifying a pink cobalt-bloom on weathered mineralisation 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:

Historic drilling	1.8 m @ 2.4% cobalt & 112 g/t gold; 3.3 m @ 1.4% cobalt & 12 g/t gold; and 4.1 m @ 1.4% cobalt & 11 g/t gold.
Underground channel sampling	1.8 m @ 4.4% cobalt & 73 g/t gold; and 2.0 m @ 3.1% cobalt & 76 g/t gold.
Surface channel sampling	0.4 m @ 5.7% cobalt & 1,574 g/t gold; and 0.1 m @ 4.6% cobalt & 800 g/t gold.

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 Four). These are the major geological units and structures important to the mineral deposits either as the host rocks or sources of the mineralising 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.

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 and a further two drill holes completed in 1986.

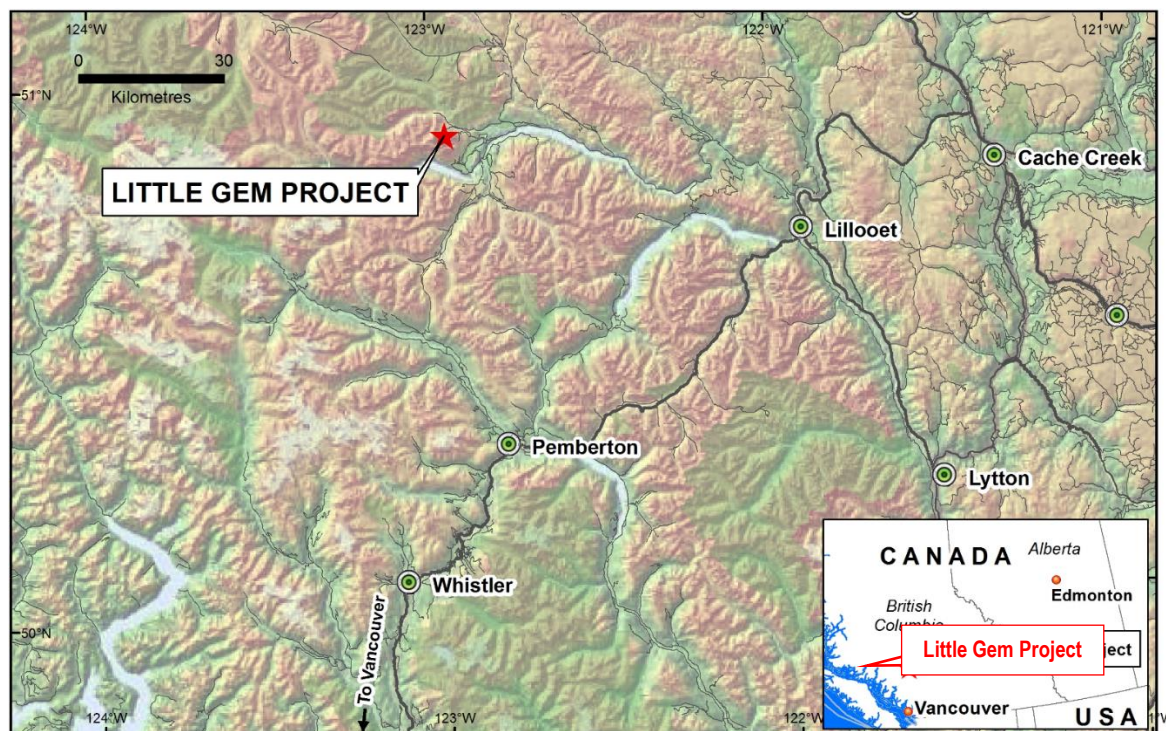
The second mineral occurrence at the Little Gem Project is the historic Jewel Gold Prospect which supported some gold production from 1938 to 1940 and is located only 1.1 km north-northeast of the Little Gem Mine. Since Blackstone began working on the Little Gem Cobalt-Gold Project it has verified the mineralisation identified historically at the Little Gem Cobalt-Gold Prospect and the Jewel Gold Prospect and discovered a new high grade Gold prospect named Roxey.

The Roxey Gold prospect is located 1.5 km west-southwest of the Little Gem Cobalt-Gold prospect and is along strike of the cobalt-gold mineralisation at Little Gem. Blackstone visually identified Roxey during the due diligence site visit and took rock chip samples within the target area which assayed up to 24 g/t gold, 1.9% copper & 24 g/t silver (Refer BSX Announcement 6 September 2017). Mineralisation at Roxey is associated with quartz-pyrite altered diorite containing chalcopyrite.

Surface rock chip samples taken to verify the mineralisation at the Jewel prospect returned up to 98 g/t gold and 3.2% copper (Refer BSX Announcement 6 September 2017 for full set of results). These results confirm what Blackstone's recent investigation has revealed with historical samples of up to 0.6 m @ 75 g/t gold and 0.45m @ 153 g/t gold from underground and surface channel sampling, and up to 6.9 g/t gold, 19.25% copper & 137 g/t silver from underground rock chip sampling (Refer BSX Announcement 6 September 2017 for full set of results). Mineralisation at Jewel sits in an ultramafic near the easterly trending/steep south dipping contact with the quartz diorite/granodiorite that hosts the Little Gem Prospect.

