



M I N E R A L S

Blackstone Minerals Limited

ACN 614 534 226

Prospectus

Offer

For an offer of up to 20,000,000 Shares at an issue price of \$0.20 each to raise up to \$4,000,000 before costs, with a minimum subscription requirement to raise at least \$3,500,000 before costs.

Important notice

This document is important and it should be read in its entirety. If you are in any doubt as to the contents of this Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay. The Shares offered by this Prospectus should be considered highly speculative.

TABLE OF CONTENTS

IMPORTANT INFORMATION	3
CORPORATE DIRECTORY	5
LETTER FROM THE CHAIRMAN	6
KEY OFFER DETAILS	7
INVESTMENT OVERVIEW	8
1. DETAILS OF THE OFFER	16
2. COMPANY AND PROJECT OVERVIEW	23
3. RISK FACTORS	28
4. INVESTIGATING ACCOUNTANT'S REPORT	36
5. INDEPENDENT GEOLOGIST'S REPORT	53
6. LEGAL REPORT ON TENEMENTS	101
7. KEY PERSONS AND CORPORATE GOVERNANCE	134
8. MATERIAL CONTRACTS	143
9. ADDITIONAL INFORMATION	147
10. DIRECTORS' AUTHORISATION	157
11. DEFINITIONS	158
APPLICATION FORM	161

IMPORTANT INFORMATION

NOTICE

This Prospectus is issued by Blackstone Minerals Limited ACN 614 534 226 (**Company**).

This Prospectus is dated 31 October 2016 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the Shares offered pursuant to this Prospectus to be admitted for quotation on ASX.

No Shares will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Shares pursuant to the Offer must do so using the Application Form attached to or accompanying this Prospectus. Before applying for Shares investors should carefully read this Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the Shares, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects.

Any investment in the Company should be considered highly speculative. Applicants should read this Prospectus in its entirety and persons considering applying for Shares pursuant to this Prospectus should obtain professional advice.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

COMPETENT PERSON'S STATEMENT

Information contained in this Prospectus that relates to exploration results, mineral resources or ore reserves is based on information compiled by Shane Hibbird, who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Hibbird is a mineral exploration consultant who has been providing services and advice to the international mining industry since 2003. Mr Hibbird has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity which he is undertaking to qualify as an expert and a competent person under the VALMIN Code and JORC Code.

Mr Hibbird consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

FOREIGN INVESTOR RESTRICTIONS

The offer of Shares under this Prospectus does not constitute an offer in any jurisdiction outside Australia. The Offer is not made to persons or places to which, or in which, it would not be lawful to make such an offer of securities. Any persons in such places who come into possession of this Prospectus should seek advice on and comply with any legal restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any regulatory or other consents are required or whether any other formalities need to be considered and followed.

PROSPECTUS AVAILABILITY

ASIC has confirmed that the Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the Company's website at www.blackstoneminerals.com.au. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company on +61 8 6489 0973.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

NO COOLING OFF RIGHTS

Applicants have no cooling off rights in relation to Shares for which they apply. This means that an applicant is not permitted or entitled to withdraw its application once submitted, other than in certain specified circumstances as detailed in the Corporations Act.

RISKS

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares offered by this Prospectus should be considered highly speculative. Refer to Section 3 for details relating to risk factors.

DISCLAIMER

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

Certain statements in this Prospectus constitute forward looking statements. These forward looking statements are identified by words such as “may”, “could”, “believes”, “expects”, “intends”, and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated

results, implied values, performance or achievements expressed, projected or implied in the statements.

This Prospectus uses market data and third party estimates and projections. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 3.

FINANCIAL AMOUNTS

All references in this Prospectus to “\$”, “AUD”, “dollars” or “cents” are references to Australian currency unless otherwise stated.

All references in this Prospectus to “USD” are references to the currency of the United States of America.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorsed this Prospectus or its contents, or that the assets shown in them are owned by the Company.

Diagrams used in this Prospectus are for illustration only and may not be to scale.

DEFINITIONS AND TIME

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in Section 11, or in the Glossary of Terms section of the Independent Geologist’s Report.

All references to time relate to the time in Perth, Western Australia unless otherwise stated or implied.

GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in Western Australia and each applicant submits to the exclusive jurisdiction of the courts of Western Australia.

CORPORATE DIRECTORY

DIRECTORS

Hamish Halliday
Non-Executive Chairman

Andrew Radonjic
Technical Director

Bruce McFadzean
Non-Executive Director

COMPANY SECRETARY

Brett Dunnachie

REGISTERED OFFICE

288 Churchill Avenue
Subiaco WA 6008

Telephone: +61 8 6489 0973
Facsimile: +61 8 6489 0974

WEBSITE

www.blackstoneminerals.com.au

ASX CODE

BSX

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

CORPORATE ADVISER

Trident Capital Pty Ltd
Level 24, 44 St Georges Terrace
Perth WA 6000

LEAD MANAGER

708 Capital Pty Ltd
Level 9, 25 Bligh Street
Sydney NSW 2000

AUDITOR

Stantons International Securities
Level 2, 1 Walker Avenue
West Perth WA 6005

INVESTIGATING ACCOUNTANT

Stantons International Securities
Level 2, 1 Walker Avenue
West Perth WA 6005

INDEPENDENT GEOLOGIST

Shane Hibbird
72 Manbari Crescent
Wanneroo WA 6065

LEGAL ADVISER

Price Sierakowski Corporate
Level 24, 44 St Georges Terrace
Perth WA 6000

LETTER FROM THE CHAIRMAN

31 October 2016

Dear Investor,

On behalf of the board of Directors, I am delighted to present this Prospectus to you and offer you the opportunity to become a Shareholder of Blackstone Minerals Limited (**Company**).

The Company is an Australian incorporated and based mineral exploration company which, prior to listing, will acquire 100% of the issued share capital in Black Eagle (WA) Pty Ltd (**Black Eagle**).

Black Eagle is a private company that was registered in Australia on 21 July 2014, which holds:

- a right to earn an 80% interest in the Red Gate Project under the Earn-In Agreement summarised in Section 8.2;
- a 95% interest in the Middle Creek Project; and
- a 100% interest in the Silver Swan South Project.

All 3 Projects are located in Western Australia and are prospective for gold, while the Silver Swan South Project is also prospective for nickel. Further details of the Projects are set out in Section 2, the Independent Geologist's Report in Section 0, and the Legal Report on Tenements in Section 5.

This Prospectus contains an offer to the public of up to 20,000,000 Shares at an issue price of \$0.20 each to raise up to \$4,000,000 before costs, with a minimum subscription requirement to raise at least \$3,500,000 before costs. The Minimum Subscription amount of funds will provide the Company with sufficient capital to undertake budgeted exploration programmes, while Full Subscription will allow the Company to accelerate its exploration and development plans while also enabling identification and assessment of additional growth projects.

The Company has assembled an experienced management, exploration and development team who are well qualified to exploit the potential of the Company's mineral assets. The Board has significant expertise and experience in mineral exploration and project development, and will aim to ensure that funds raised through the Offer will be utilised in a cost-effective manner to advance the Projects.

Investors should note that the Company is an early stage mineral exploration company, and that any investment made in the Company should be considered highly speculative. An investment in the Company is subject to risks, including Company specific risks and general risks. Detailed information about these risks is set out in Section 3, which I encourage you to read carefully.

On behalf of my fellow Directors, I look forward to welcoming you as a Shareholder of the Company.