2. Review of Operations (continued)

Figure Three | Location of the Little Gem Project

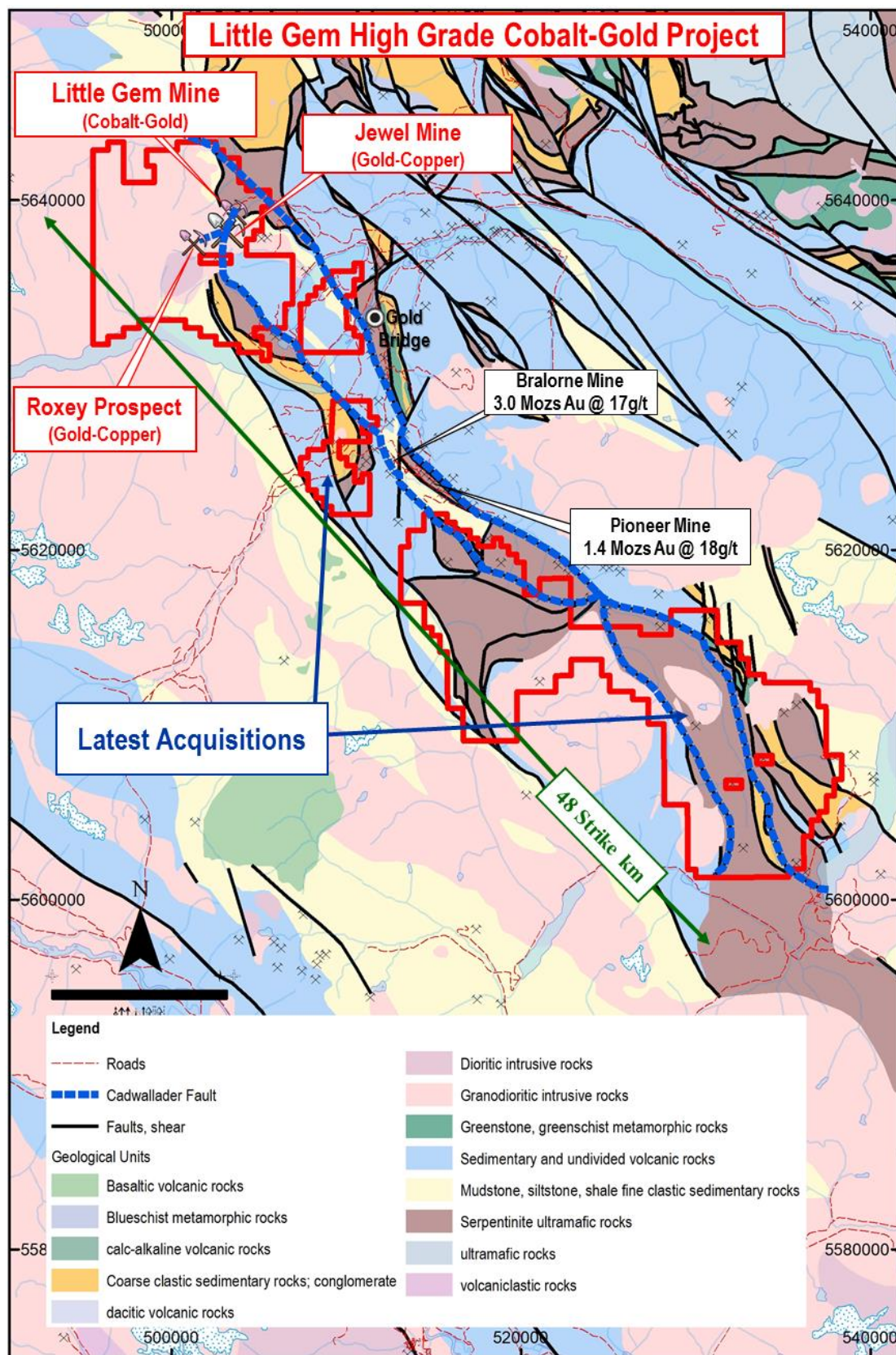


During the period, Blackstone acquired extensive land holdings along strike from the Little Gem Cobalt-Gold Project (Refer Figure Four). The new acquisition sees the Company take control of a commanding land position over a mineralised belt proven to host very high grade gold and cobalt. Blackstone has increased its target strike zone from 12 km to over 48 km of strike, with the Little Gem Project now covering some 335 square kilometres of tenure.

The acquisition of an increased land holding follows Blackstone's first phase of exploration where the Company has confirmed the high grade cobalt and gold mineralisation is associated with the contact between serpentinized ultramafics and granodiorites. This style of mineralisation is analogous to the world class Bou-Azzer District of Morocco, which has produced over 100,000 tonnes of Cobalt metal and tens of tons of Gold.

2. Review of Operations (continued)

Figure Four | Little Gem Geological Setting



2. Review of Operations (continued)

Cartier Project (right to earn 100% interest)

The Cartier Cobalt-Nickel Project (9 km² of tenure) is located 440 km north-east of Quebec City (Refer Figure Five). Historic exploration (1990's) on the project for Voisey's Bay Style Nickel and Copper has identified Cobalt within two prospects named Lac St Pierre Zones 1 & 2, the Company has commenced follow up work to understand the full potential of the Cartier Project.