Yours faithfully



Hamish Halliday
Chairman

KEY OFFER DETAILS

Key financial information	Minimum Subscription	Full Subscription
Issue price per Share	\$0.20	\$0.20
Existing Shares on issue	8,300,004	8,300,004
Shares to be issued under the Offer	17,500,000	20,000,000
Amount to be raised under the Offer (before costs)	\$3,500,000	\$4,000,000
Shares to be issued to Vendors	10,000,000	10,000,000
Shares on issue upon completion of the Offer	35,800,004	38,300,004
Performance Shares on issue upon completion of the Offer	8,000,000	8,000,000
New Options on issue upon completion of the Offer	2,000,000	2,000,000
Indicative market capitalisation upon completion of the Offer ¹	\$7,160,000	\$7,660,000

Notes:

- Market capitalisation is determined by multiplying the total number of Shares on issue by the price at which the Shares trade on the ASX from time to time. In the table above, the market capitalisation is calculated at the issue price of each Share under the Offer, being \$0.20. Please note that there is no guarantee that the Shares will be trading at \$0.20 upon the Company listing.
- Please refer to Section 1.6 for further details relating to the proposed capital structure of the Company.

Important dates

Lodgement of this Prospectus with ASIC	31 October 2016
Opening Date for the Offer	8 November 2016
Closing Date for the Offer	5 December 2016
Issue of new Shares under the Offer	12 December 2016
Holding statements sent to Shareholders	13 December 2016
Expected date for Shares to commence trading on ASX	20 December 2016

Note: The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Shares offered under this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Topic	Summary	More information
The Company		
Who is the issuer of this Prospectus?	Blackstone Minerals Limited ACN 614 534 226 (Company).	Section 2.1
Who is the Company and what does it do?	<p>The Company is public company incorporated in Australia that has been established to be the ultimate parent company of the Blackstone Group (Group), which is in the business of mineral exploration and development.</p> <p>To form the Group, prior to listing the Company will acquire 100% of the issued share capital in Black Eagle (WA) Pty Ltd (Black Eagle) under the Share Purchase Agreement summarised in Section 8.1.</p>	Sections 2 and 8.1
What are the Projects that the Company intends to hold an interest in?	<p>The Company intends to hold an interest in the following Projects, which are all located in Western Australia:</p> <ul style="list-style-type: none"> • Red Gate Project (a right to earn an 80% interest under the Earn-In Agreement summarised in Section 8.2) – consists of a granted exploration licence which are prospective for gold; • Middle Creek Project (95%) – consists of prospecting licence applications which are prospective for gold; and • Silver Swan South Project (100%) – consists of exploration and prospecting licences which are prospective for gold and nickel. 	Sections 2.3, 0 and 5
What is required for the Company to earn an 80% interest in the Red Gate Project?	In accordance with the Earn-In Agreement, the Company must issue 1,000,000 New Options to Downtown upon listing on the ASX, and maintain the Red Gate Project in good standing until 20 January 2019, in order to obtain an 80% interest in the Red Gate Project.	Section 8.2
What are the Company's business plans?	<p>The primary objective of the Company is to focus on mineral exploration of resource opportunities that have the potential to deliver growth of the Company for the benefit of Shareholders.</p> <p>In order to achieve this, the Company initially intends to undertake exploration programs on the Projects as described in Section 2.4.</p>	Section 2.4
What are the Company's	The Company's key business strategies are to:	Sections 2.4, 7.2,

Topic	Summary	More information
key business strategies?	<ul style="list-style-type: none"> • explore the Projects, including by undertaking follow up drilling at the Red Gate Project and working on exploration targets in project areas that have not been effectively tested; • maintain the Red Gate Project in good standing to earn an 80% interest in the Project in accordance with the Earn-In Agreement; • leverage off the experience and skills of the Directors and senior management who collectively have strong track records in corporate management and resource project acquisition, discovery and development; and • make acquisitions of, or investments in, assets that the Company considers are a strategic fit to its operations. 	7.3 and 8.2
What is the financial position and performance of the Company?	<p>The Company was incorporated on 30 August 2016 and has very limited historical financial information on which an assessment of its prospects can be made.</p> <p>Based on the pro forma consolidated statement of financial position for the Company as at 14 October 2016, and assuming Minimum Subscription is achieved, the Company will have:</p> <ul style="list-style-type: none"> • total assets of \$4,821,586; • total liabilities of nil; • net assets of \$4,821,586; and • total equity of \$4,821,586. <p>The Company notes that, as an early stage mineral exploration company, it has only made losses to date, and expects to continue making losses for the foreseeable future.</p> <p>Further financial information relating to the Company is set out in the Investigating Accountant's Report at Section 4.</p>	Sections 3.1.1 and 4
The Offer		
What is the Offer?	The Company is offering 20,000,000 Shares at an issue price of \$0.20 each to raise \$4,000,000 before costs. There is no allowance for oversubscriptions.	Section 1.1
What is the Minimum Subscription?	The minimum subscription is \$3,500,000.	Section 1.3
Why is the Offer being conducted?	<p>The principal purposes of the Offer are to:</p> <ul style="list-style-type: none"> • comply with ASX's requirements for listing the Company on the ASX; • provide funds for the purposes set out in Section 1.5; • provide the Company with access to equity capital 	Section 1.4

Topic	Summary	More information
	<p>markets for future funding needs; and</p> <ul style="list-style-type: none"> enhance the public and financial profile of the Company to facilitate further growth of the Company's business. 	
How will funds raised under the Offer be used?	<p>It is proposed that funds raised under the Offer will be applied towards:</p> <ul style="list-style-type: none"> expenses of the Offer; exploration on the Projects; and general working capital (including, potentially, the Cash Reimbursement to the Vendors). 	Section 1.5
What is the effect of the Offer on the capital structure of the Company?	<p>The effect of the Offer on the capital structure of the Company will be to increase the number of Shares on issue, as set out in Section 1.6.</p>	Section 1.6
Key risk factors		
<p>Investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in Section 3, and other general risks applicable to all investments in listed shares, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises only some of the risks which apply to an investment in the Company and investors should refer to Section 3 for a more detailed summary of the risks.</p>		
No profit to date and limited operating history	<p>Having been incorporated on 30 August 2016, the Company has a very limited operating history. It is therefore not possible to evaluate its prospects based on past performance. Since the Company intends to invest in exploration of the Projects, the Directors anticipate that the Company will continue to make losses in the foreseeable future.</p>	Sections 3.1.1 and 4
Exploration and development	<p>Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company.</p> <p>There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.</p>	Section 3.1.2
Operational risks	<p>The operations of the Company may be affected by various factors, including, among other things:</p> <ul style="list-style-type: none"> failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; and operational and technical difficulties encountered in mining. <p>In the event that any of these potential risks eventuate,</p>	Section 3.1.3

Topic	Summary	More information
Commodity prices and exchange rates	<p>the Company's operational and financial performance may be adversely affected.</p> <p>The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and AUD denominated gold and nickel prices and the AUD / USD exchange rate.</p> <p>These prices can significantly fluctuate, and are exposed to numerous factors beyond the control of the Company such as world demand for precious and other metals, forward selling by producers, and production cost levels in major metal producing regions.</p>	Section 3.1.4
Joint venture and contractual risk	<p>Downtown Holdings Pty Ltd (Downtown) is the registered holder of the Red Gate Project. Black Eagle has entered into the Earn-In Agreement to earn 80% of the Red Gate Project. There is a risk that the Company will be unable to maintain the Red Gate Project in good standing for the period until 20 January 2019, and therefore not obtain an 80% interest in the Project.</p> <p>As of the date of this Prospectus, there is no formal joint venture agreement in place between the Company and Downtown in relation to the Red Gate Project. The exploration of and any future mining operations on the Red Gate Project may become subject to the Company and Downtown entering into a joint venture agreement. The successful exploration of the Red Gate Project will then become reliant on Downtown performing its obligations under a joint venture agreement.</p> <p>Black Eagle has not yet registered a caveat to protect its interests under the Earn-In Agreement. For so long as a caveat is not registered, the Company may not be notified prior to a dealing (such as a transfer of mortgage) being executed with respect to the Red Gate Project.</p>	Sections 3.1.5 and 8.2
Conditions to tenements	<p>Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. The Company is subject to the Mining Act and the Company has an obligation to meet conditions that apply to the Tenements, including the payment of rent and prescribed annual expenditure commitments.</p> <p>The Tenements are subject to annual review and periodic renewal. While it is the Company's intention to satisfy the conditions that apply to the Tenements, there can be no guarantees made that, in the future, the Tenements that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the Tenements will be satisfied.</p>	Section 3.1.6
Objections to the grant of Tenements	<p>Objections have been lodged in respect of the Black Eagle's applications for certain Tenements. The objections will need to be resolved before the applications may be granted. In the event that the</p>	Section 3.1.7

Topic	Summary	More information
Land access	<p>Company proceeds to defend the objections, it is likely to incur costs (including, in particular, legal costs) in doing so. These costs may be mitigated if the Company is able to agree to a resolution with the objectors.</p> <p>If the Company is not able to resolve the dispute the subject of the objections there is a risk that the objections will be upheld and that the Tenements may not be granted.</p>	Section 3.1.9
Resource and reserve estimates	<p>Whilst the Company intends to undertake exploration activities with the aim of defining a resource, no assurances can be given that the exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted.</p> <p>Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate.</p>	Section 3.1.10
Future funding needs	<p>The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. However, further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies.</p>	Section 3.1.13
Expiry of escrow	<p>The Company anticipates that a high proportion of Shares will be subject to escrow upon listing.</p> <p>At the end of the relevant escrow periods a significant number of Shares will become tradable on ASX. This may result in an increase in the number of Shares being offered for sale on market which may in turn put downward pressure on the Company's Share price.</p>	Sections 1.7 and 3.1.20

Topic	Summary	More information	
Other key Offer details			
What are the important dates of the Offer?	Important dates	Key Offer Details	
	Prospectus lodged		31 October 2016
	Opening Date		8 November 2016
	Closing Date		5 December 2016
	New Shares issued		12 December 2016
	Holding statements sent		13 December 2016
	Trading commences		20 December 2016
The above dates are indicative only and may change without notice.			
What rights and liabilities attach to the Shares being offered?	The rights and liabilities attaching to the Shares are described in Section 9.1.	Section 9.1	
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 1.8	
Will any capital raising fees be payable in respect of the Offer?	<p>The Company has engaged 708 Capital Pty Ltd as lead manager to the Offer. For these services, 708 Capital will receive a capital raising fee of 5% (plus GST) in respect of funds it raises under the Offer, a management fee of 1% (plus GST) in respect of total funds raised under the Offer, and 1,000,000 New Options.</p> <p>The Company reserves the right to pay a fee of up to 6% (excl. GST) of amounts subscribed to any licenced securities dealer or Australian Financial Services licensee who has procured investment under the Offer.</p>	Sections 1.9 and 8.5	
Will the Shares issued under the Offer be quoted?	The Company will apply to ASX no later than 7 days from the date of this Prospectus for admission of the Company to the official list of ASX, and official quotation of the Shares offered under this Prospectus under the code, BSX.	Section 1.15	
How do I apply for Shares under the Offer?	<p>All Application Forms must be completed in accordance with their instructions and must be accompanied by a cheque in Australian dollars for the full amount of the application at \$0.20 per Share.</p> <p>Cheques must be made payable to "Blackstone Minerals Limited – Subscription Account" and should be crossed "Not Negotiable". Applications under the Offer must be for a minimum of 10,000 Shares.</p>	Section 1.2	
When will I know if my application was	Holding statements confirming allocations under the Offer will be sent to successful applicants as required	Section 1.16	

Topic	Summary	More information
successful?	by ASX. Holding statements are expected to be issued to Shareholders on or about 13 December 2016.	
Can I speak to a representative about the Offer?	Questions relating to the Offer and completion of Application Forms can be directed to the Company on +61 8 6489 0973.	Section 1.20
Key persons		
Who are the Company's Directors?	The Directors of the Company are: <ul style="list-style-type: none"> • Hamish Halliday – Non-Executive Chairman; • Andrew Radonjic – Technical Director; and • Bruce McFadzean – Non-Executive Director. 	Section 7.2
Who comprises the senior management team of the Company?	The Company's senior management team is comprised of: <ul style="list-style-type: none"> • Andrew Radonjic – Technical Director; • Stuart Owen – Exploration Manager; and • Brett Dunnachie – Chief Financial Officer and Company Secretary. 	Section 7.3
What are the significant interests of the Directors?	Upon the Company listing on the ASX, the Directors will be remunerated as follows: <ul style="list-style-type: none"> • as Non-Executive Chairman, Hamish Halliday will be paid \$54,750 per annum inclusive of statutory superannuation; • as Technical Director, Andrew Radonjic will receive directors' fees of \$109,500 per annum inclusive of statutory superannuation; and • as Non-Executive Director, Bruce McFadzean will be paid \$43,000 per annum inclusive of statutory superannuation. <p>More information on the security holdings, interests and remuneration of the Directors is set out in Section 7.5.4.</p>	Section 7.5.4
Miscellaneous matters		
What material contracts is the Company or Black Eagle a party to?	The material contracts of the Company or Black Eagle include: <ul style="list-style-type: none"> • the Share Purchase Agreement; • the Earn-In Agreement; • the Finder's Fee Agreement; • the Lead Manager Mandate; • deeds of access, indemnity and insurance for each Director; and • escrow agreements to be entered into prior to listing. 	Section 8

Topic	Summary	More information
Will any Shares be subject to escrow?	The Company expects that certain existing Shares, all Shares and Performance Shares to be issued to the Vendors, and all New Options, will be subject to escrow.	Section 1.7
Will the Company pay dividends?	The Board can provide no guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the relevant time.	Section 1.19
What are the tax implications of investing in Shares under the Offer?	The tax consequences of any investment in Shares will depend upon each applicant's particular circumstances. Investors should obtain their own tax advice before deciding to invest.	Sections 9.10

1. DETAILS OF THE OFFER

1.1 OVERVIEW

Under this Prospectus, the Company is offering up to 20,000,000 Shares at an issue price of \$0.20 each to raise up to \$4,000,000 before costs (**Offer**). The Offer has a minimum subscription requirement of \$3,500,000. There is no allowance for oversubscriptions.

The Offer is open to the general public however non-Australian resident investors should consider the statements and restrictions set out in Sections 1.10 before applying for Shares.

The Shares to be issued under the Offer are of the same class and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to Shares can be found in Section 9.1.

Applications for Shares must be made on the Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares should refer to Section 1.2 and the Application Form for further details and instructions.

1.2 APPLICATIONS AND PAYMENT

Applications for Shares under the Offer can only be made using the Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of the form.

Applications under the Offer must be for a minimum of 10,000 Shares. No brokerage, stamp duty or other costs are payable by applicants. Cheques must be made payable to “Blackstone Minerals Limited – Subscription Account” and should be crossed “Not Negotiable”. All Application Monies will be paid into a trust account.

Completed Application Forms and accompanying cheques must be received by the Company before 5.00pm WST on the Closing Date by being posted or delivered to the following address:

Post to: 708 Capital Pty Ltd PO Box R1862 Royal Exchange NSW 1225	Deliver to: 708 Capital Pty Ltd Level 9, 25 Bligh Street Sydney NSW 2000
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Applicants are urged to lodge their Application Forms as soon as possible as the Offer may close early without notice.