Figure Five | Cartier Cobalt-Nickel Project Location

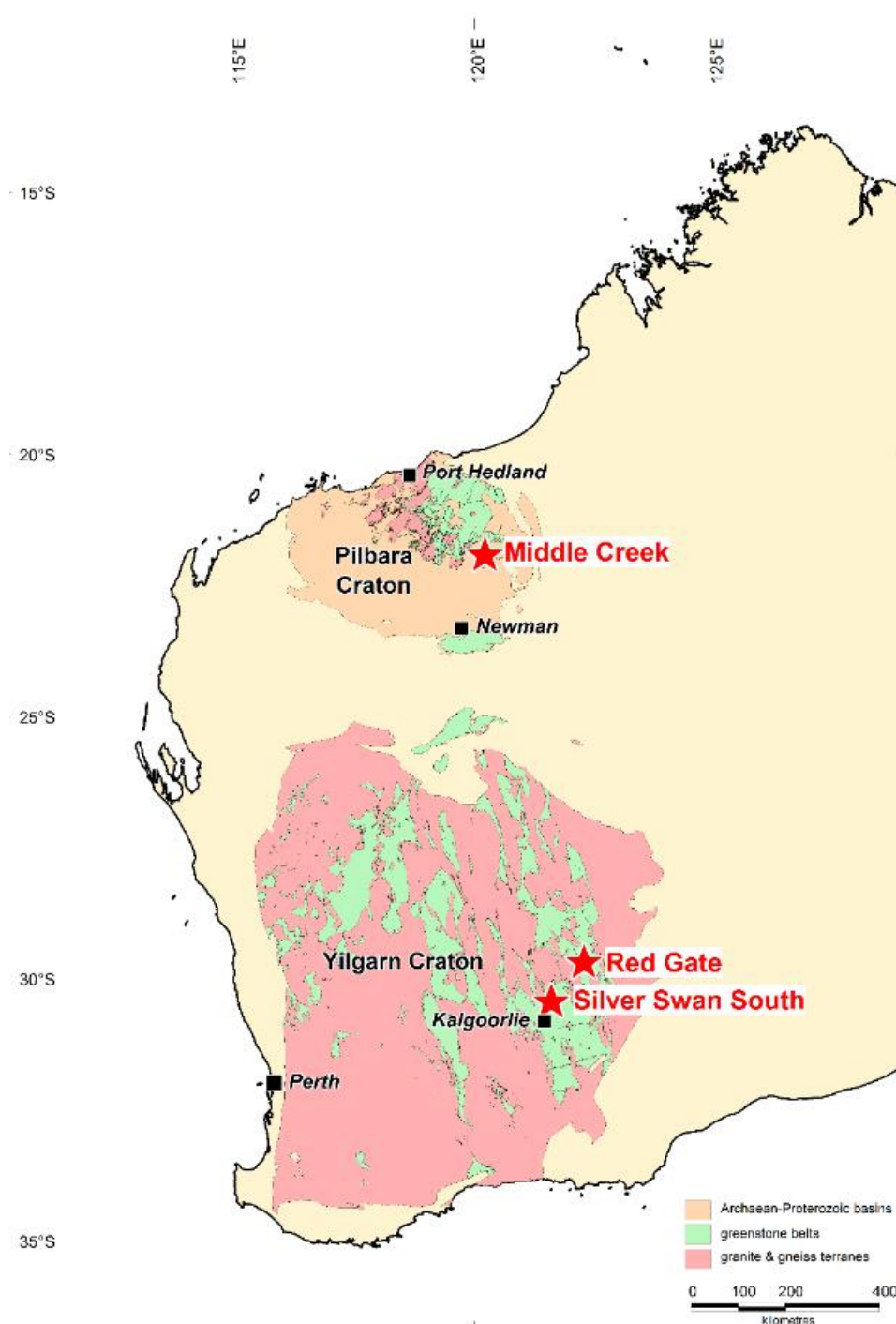


2. Review of Operations (continued)

Australian Projects

Blackstone has three Australian projects (Silver Swan South, Red Gate and Middle Creek), which are all located in Western Australia and are prospective for gold, the Silver Swan South project is also prospective for nickel sulphides. (Refer to Figure Six).

Figure Six | The locations of the Australian Projects



2. Review of Operations (continued)

Silver Swan South Project (100% interest)

The Silver Swan South Project comprises of one granted exploration licence E27/545 and six granted prospecting licences, P27/2191 – 2196 covering an area of 47.2 km². The Project is along trend of the massive nickel sulphide Silver Swan Deposit (pre-mining ore reserve of 655 kt at 9.5% Nickel) and associated deposits (pre-mining resource of 10.4 Mt at 1.0% Nickel), and only 8 km northeast of the major Kanowna Belle Gold Mine (+5 Moz gold endowment).

During the period, Blackstone commenced the second phase of drilling at Silver Swan South to follow up on the significant gold and nickel results from the first phase of drilling. The best gold intersection from the first phase of drilling came from SNAC027 with 3 m @ 2.6 g/t gold from 52 m to the end of hole within a broader intersection of 7 m @ 1.3 g/t gold to the end of hole, sitting in weathered dacite. Drill hole SNAC033 also returned an interesting result with 1 m @ 0.21 g/t gold at the bottom of hole within pyritic dacite.

The best nickel intersection from the first phase of drilling came from SNAC015 with 4 m @ 0.5% nickel and 180 ppm copper from 68 m and 1 m @ 0.3% nickel, 52 ppm copper and 36ppb platinum and palladium from the bottom of hole. Drill hole SNAC019 also returned an interesting result of 12 m @ 0.8% nickel and 143 ppm copper from 24 m.

Blackstone's initial drilling at Silver Swan South is targeting both gold hosted by structural targets along strike from the Kanowna Belle Gold Mine (endowment +5Moz Au), and nickel sulphide mineralisation associated with ultramafic units along strike from the Silver Swan and Black Swan Nickel Mines (endowment 166kt Ni metal). The initial programs are designed to test for basement hosted mineralisation, using air core drilling, to improve definition of gold and base metal anomalism identified by previous reconnaissance style drilling.