An original, completed and lodged Application Form together with a cheque for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Board’s decision as to whether to treat an application as valid and how to construe, amend or complete the Application Form is final.

It is the responsibility of applicants outside Australia to obtain all necessary approvals in order to be issued Shares under the Offer. The return of an Application Form or otherwise applying for Shares under the Offer will be taken by the Company to constitute a representation by the applicant that it:

- has received a printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;

- makes the representations and warranties in Section 1.10 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of Shares under the Offer;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- acknowledges that once the Application Form is returned or payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of new Shares it applies for at \$0.20 each (or such other number issued in accordance with this Prospectus);
- authorises the Company to register it as the holder(s) of the Shares issued to it under the Offer;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for the new Shares to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

1.3 MINIMUM SUBSCRIPTION

The minimum subscription requirement for the Offer is \$3,500,000, representing the subscription of 17,500,000 Shares at an issue price of \$0.20 each (**Minimum Subscription**). No Shares will be issued until the Offer has reached the Minimum Subscription. Subject to any extension, if the Minimum Subscription has not been achieved within 4 months of the date of this Prospectus, all Application Monies will be refunded without interest in accordance with the Corporations Act.

1.4 PURPOSES OF THE OFFER

The principal purposes of the Offer are to:

- comply with ASX's requirements for listing the Company on the ASX;
- provide funds for the purposes set out in Section 1.5;
- provide the Company with access to equity capital markets for future funding needs; and
- enhance the public and financial profile of the Company to facilitate further growth of the Company's business.

1.5 PROPOSED USE OF FUNDS

The Company intends to use the funds raised under the Offer as follows:

Use of funds	Minimum Subscription		Full Subscription	
	Amount	%	Amount	%
Expenses of the Offer ¹	\$343,000	9.80%	\$374,000	9.35%
Exploration on Red Gate Project ²	\$726,000	20.74%	\$726,000	18.15%
Exploration on Middle Creek Project ³	\$794,000	22.69%	\$794,000	19.85%
Exploration on Silver Swan South Project ⁴	\$537,000	15.34%	\$1,006,000	25.15%
General working capital (including the Cash Reimbursement) ⁵	\$1,100,000	31.43%	\$1,100,000	27.50%
Total	\$3,500,000	100%	\$4,000,000	100%

Notes:

1. Additional expenses of the Offer have been paid using the Company's existing cash reserves. See Section 9.8 for further details.
2. See Section 2.4.1 for further information.
3. See Section 2.4.2 for further information.
4. See Section 2.4.3 for further information.
5. General working capital will include the amount of cash ASX permits the Company to pay to the Vendors as part of the Cash Reimbursement under the Share Purchase Agreement (up to \$100,431.68), and may also include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project such as investments and acquisitions, or in connection with any other item in the table above, as determined by the Board at the relevant time.
6. If the proceeds from the Offer are between the Minimum Subscription and the Full Subscription, the Company intends to allocate the funds between each item on a pro-rata basis, other than fixed expenses of the Offer.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including, but not limited to, the success of the Company's exploration and evaluation programs, as well as regulatory developments and economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

If the Full Subscription is not raised then this may have an effect on the rate at which any plans are undertaken by the Company, such as exploration programs. Additional funding through debt or equity may be considered by the Board where it is appropriate to accelerate a specific project or transaction.

If the Company decides to make any significant acquisitions such as competitor businesses or other assets, then it is possible that such acquisitions would be funded by additional financing through debt or equity (subject to any necessary Shareholder approvals).

The Board is satisfied that upon completion of the Offer, the Company will have sufficient capital to meet its stated objectives.

1.6 CAPITAL STRUCTURE

The table below provides a summary of the capital structure of the Company at the date of this Prospectus and upon completion of the Offer.

Capital structure	Existing	Upon completion	
		Minimum Subscription	Full Subscription
Existing Shares	8,300,004	8,300,004	8,300,004
Shares under the Offer ¹	-	17,500,000	20,000,000
Shares to Vendors ²	-	10,000,000	10,000,000
Total Shares	8,300,004	35,800,004	38,300,004
Performance Shares to Vendors ³	-	8,000,000	8,000,000
New Options ⁴	-	2,000,000	2,000,000
Fully diluted share capital	8,300,004	45,800,004	48,300,004

Notes:

1. See Section 1.1 for an overview of the Offer.
2. Shares to be issued to the Vendors under the Share Purchase Agreement. See Section 8.1 for a summary of the Share Purchase Agreement. Please note that to the extent ASX does not permit the Company to pay cash to the Vendors as part of the Cash Reimbursement under the Share Purchase Agreement (up to \$100,431.68), the Company will issue additional Shares (with a deemed value of \$0.20 each) to the Vendors in lieu of cash. Accordingly, if no cash is payable as part of the Cash Reimbursement, an additional 502,158 Shares will be issued to the Vendors.
3. Performance Shares to be issued to the Vendors under the Share Purchase Agreement. See Section 8.1 for a summary of the Share Purchase Agreement, and Section 9.2 for full terms and conditions of the Performance Shares.
4. 1,000,000 New Options will be issued to Downtown in accordance with the Earn-In Agreement summarised in Section 8.2. 1,000,000 New Options will be issued to the Lead Manager in accordance with the Lead Manager Mandate summarised in Section 8.5. New Options are exercisable at \$0.20, expire 3 years from issue and are otherwise on the terms and conditions set out in Section 9.3.

1.7 ESCROW ARRANGEMENTS

Under the Listing Rules, ASX may determine that securities issued to promoters, seed capital investors and vendors of classified assets have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months from quotation of the Company's Shares, during which time they must not be transferred, assigned or otherwise disposed of.

The Company expects that certain existing Shares, all Shares and Performance Shares to be issued to the Vendors, and all New Options, will be subject to escrow. Prior to admission to the official list of ASX, the Company will enter into escrow agreements with the relevant holders in relation to the securities subject to mandatory escrow in accordance with the Listing Rules.

The Company will announce final escrow arrangements to ASX prior to re-quotation of its Shares.

1.8 UNDERWRITING

The Offer is not underwritten.

1.9 CAPITAL RAISING FEES

The Company has engaged 708 Capital Pty Ltd (**708 Capital**) as lead manager to the Offer. For these services, 708 Capital will receive a capital raising fee of 5% (plus GST) in respect of funds it raises under the Offer, a management fee of 1% (plus GST) in respect of total funds raised under the Offer, and 1,000,000 New Options. The Lead Manager Mandate is summarised in Section 8.5.

The Company reserves the right to pay to any licensed securities dealer (including an Australian Financial Services licensee) a capital raising fee of up to 6% (plus GST) in respect of funds it raises under the Offer.

1.10 FOREIGN INVESTOR RESTRICTIONS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of Shares in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the issue to them of Shares offered pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

1.11 RISK FACTORS

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 3 of this Prospectus. The Shares on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

1.12 EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with ASIC. The Exposure Period may be extended by ASIC by a further period of up to 7 days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. During the Exposure Period, this Prospectus can be viewed online on the Company's website at www.blackstoneminerals.com.au, and hard copies of this Prospectus will be made available upon request to the Company. Applications received during the Exposure Period will not be processed until after expiration of the Exposure Period. No preference will be conferred on applications received during the Exposure Period and all such applications will be treated as if they were simultaneously received on the Opening Date.

1.13 APPLICATION MONIES HELD IN TRUST

All Application Monies will be held in a separate subscription account on behalf of applicants until the Shares are issued pursuant to the Offer. If the Minimum Subscription is not achieved within a period of 4 months of the date of this Prospectus, all Application Monies will be refunded in full without interest, and no Shares will be issued under the Offer. Any interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

1.14 ALLOCATION AND ISSUE OF SHARES

The Board reserves the right to reject any application or to issue a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded without interest.

Subject to ASX granting approval for quotation of the Shares, the issue of Shares will occur as soon as practicable after the Offer closes. All Shares issued under the Offer will rank equally in all respects with existing Shares on issue. Holding statements will be sent to successful applicants as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statement will do so at their own risk.

1.15 ASX LISTING AND QUOTATION

The Company will apply to ASX no later than 7 days from the date of this Prospectus for admission of the Company to the official list of ASX, and official quotation of the Shares offered under the Offer. Subject to any extension, if the Shares are not admitted to quotation within 3 months of the date of this Prospectus, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant admission of the Company to the official list and official quotation of the Shares being offered is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

1.16 CHESS AND ISSUER SPONSORSHIP

The Company will apply to CHESS. All trading on the ASX in Shares will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The 2 sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company does not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after Shares are issued. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares issued under this Prospectus, and provide details of a Shareholder's Holder Identification Number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder Reference Number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

1.17 PRIVACY DISCLOSURE

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company on +61 6489 0973, or the Share Registry, Security Transfer Registrars, on +61 3 9628 2200.

1.18 FINANCIAL FORECASTS

After considering *ASIC Regulatory Guide 170*, the Directors do not believe that they have a reasonable basis to reliably forecast future earnings of the Company and, accordingly, financial forecasts are not included in this Prospectus.

1.19 DIVIDENDS

The Board can provide no guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the relevant time.

1.20 ENQUIRIES

This Prospectus is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, lawyer, accountant or other professional adviser without delay.

Questions relating to the Offer and completion of Application Forms can be directed to the Company on +61 8 6489 0973.

2. COMPANY AND PROJECT OVERVIEW

2.1 BACKGROUND

The Company was registered in Australia on 30 August 2016 for the purposes of listing on the ASX as a mineral exploration company. On 27 October 2016, the Company entered into a share purchase agreement (**Share Purchase Agreement**) to acquire 100% of the share capital in Black Eagle (WA) Pty Ltd ACN 600 818 157 (**Black Eagle**) from the Vendors.

Under the Share Purchase Agreement, the Company will acquire Black Eagle once funds have been raised under the Offer and the Board is satisfied of the Company's ability to list on the ASX. A summary of the Share Purchase Agreement is set out in Section 8.1.

Black Eagle is a private company that was registered in Australia on 21 July 2014, which holds:

- a right to earn an 80% interest in the Red Gate Project under the Earn-In Agreement summarised in Section 8.2;
- a 95% interest in the Middle Creek Project; and
- a 100% interest in the Silver Swan South Project.

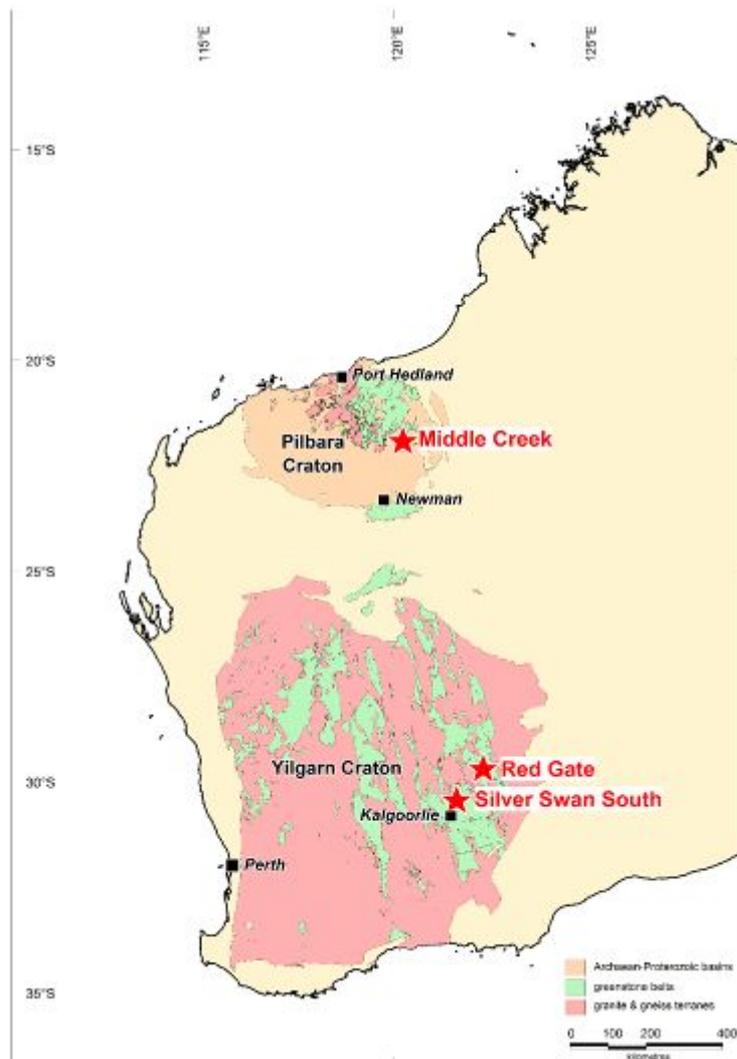


Figure 1: Location map of the Projects

All 3 Projects are located in Western Australia and are prospective for gold, with the Silver Swan South Project also prospective for nickel.

Further details of the Projects are set out in in this Section 2, as well as the Independent Geologist's Report in Section 0 and the Legal Report on Tenements in Section 5.

2.2 CORPORATE STRUCTURE

The corporate structure of the Group upon completion of the Share Purchase Agreement and at listing will be as follows:



2.3 OVERVIEW OF PROJECTS

2.3.1 RED GATE PROJECT

The Red Gate Project consists of 1 granted exploration licence (E 31/1096) which covers an area of 145.2 km². The Project is located 10 km north of the Porphyry Gold Mine (0.5Moz gold endowment), 140 km northeast of Kalgoorlie. Historical exploration work done on the Project has mostly targeted the Porphyry North Prospect where shallow, outcropping mineralisation has been defined. There is a potential to discover further mineralisation at Porphyry North and several other prospects nearby.

Porphyry granitoid intrusions very similar to the intrusive that hosts the Porphyry Gold Mine are present in the tenement, mostly under relatively thin cover. Using the geological model derived from the understanding of the Porphyry Gold Mine, the Red Gate Project is considered to be prospective for gold mineralisation of this style, particularly to the immediate north and west of the Porphyry North gold prospect.

In addition, over 80% of the tenement is covered by shallow Tertiary and Quaternary sediments and laterite. These covered areas have had little effective exploration and therefore provide further opportunities for gold discovery.

2.3.2 MIDDLE CREEK PROJECT

The Middle Creek Project is situated in the Pilbara region of Western Australia 15 km north-east of Millennium Minerals Limited's (**Millennium**) Nullagine Gold Project (where the Golden Eagle operations have produced approximately 300,000ozs gold since 2012), and 10 km west of Millennium's latest high grade discovery at the Little Wonder Deposit (31 metres at 3.4g/t gold and 15 metres at 4.8g/t gold). The Project consists of 21 prospecting licence applications covering 39.6 km² within the Mosquito Creek Belt.