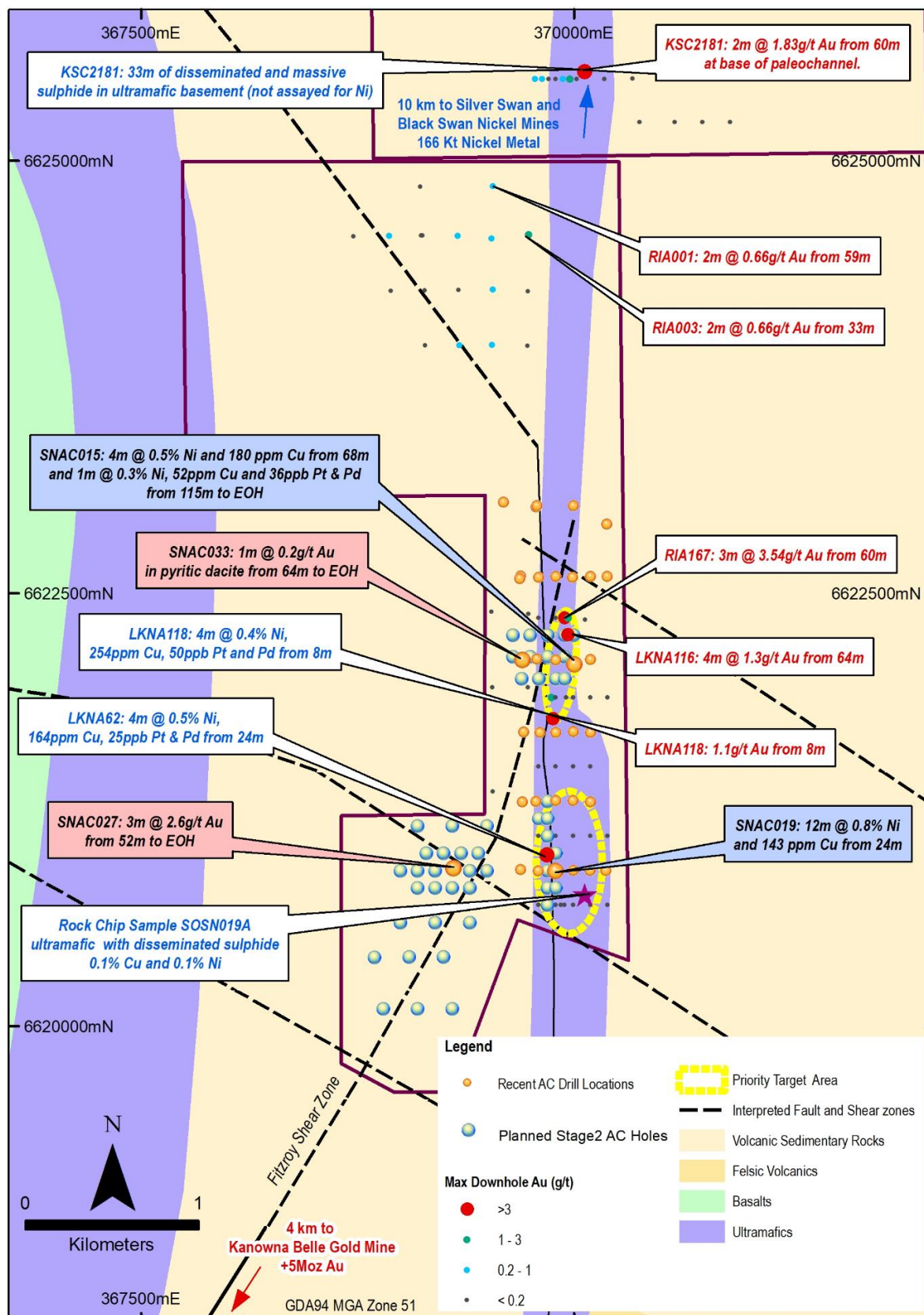
This initial phase of drilling will focus on the following:

- Further definition of gold targets associated with the interpreted northern extension of the Fitzroy Shear (controlling host structure at the Kanowna Belle Gold deposit) located 8 km along strike (Refer Figure Seven);
- Infill historical, broad spaced, reconnaissance drilling which intersected up to 3.5 g/t gold;
- Target thickening of the ultramafic sequence considered highly prospective for nickel sulphides and located only 10 km from the Silver Swan Nickel Mine (Refer Figure Seven);
- Prioritise both gold and nickel targets for follow up reverse circulation ("RC") drilling.

Gold targets within the project area are associated with the interpreted northern extension of the Fitzroy Shear Zone, controlling structure for mineralization at Kanowna Belle. Previous vertical reconnaissance drilling has intersected up to 3 m @ 3.5 g/t gold and 4 m @ 1.3 g/t gold under transported lake clays. Blackstone's drill program focused on further defining the gold target in anticipation of follow up RC drilling.

2. Review of Operations (continued)

Figure Seven | Silver Swan South Bedrock Geology Plan



2. Review of Operations (continued)

Red Gate Project (100% interest)

The Red Gate Project consists of one granted Exploration Licence E31/1096 covering an area of 145.2 km². The Project is centred 10 km north of the Porphyry Gold Mine (0.9 Moz gold endowment) (Refer Figure Eleven), 140 km northeast of Kalgoorlie. Historical exploration work has mostly targeted the Porphyry North Prospect where shallow, out cropping mineralisation has been defined. There is the potential to discover further mineralisation at Porphyry North and several other prospects nearby.

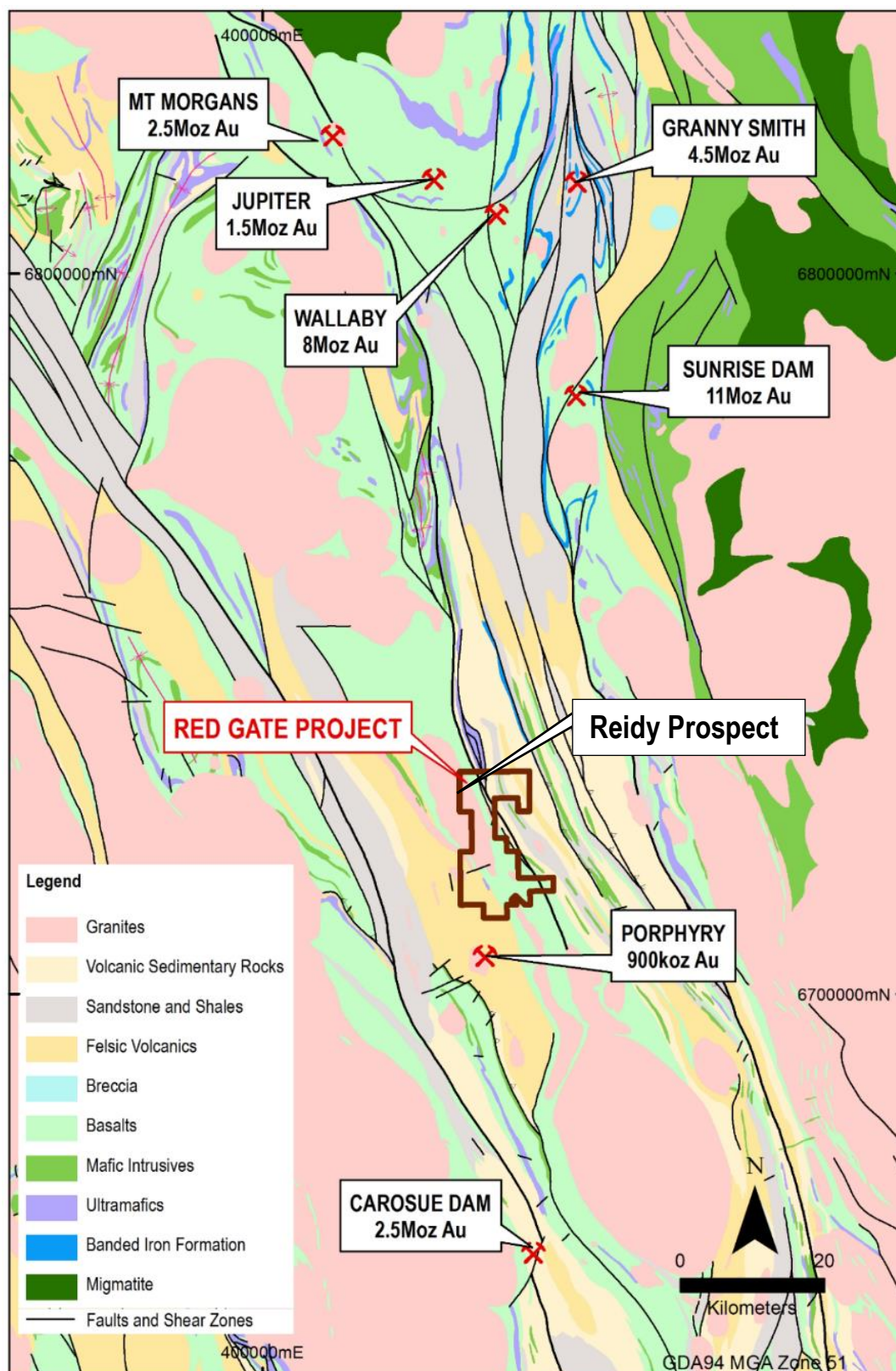
During the period, Blackstone continued to work on finalising priority targets for drill testing in the coming months.

Highlights of the Red Gate Project include:-

- The Red Gate project hosts porphyries with high grade gold mineralisation including 10 m @ 8.5 g/t from 9 m at Porphyry East, 14 m @ 3.7 g/t from 1 m at Porphyry North & 12 m @ 9.2 g/t from 8 m at Porphyry West;
- The Porphyry North and Porphyry West prospects have shallow gold mineralisation coincidental with IP anomalies whilst the new porphyry zone at Porphyry South has a substantially larger IP anomaly that has yet to be drill tested;
- Red Gate Shear Zone already hosts mineralised porphyries at Porphyry North and Porphyry West and contains the recently identified Porphyry South Prospect which is a large untested IP anomaly;
- The Reidy Prospect is interpreted to be within or immediately adjacent to the **Claypan Shear Zone**, host to recent significant gold discoveries such as Breaker Resources, Lake Roe Project (Refer Figure Eight);
- The new prospect is within the Red Gate Shear Zone and was identified through a recent reconnaissance surface sampling program that returned rock chips results of up to 79 g/t gold;
- The Red Gate Shear Zone is less than 10 km north of the historic Porphyry Gold Mine that has a gold endowment of 900,000 ozs (Produced 1.33 Mt @ 3.4 g/t gold) and has a current Indicated JORC resources of 7.2 Mt @ 2.1 g/t gold and Inferred JORC resources of 3.7 Mt @ 2.1 g/t gold).

2. Review of Operations (continued)

Figure Eight | Location of the Red Gate Project



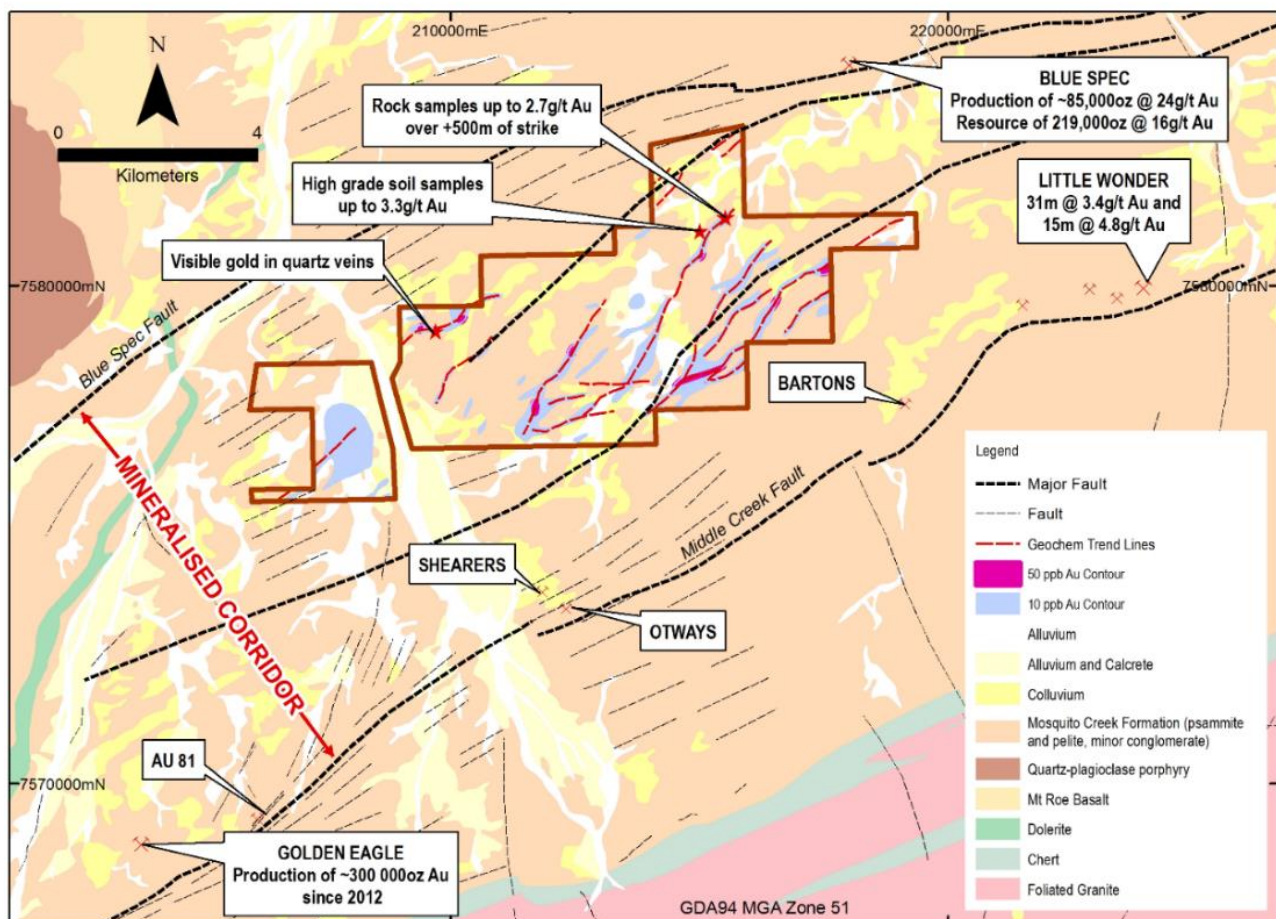
2. Review of Operations (continued)