The Mosquito Creek Belt comprises a fault imbricated sequence of Archean turbiditic sedimentary rocks, and lesser mafic-ultramafic volcanic rocks that crop out adjacent to the southern margin of the East Pilbara granitoid-greenstone terrain. The Middle Creek Project is within the 'mineralised corridor' that hosts numerous gold and gold-antimony deposits (such as Blue Spec and Gold Spec with a combined endowment of 300,000ozs gold at 18 g/t).

Previous exploration has defined a number of multi-element surface geochemical anomalies, some supported by rock chip samples with assays up to 2.7 g/t gold. Preliminary prospecting of the western gold-in-soil anomaly by Black Eagle identified visible gold in sub-cropping quartz veins. There has been no previous drilling reported from the Project area.

2.3.3 SILVER SWAN SOUTH PROJECT

The Silver Swan South Project comprises 1 exploration licence application (E27/545) and 6 granted prospecting licenses (P 27/2191 – 2196). The Project is along trend of the massive nickel sulfide Silver Swan Deposit (pre-mining ore reserve of 655,000 t 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).

The Project area has been explored almost continuously now for 40 years however the majority of this work has been ineffective in terms of exploring for komatiite hosted massive nickel sulfide deposits, and largely focused on shallow gold deposits hosted within paleochannels. It is believed that much of the gold mineralisation encountered in the earlier work on the paleochannels was not alluvial but in fact the result of supergene processes.

Numerous intersections of anomalous gold are recorded within the weathered and fresh bedrock, as are descriptions of alteration that suggest there is real potential for the discovery of primary gold mineralisation within the tenement area which the Company intends to target.

2.4 BUSINESS STRATEGIES AND PLANS

The primary objective of the Company is to focus on mineral exploration of resource opportunities that have the potential to deliver growth of the Company for the benefit of Shareholders. In order to achieve this, the Company intends to undertake the exploration programs described in this Section below.

The results of the exploration programs will determine the economic viability and possible timing for the commencement of further testing (including pre-feasibility studies) leading into potential mining operations on the Projects.

A key strategy of the Company will be to leverage off the experience and skills of its Directors and senior management who collectively have strong track records in corporate management and resource project acquisition, discovery and development.

In addition to its existing exploration activities, the Company may make acquisitions of, or investments in, assets that the Company considers are a strategic fit to its operations.

2.4.1 RED GATE PROJECT

At the Red Gate Project, the Company intends to follow up on drill results at the Porphyry North and Porphyry West prospects, and work on exploration targets in areas under cover that have not been effectively tested.

The Company considers that the northern, down plunge continuation of the Porphyry North prospect warrants testing with reverse circulation drill holes for continuation of the known mineralisation. Previous explorers have quoted modest resources at Porphyry North, and the Company considers that additional work here would be beneficial for the purposes of generating a resource estimate that would meet JORC standards.

Similarly, the southern and central parts of the Porphyry West prospect could be tested with close spaced infill and extension drilling to the south with reverse circulation drill holes. The Company considers that a small moderate to high grade resource could be present in the top 50 metres or so from the surface (similar to the Porphyry North deposit). Exploration drilling to the north of the Porphyry West mineralisation is suggested to extend the wide low grade mineralisation intersected by Renaissance. The Company considers that this mineralisation could develop in tenor to the north.

Throughout the rest of the tenement, the Company notes that the 4 inferred shears shown in Figure 4 of the Independent Geologist Report with over 25 km of strike length under cover remain untested. The Company plans to target these areas with broad spaced rotary air blast (RAB) drilling.

Depending on how much is raised under the Offer, proposed expenditure on the Red Gate Project following listing is set out below.

Minimum Subscription			Full Subscription		
Year 1	Year 2	Total	Year 1	Year 2	Total
\$396,000	\$330,000	\$726,000	\$396,000	\$330,000	\$726,000

2.4.2 MIDDLE CREEK PROJECT

At the Middle Creek Project, identification of visible gold and oxidised sulfides in quartz vein sub-crop within the Middle Creek “mineralised corridor” shows the presence of primary gold mineralisation within structures linking the regionally important Middle Creek and Blue Spec fault zones. The Company considers that the textures are consistent with distal high-grade D4 gold mineralisation, and the area is ripe for structural and geochemical re-evaluation followed by drill testing in an area never drilled before.

If and when the tenements are granted, the Company will undertake further geological mapping and surface sampling before proceeding with shallow reverse circulation drill testing of the geochemical anomalies.

Depending on how much is raised under the Offer, proposed expenditure on the Middle Creek Project following listing is set out below.

Minimum Subscription			Full Subscription		
Year 1	Year 2	Total	Year 1	Year 2	Total
\$400,000	\$394,000	\$794,000	\$400,000	\$394,000	\$794,000

2.4.3 SILVER SWAN SOUTH PROJECT

The Company intends to initially focus on the gold potential of the Silver Swan South Project which has a drill ready target area on the granted prospecting licences.

In the southern part of the Project, air core drilling has returned numerous gold intersections of up to 3 metres at 3.54 g/t gold from 60 metres (RIA167) over a strike length of 4 km that the Company considers warrants follow up. This target area coincides with the interpreted strike extensions of regionally significant gold bearing structures which have the potential to host substantial mineralisation.

Depending on how much is raised under the Offer, proposed expenditure on the Silver Swan South Project following listing is set out below.

Minimum Subscription			Full Subscription		
Year 1	Year 2	Total	Year 1	Year 2	Total
\$303,000	\$234,000	\$537,000	\$392,000	\$614,000	\$1,006,000

2.5 ADDITIONAL APPLICATIONS

The Company notes that Black Eagles also holds 6 applications for prospecting licences located in the Dundas Mineral Fields, Western Australia. However, the Company does not currently consider the value of these applications to be material. Accordingly, the Company has not factored these applications into its valuation when determining the terms of the Offer, or requested their inclusion in the Independent Geologist's Report. Despite this, certain legal information on the applications is set out in the Legal Report on Tenements in Section 5.

3. RISK FACTORS

The Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend that investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before deciding whether to apply for Shares.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

3.1 SPECIFIC RISKS

3.1.1 NO PROFIT TO DATE AND LIMITED OPERATING HISTORY

Having been incorporated on 30 August 2016, the Company has a very limited operating history. It is therefore not possible to evaluate its prospects based on past performance. Since the Company intends to invest in the exploration development of the Projects, the Directors anticipate that the Company will make losses in the foreseeable future.

Although the Directors have between them significant operational experience, the Company's ability to meet its objectives will be largely reliant upon the Company's ability to implement its current operational plans and take appropriate action to amend those plans in respect of any unforeseen circumstances that may arise. Investors should consider the Company's prospects in light of its limited financial history.

3.1.2 EXPLORATION AND DEVELOPMENT

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things:

- discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- access to adequate capital throughout the acquisition/discovery and project development phases;
- securing and maintaining title to mineral exploration projects;
- obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

3.1.3 OPERATIONAL RISKS

The operations of the Company may be affected by various factors, including:

- failure to locate or identify mineral deposits;
- failure to achieve predicted grades in exploration and mining;
- operational and technical difficulties encountered in mining;
- insufficient or unreliable infrastructure, such as power, water and transport;
- difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- unanticipated metallurgical problems which may affect extraction costs; and
- adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

3.1.4 COMMODITY PRICES AND EXCHANGE RATES

The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and AUD denominated gold and nickel prices and the AUD / USD exchange rate.

These prices can significantly fluctuate, and are exposed to numerous factors beyond the control of the Company such as world demand for precious and other metals, forward selling by producers, and production cost levels in major metal producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, gold price forward curves, global economic trends, and domestic and international fiscal, monetary and regulatory policy settings.

In the event the Company achieves exploration success leading to viable mining production, the Company's financial performance will be highly dependent on commodity prices and exchange rates.

3.1.5 JOINT VENTURE AND CONTRACTUAL RISK

Downtown Holdings Pty Ltd (**Downtown**) is the registered holder of the Red Gate Project. Black Eagle has entered into an agreement to earn 80% of the Red Gate Project. See Section 8.2 for the key terms of the Earn-In Agreement. There is a risk that the Company will be unable to maintain the Red Gate Project in good standing for the period until 20 January 2019, and therefore not obtain an 80% interest in the Project.

As of the date of this Prospectus, there is no formal joint venture agreement in place between the Company and Downtown in relation to the Red Gate Project. The exploration of and any future mining operations on the Red Gate Project may become subject to the Company and Downtown entering into a joint venture agreement. The successful exploration of the Red Gate Project will then become reliant on Downtown performing its obligations under a joint venture agreement. There would be a material adverse impact on the exploration of the Red Gate Project if Downtown does not perform its obligations under a joint venture agreement or if the relationship between the Company and Downtown deteriorates. In the event that Downtown defaults on its obligations, it may be necessary for the Company to seek a legal remedy, which may be costly for the Company.

Further, Black Eagle has not registered a caveat to protect its interests under the Earn-In Agreement. This may prevent the Company from being notified prior to a dealing (such as a transfer of mortgage) being executed with respect to the Red Gate Project. However, prior to or as soon as reasonably practicable following listing, the Company intends to take steps to register a caveat to protect its interests with respect to the Red Gate Project.

The Company also notes that although formal joint venture agreements are proposed to be entered into with Downtown (with respect to the Red Gate Project) and Ellesmore (with respect to the Middle Creek Project), and such agreements are intended to be on standard terms, there is a risk that the parties are unable to agree terms which may prompt dispute. Any disputes would likely have an adverse effect on the Company's financial performance.

3.1.6 CONDITIONS TO TENEMENTS

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. The Company is subject to the *Mining Act 1978* (WA) (**Mining Act**) and the Company has an obligation to meet conditions that apply to the Tenements, including the payment of rent and prescribed annual expenditure commitments.

The Tenements held by the Company are subject to annual review and periodic renewal. While it is the Company's intention to satisfy the conditions that apply to the Tenements, there can be no guarantees made that, in the future, the Tenements that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the Tenements will be satisfied. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Projects. There is also a risk that the Tenement Applications will not be granted to the Company. These events could have a materially adverse effect on the Company's prospects and the value of its assets.

[If a tenement holder fails to comply with the terms and conditions of a tenement, the Warden or Minister (as applicable) may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain cases, a third party can institute administrative proceedings under the Mining Act before the Warden seeks forfeiture of the tenement.

For more information on the Tenements and Tenement Applications see the Legal Report on Tenements in Section 5.

3.1.7 OBJECTIONS TO THE GRANT OF TENEMENTS

Objections have been lodged in respect of the Black Eagle's applications for certain Tenements. The objections will need to be resolved before the applications may be granted. In the event that the Company proceeds to defend the objections, it is likely to incur costs (including, in particular, legal costs) in doing so. These costs may be mitigated if the Company is able to agree to a resolution with the objectors.

If the Company is not able to resolve the dispute the subject of the objections there is a risk that the objections will be upheld and that the Tenements may not be granted.

For more information on the Tenements and Tenement Applications see the Legal Report on Tenements in Section 5.

3.1.8 GRANT OF FUTURE AUTHORISATIONS TO EXPLORE AND MINE

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

3.1.9 LAND ACCESS

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both Native Title and land owners/occupiers are generally required before the Company can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.

3.1.10 RESOURCE AND RESERVE ESTIMATES

Whilst the Company intends to undertake exploration activities with the aim of defining a resource, no assurances can be given that the exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted.

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate.

3.1.11 RESULTS OF STUDIES

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in respect to the Projects. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the Projects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Even if a study confirms the economic viability of the Projects, there can be no guarantee that the project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

3.1.12 UNFORESEEN EXPENDITURE RISK

Expenditure may need to be incurred that has not been taken into account in this Prospectus. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and its proposed business plans.

3.1.13 FUTURE FUNDING NEEDS

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to undertake further exploration activities, or acquire complementary assets.

Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Offer price or may involve restrictive covenants that limit the Company's operations to business strategy.

There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future

projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

3.1.14 NATIVE TITLE AND CULTURAL HERITAGE

The effect of present laws in respect of Native Title that apply in Australia is that the Tenements and Tenement Applications may be affected by Native Title claims or procedures. This may prevent or delay the granting of exploration and mining tenements, or affect the ability of the Company to explore, develop and commercialise the resources on the Tenements. The Company may incur significant expenses to negotiate and resolve any Native Title issues, including compensation arrangements reached in settling Native Title claims lodged over any of the Tenements held or acquired by the Company.

The Tenements are subject to the provisions of the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) and the *Aboriginal Heritage Act 1972* (WA). Accordingly, any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and court injunctions, which may adversely impact on exploration and mining activities.

3.1.15 CROWN LAND

The land subject to the Tenements overlaps with Crown land, including pastoral, historical and general leases. Upon commencing mining operations on any of the Tenements, the Company may need to consider entering into a compensation and access agreement with the lease holders to ensure the requirements of the Mining Act are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court determines compensation payable.

3.1.16 AGENTS AND CONTRACTORS

The Company intends to outsource substantial parts of its exploration activities pursuant to services contracts with third party contractors. The Company is yet to enter into these formal arrangements. The Directors are unable to predict the risk of financial failure or default of the insolvency of any of the contractors that will be sued by the Company in any of its activities or other managerial failure by any of the other service providers used by the Company for any activity. Contractors may also underperform their obligations of their contract, and in the event that their contract is terminated, the Company may not be able to find a suitable replacement on satisfactory terms.

3.1.17 ROYALTIES

The Company's gold mining projects may be subject to State royalties. In the event that State royalties are increased in the future, the profitability and commercial viability of the company's projects may be negatively impacted.

3.1.18 ENVIRONMENT

The Company's proposed operations will be subject to State and Commonwealth laws and regulations relating to the environment. As with most exploration projects and mining operations, the Company's proposed operations are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact may give rise to substantial costs for environmental rehabilitation, damage and losses.

The potential environmental impacts of the Company's proposed operations and any future projects could be expected to require statutory approvals to be obtained by the Company. There is no guarantee that such approvals would be granted and failure to obtain any environmental approvals that may be required from relevant government or regulatory authorities may impede or prevent the Company from undertaking its future operations.

Although it is the Company's intention to conduct its activities to the highest standard of environmental obligation, including in compliance in all material respects with relevant

environmental laws, if such laws are breached, the Company could be required to cease its operations and/or incur significant liabilities.

3.1.19 ACQUISITIONS

The Company may make acquisitions of, or significant investments in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

3.1.20 TRADE LIQUIDITY AND EXPIRY OF ESCROW

In the likely event that ASX imposes mandatory escrow on the Company's securities, a high proportion of Shares will be subject to escrow following completion of the Offer. This would reduce liquidity in the market for the Company's Shares, and may affect the ability of a Shareholder to sell some or all of its Shares due to the effect less liquidity may have on demand. An illiquid market for the Company's Shares is likely to have an adverse impact on the Share price.

Following the end of any escrow periods, a significant number of Shares will become tradable on ASX. This may result in an increase in the number of Shares being offered for sale on market which may in turn put downward pressure on the Company's Share price. See Section 1.7 for further information on likely escrow arrangements.