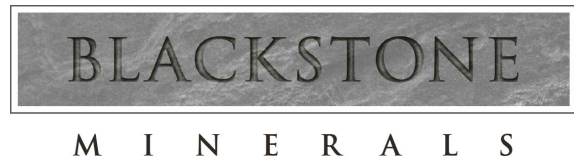
Middle Creek Project

The Middle Creek Project is adjacent to Millennium Minerals Limited's Nullagine Gold Project (where the Golden Eagle operations have produced ~400 kozs gold since 2012), in the Pilbara region of Western Australia (Refer Figure Nine) and consists of 22 prospecting licence applications covering 39.7 km² within the Mosquito Creek belt.

During the period Blackstone advanced the tenement applications for the Middle Creek project and has been granted a portion of the Middle Creek tenement package, the Company expects the remaining tenements to be granted during the March Quarter.

Figure Nine | Geology of the Middle Creek Project area





3. Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

This report is made in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

A handwritten signature in dark ink, appearing to read "S Williamson".

Scott Williamson
Managing Director

Perth, Western Australia, 15 March 2018

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.

15 March 2018

Board of Directors
Blackstone Minerals Limited
Suite 3, Level 3
24 Outram Street,
West Perth WA 6005

Dear Sirs

RE: BLACKSTONE MINERALS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Blackstone Minerals Limited.

As Audit Director for the review of the financial statements of Blackstone Minerals Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

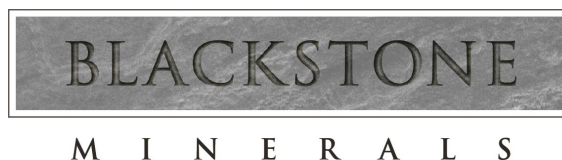
- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director



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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Blackstone Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This interim financial report covers the Blackstone Minerals Limited and its wholly owned subsidiaries. Comparatives are shown for the period of incorporation 30 August 2016 to 31 December 2016. The financial report is presented in the Australian currency.

Blackstone Minerals Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Blackstone Minerals Limited
Level 3, 24 Outram Street
West Perth WA 6005

A description of the nature of the Company's operations is included in the directors' report on pages 3 to 15, which is not part of this financial report.

The interim financial report was authorised for issue by the directors on 15 March 2018. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.blackstoneminerals.com.au.

For the Half-Year Ended 31 December 2017

	Consolidated 31 December 2017 \$	Period to 31 December 2016 \$
Revenue		
Revenue from continuing operations	18,321	-
Expenditure		
Administration costs	(230,776)	(466)
Consultancy expenses	(34,084)	(879)
Employee benefits expense	(242,547)	-
Share based payments expense	8 (4,119,614)	-
Occupancy Expenses	(29,783)	-
Compliance and regulatory expenses	(48,913)	(1,286)
Insurance expenses	(9,346)	-
Exploration expenditure	5 (813,983)	(46,359)
Depreciation expense	(10,194)	-
Finance and interest costs	(2,935)	-
Loss before income tax	(5,523,854)	(48,990)
Income tax benefit	-	-
Loss for the half-year attributable to owners	(5,523,854)	(48,990)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>	(690)	-
<i>Items that will not be classified to profit or loss</i>	-	-
Total comprehensive loss for the half-year attributable to owners	(5,524,544)	(48,990)
Basic loss per share (cents per share)	(12.2)	(0.75)
Diluted loss per share (cents per share)	N/A	N/A

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

As at 31 December 2017

	Notes	31 December 2017 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents	4	2,180,860	2,616,932
Trade and other receivables		143,094	37,912
Total Current Assets		2,323,954	2,654,844
Non-Current Assets			
Trade and other receivables		96,183	30,000
Property, Plant and Equipment		32,620	34,569
Exploration and Evaluation Expenditures	5	10,131,025	1,600,000
Total Non-Current Assets		10,259,828	1,664,569
Total Assets		12,583,782	4,319,413
Current Liabilities			
Trade and other payables	6	592,521	152,337
Provisions		16,863	5,738
Total Current Liabilities		609,384	158,075
Total Liabilities		609,384	158,075
Net Assets		11,974,398	4,161,338
Equity			
Issued capital	7	10,240,347	4,342,357
Reserves		8,123,064	684,140
Accumulated losses		(6,389,013)	(865,159)
Total Equity		11,974,398	4,161,338

The above statement of financial position should be read in conjunction with the accompanying notes.

For the Half-Year Ended 31 December 2017

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Option Premium Reserve	Total
	\$	\$	\$	\$	\$
Balance at 30 August 2016	-	-	-	-	-
Total comprehensive loss for the interim period:					
Loss for the period	-	(48,990)	-	-	(48,990)
Total comprehensive loss for the period	-	(48,990)	-	-	(48,990)
Transactions with owners in their capacity as owners:					
Contributions of equity (net of transaction costs)	63,380	-	-	-	63,380
	63,380	-	-	-	63,380
Balance at 31 December 2016	63,380	(48,990)	-	-	14,390
Balance at 1 July 2017	4,342,357	(865,159)	-	684,140	4,161,338
Total comprehensive loss for the half-year:					
Loss for the half-year	-	(5,523,854)	-	-	(5,523,854)
Foreign Exchange Differences	-	-	(690)	-	(690)
Total comprehensive loss for the half year	-	(5,523,854)	(690)	-	(5,524,544)
Transactions with owners in their capacity as owners:					
Contributions of equity (net of transaction costs)	1,397,990	-	-	-	1,397,990
Share based payments transactions	4,500,000	-	-	7,439,614	11,939,614
	5,897,990	-	-	7,439,614	13,337,604
Balance at 31 December 2017	10,240,347	(6,389,013)	(690)	8,123,754	11,974,398

The above statement of changes in equity should be read in conjunction with the accompanying notes.

For the Half-Year Ended 31 December 2017

	Notes	Consolidated 31 December 2017 \$	Period to 31 December 2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(624,370)	(30)
Payments for exploration and evaluation		(692,770)	(35,000)
Interest received		18,731	-
Net cash (used in) operating activities		(1,298,409)	(35,030)
Cash flows from Investing activities			
Purchase of property, plant and equipment		(12,790)	-
Payments for security bonds		(66,183)	-
Payments for acquisition of projects		(457,984)	-
Cash acquired on acquisition of subsidiary		1,304	-
Net cash (used in) investing activities		(535,653)	-
Cash flows from financing activities			
Proceeds from issue of shares		1,520,400	206,325
Proceeds received for the future issue of shares		-	3,511,750
Share issue transaction costs		(122,410)	(105,514)
Net cash provided by financing activities		1,397,990	3,612,561
Net (decrease)/increase in cash and cash equivalents		(436,072)	3,577,531
Cash and cash equivalents at the beginning of the period		2,616,932	-
Cash and cash equivalents at the end of the period	4	2,180,860	3,577,531

Non-Cash Financing and Investing Activities

During the period, the company issued 25,000,000 ordinary shares as consideration for the acquisition of Cobalt One Energy Corp assets.

Amounts shown above relating to payments to suppliers and employees include goods and services tax. The above statement of cash flows should be read in conjunction with the accompanying notes.



M I N E R A L S

Condensed Notes to the Financial Statements
for the period ended 31 December 2017

1. Basis of preparation of half-year report

This interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the period ending 30 June 2017 and any public announcements made by Blackstone Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

Comparatives

This interim financial report includes comparative information for the reporting period from 30 August 2016 (date of incorporation) to 31 December 2016.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

2. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the board of directors. The board monitors the entity primarily from a geographical perspective, and has identified three operating segments, being exploration for mineral reserves within Canada, Australia and the corporate/head office function.



2. Segment information (continued)

The segment information provided to the board of directors for the reportable segments for the half-year ended 31 December 2017 is as follows:

	Exploration Canada	Australia	Corporate	Total
	\$	\$	\$	\$
Half-year ended 31 December 2016				
Total segment revenue	-	-	-	-
Interest revenue	-	-	-	-
Total segment profit/(loss) before income tax	(46,359)	(46,359)	(2,631)	(48,990)
Half-year ended 31 December 2017				
Total segment revenue	-	-	18,321	18,321
Interest revenue	-	-	18,321	18,321
Depreciation Expense	-	-	10,194	10,194
Total segment profit/(loss) before income tax	(138,348)	(675,634)	(4,709,872)	(5,523,854)
Total segment assets				
31 December 2017	8,531,024	1,600,000	2,452,758	12,583,782
30 June 2017	-	1,600,000	2,719,413	4,319,413
Total segment liabilities				
31 December 2017	355,107	73,129	181,148	609,384
30 June 2017	-	14,246	143,829	158,075

3. Dividends

No dividends have been paid or recommended during the current or prior interim reporting period or subsequent to reporting date.

	31 December 2017 \$	30 June 2017 \$
4. Cash & Cash Equivalents		
(a) Cash & cash equivalents		
Cash at bank and in hand	480,860	616,932
Deposits at call	1,700,000	2,000,000
Total cash and cash equivalents	<u>2,180,860</u>	<u>2,616,932</u>
(b) Cash at bank and on hand		
Cash on hand is non-interest bearing. Cash at bank bears interest rates of between 0.00% and 1.00% (30 June 2017: Between 0.00% and 1.00%)		
(c) Deposits at call		
Deposits at call are bearing interest rates between 1.87% and 2.02% (30 June 2017: Between 2.10% and 2.46%)		

	31 December 2017 \$	30 June 2017 \$
5. Exploration and Evaluation Expenditure		
Opening balance at 1 July	1,600,000	-
Exploration and Acquisition expenditure at cost	813,983	517,182
Acquisition of assets (see details below)	8,531,025	1,600,000
Exploration expensed to profit and loss	(813,983)	(517,182)
Closing balance at 31 December	<u>10,131,025</u>	<u>1,600,000</u>

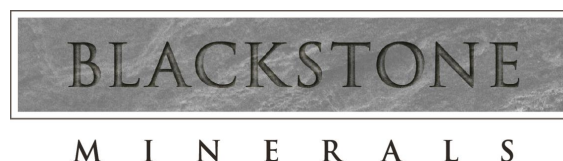
Acquisition of Exploration Assets

On 24 October 2017 Blackstone Minerals Limited, finalised the acquisition of 100% of the issued capital of Cobalt One Energy Corp, British Columbia Canada for the issue of 25,000,000 ordinary shares. The acquisition of Cobalt One Energy Corp has been assessed and it was determined this was an acquisition of mineral tenements.

The acquisition of Cobalt One Energy Corp, included the Little Gem Project (British Columbia, Canada) and Cartier Project (Quebec, Canada).

Details of the acquisition are as follows:

	\$
Shares Issued to vendors of Cobalt One Energy Corp	4,500,000
Option payments to vendor	713,079
Performance shares issued – see note 8	3,320,000
Other	(2,054)
Total purchase consideration	<u>8,531,025</u>



	31 December 2017 \$	30 June 2017 \$
6. Trade and Other Payables		
Current		
Trade Payables	115,351	24,970
Other Payables	477,170	127,367
Total Trade and Other Payables	<u>592,521</u>	<u>152,337</u>
No trade or other payables are considered past due and are generally settled within 30 days.		

	31 December 2017 Shares	30 June 2017 Shares	31 December 2017 \$	30 June 2017 \$
7. Contributed Equity				
(a) Issued capital	64,420,004	35,800,004	10,240,347	4,342,357
Ordinary shares – fully paid	<u>64,420,004</u>	<u>35,800,004</u>	<u>10,240,347</u>	<u>4,342,357</u>

	Date	Shares	Issue Price	Total \$
7. Contributed Equity				
(b) Movements in issued capital				
Opening Balance 1 July 2017		35,800,004		4,342,357
Issue of shares – Acquisition of Cobalt One Energy Corp		25,000,000	\$0.18	4,500,000
Issue of shares – Tranche 1		3,620,000	\$0.42	1,520,400
Less: Transaction costs				(122,410)
Closing Balance at 31 Dec 2017		<u>64,420,004</u>		<u>10,240,347</u>

8. Share based payments expense

a) Fair value of listed options granted

There are no listed options on issue.

b) Fair value of unlisted options granted

During the period, the Company issued 7,000,000 unlisted options to advisors and employees.

The weighted average fair value of the 7,000,000 options granted in current period was \$0.233.

The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

- Weighted average exercise price (cents) of \$0.001;
- Weighted average life of the option (years) of 3.57;
- Weighted average underlying share price (cents) of 0.38;
- Expected share price volatility of 85% ;
- Weighted average risk free interest rate of 2.18%.

Volatility of similar entities has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future.

c) Fair value of performance shares granted

During the period 14,000,000 performance shares were granted and valued at issue date with the share price at the date of issue on 24 October 2017 being 41.5 cents.

Included in performance shares were 8,000,000 issued in respect of the acquisition costs of Cobalt One Energy Corp assets. The fair value of these performance shares of \$3,320,000 has been capitalised to Acquisition Costs.

Total share-based payment transactions recognised during the period are set out below.

	2017 \$
Share based payments expense	
Options issued to directors, employees and consultants	1,629,614
Performance shares issued to directors and employees	2,490,000
Total share based payments expense	4,119,614

	2017 \$
Performance shares – Acquisition costs	
Performance shares issued to former directors and vendor	3,320,000
Total share based payments capitalised	3,320,000

9. Reserves

Total movements in Reserves recognised during the period are set out below.

	2017 \$
Unlisted Option Reserve	
Opening balance	84,140
Options issued to directors, employees and consultants	1,629,614
Closing Balance	1,713,754

	2017 \$
Performance Share Reserve	
Opening balance	600,000
Performance shares issued to directors	2,490,000
Performance shares issued to former directors and vendors of Cobalt One Energy Corp	3,320,000
Closing Balance	6,410,000

	2017 \$
Total Option Premium Reserve	
Unlisted Option Reserve	1,713,754
Performance Share Reserve	6,410,000
Closing Balance	8,123,754

	2017 \$
Foreign Currency Translation Reserve	
Opening Balance	-
Exchange differences arising on translation of foreign operation	(690)
Closing Balance	(690)

	2017 \$
Total Reserves	
Option Premium Reserve	8,123,754
Foreign Currency Translation Reserve	(690)
Closing Balance	8,123,064

10. Commitments & Contingencies

The Company has the following contingent liabilities and commitments as part of the consideration payable for the acquisition of the Little Gem Gold-Cobalt Project, the Company will be required to pay the following royalties upon commencement of mining:

- i. 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
- ii. 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.

Under the Cartier Option Agreement acquired as part of Cobalt One Energy Corp acquisition is a Net Smelter Royalty of 2% and Net Smelter Returns Royalty on the Mineral Claims.

Following the acquisition of Cobalt One Energy Corp, the following changes to the exploration commitments reported at 30 June 2017 are as follows:

- Not longer than one year – increase of \$425,723 (including option payments);
- Longer than one year – increase of \$9,463.

11. Events Occurring Subsequent to Reporting Date

Subsequent to period end, Blackstone Minerals Limited completed Tranche 2 of the \$5.0 million placement on 24 January 2018 following shareholder approval to issue 8,284,762 ordinary shares at \$0.42 raising \$3,479,600.

On 10 January 2018, 14,000,000 ordinary shares were issued on conversion of Class C Performance Shares upon satisfaction of the Class C milestones.

On 21 February 2018, 5,500,000 performance and unlisted options were converted to ordinary shares at an issue price of \$0.001 per share.

On 9 March 2018, 4,000,000 class B performance shares were converted to ordinary shares at a nil conversion price on satisfactorily meeting the performance milestones.

There are no other material events subsequent to reporting date.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 18 to 29 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended 31 December 2017; and
- (b) there are reasonable grounds to believe that Blackstone Minerals Limited will be able to pay its debts as and when they become due and payable.

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



Scott Williamson
Managing Director

Perth, Western Australia, 15 March 2018

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BLACKSTONE MINERALS LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackstone Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Blackstone Minerals Limited (the Group). The Group comprises both Blackstone Minerals Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Blackstone Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Blackstone Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Blackstone Minerals Limited on 15 March 2018.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blackstone Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
15 March 2018