3.1.21 RELIANCE ON KEY PERSONNEL

The Company's success is to a large extent dependent upon the retention of key personnel. There is a risk that the engagement contracts proposed to be formalised with members of the senior management team prior to listing will not be executed by the parties. The Company notes, however, that it is not aware of any reason why such contracts will not be formalised and executed prior to listing on the terms specified in this Prospectus (as applicable), or otherwise on standard terms.

Further, there is no assurance that engagement contracts for such personnel will not be terminated or will be renewed on their expiry. If such contracts were terminated, or if members of the senior management team were otherwise no longer able to continue in their role, the Company would need to replace them which may not be possible if suitable candidates are not available. Furthermore, there is no guarantee the Company is able to attract, train and retain key individuals and other highly skilled employees and consultants. As a result, the Company's operations and financial performance would likely be adversely affected.

3.1.22 REHABILITATION OF TENEMENTS

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental concerns and other liabilities. In these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

3.1.23 CLIMATE CHANGE REGULATION

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increase regulation and government policy designed to mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

3.1.24 SAFETY

Safety is a fundamental risk for any exploration and production company in regards to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

3.1.25 LITIGATION

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

3.1.26 INSURANCE COVERAGE

The Company intends to maintain adequate insurance over its operations within the ranges that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, the Company may not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

3.2 GENERAL RISKS

3.2.1 INVESTMENT RISK

The Shares to be issued under this Prospectus should be considered highly speculative. There is no guarantee as to the payment of dividends, return of capital or the market value of the Shares from time to time. The price at which an investor is able to trade the Shares may be above or below the price paid for Shares under the Offer. Whilst the Directors commend the Offer, investors must make their own assessment of the risks and determine whether an investment in the Company is appropriate in their own circumstances.

3.2.2 SHARE MARKET

Share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Company's earnings increase. Some factors include, but are not limited to, the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- terrorism or other hostilities; and
- other factors beyond the control of the Company.

3.2.3 CHANGES TO LAWS AND REGULATIONS

The Company may be affected by changes to laws and regulations (in Australia and other countries in which the Company may operate) concerning property, the environment, superannuation, taxation trade practices and competition, government grants, incentive schemes, accounting standards and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

3.2.4 ECONOMIC RISKS

The future viability of the Company is also dependent on a number of other factors affecting the performance of all industries and not just the mining industry including, but not limited to, the following:

- general economic conditions in jurisdictions in which the Company operates;
- changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- the strength of equity and share markets in Australia and throughout the world;
- movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- natural disasters, social upheaval or war in jurisdictions in which the Company operates.

3.2.5 TAXATION

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of applying for Shares under this Prospectus.

3.2.6 FORCE MAJEURE

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its Shares. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labor strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially and adversely affected if any of the events described above occur.

3.3 OTHER RISKS

This list of risk factors above is not an exhaustive list of the risks faced by the Company or by investors in the Company. The risk factors described in this Section 3 as well as risk factors not specifically referred to above may in the future materially affect the financial performance of the Company and the value of its Shares. Therefore, the Shares offered under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or their market value.

Investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares under this Prospectus.

4. INVESTIGATING ACCOUNTANT'S REPORT

31 October 2016

The Directors
Blackstone Minerals Limited
288 Churchill Avenue
Subiaco WA 6008

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Blackstone Resources Limited (“Blackstone” or “the Company”) for inclusion in a Prospectus to be dated on or around 31 October 2016 (“the Prospectus”) relating to the proposed offer and issue by Blackstone of 20,000,000 Shares at a price of 20 cents each to raise a gross amount of \$4,000,000, with a minimum subscription requirement of \$3,500,000 (17,500,000 shares).

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed statement of financial position (balance sheet) of Blackstone and the pro-forma consolidated statement of financial position of Blackstone as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001.

This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for Blackstone, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report and information in the Prospectus taken from or based on this report. Risk factors are set out in Section 3 of the Prospectus and all investors should read the risks associated with investing in the Company.

3. Background

Blackstone was incorporated on 30 August 2016. Since incorporation, the Company has operated in the mineral exploration industry, particularly for gold.

Since incorporation, the following has occurred:

- two tranches of promoters shares (6,300,000 in total) have been issued in September 2016; and
- 2,000,000 shares have been issued as seed capital to raise \$200,000.

Blackstone has entered into a share purchase agreement, on 25 October 2016, to acquire 100% of Black Eagle Pty Ltd (“Black Eagle”), which holds the following interests:

- A right to earn up to 80% interest in the Red Gate (gold) Project located approximately 140km north east of Kalgoorlie, Western Australia (“Red Gate”);
- 95% interest in the Middle Creek (gold) Project located in the East Pilbara region in Western Australia (“Middle Creek”);
- 100% interest in the Silver Swan South (nickel, gold and copper) Project located 35km north east of Kalgoorlie, Western Australia (“Silver Swan”); and
- Other additional applications located in the Dundas Mineral Fields, Western Australia (“Additional Applications”).

The consideration payable for the acquisition of Black Eagle by Blackstone is 10,000,000 ordinary shares (“Consideration Shares”) in Blackstone payable to the shareholders of Black Eagle (“Vendors”), in addition to 4,000,000 Class A Performance Shares and a further 4,000,000 Class B Performance Shares (together “Consideration Performance Shares”). In addition, as part of the consideration payable, a cash reimbursement totalling \$100,431.68 is also required to be paid to the Vendors of Black Eagle for the expenses incurred in relation to the Red Gate, Middle Creek, Silver Swan and Additional Applications. To the extent ASX does not permit this amount to be repaid in cash, Blackstone will issue ordinary shares to the Vendors using a value of 20 cents per share.

Each Consideration Performance Share is convertible into a fully paid ordinary share in the capital of the Company subject to the Company achieving the following applicable milestone:

Performance Share	Milestone
Class A	All prospecting licence applications comprising the Middle Creek Project being granted (with or without conditions) under the Mining Act.
Class B	On any Tenement, the Company obtaining a drill intersection of 30 metres at 1 gram of gold per tonne, or the equivalent of any other commodity.

Full terms and conditions of the Consideration Performance Shares are set out in Section 9.2 of the Prospectus.

In August 2016, Black Eagle entered into an agreement with Downtown Holdings Pty Ltd (“Downtown”) to acquire an 80% interest in the Red Gate (gold) Project (tenement E31/1096) for the amount of \$20,000, plus a further \$30,000 upon completion of due diligence. Black Eagle must keep the tenement in good standing until 20 January 2019 at which point the parties must contribute to expenditure according to their respective interests, subject to standard dilution. Upon listing, the Company must also issue 1,000,000 New Options to Downtown. To date, the \$20,000 option fee and \$30,000 due diligence fee have been paid to Downtown by Blackstone.

Messrs Andrew Radonjic and Hamish Halliday currently have a nil% shareholding interest in the Company. Messrs Radonjic and Halliday each own 25% of Blackstone.

Mr Andrew Radonjic has signed an Executive Director's Engagement Letter and will be paid an annual salary of \$100,000 exclusive of superannuation to perform that role.

Mr Hamish Halliday has signed a Non-Executive Director's Engagement Letter and will be paid annual fees of \$50,000 exclusive of superannuation.

Mr Bruce McFazdean has signed a Non-Executive Director's Engagement Letter and will be paid annual fees of \$40,000 exclusive of superannuation.

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets of the Blackstone Group. Further details on all significant material contracts entered into by the Company relevant to new and existing investors are referred to in Section 8 and elsewhere in the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities to prepare an Independent Accountant's Report on:

- (a) The statement of profit and loss and other comprehensive income of Blackstone for the period ended 14 October 2016;
- (b) The statement of financial position of Blackstone as at 14 October 2016; and
- (c) The pro-forma statement of financial position of Blackstone at 14 October 2016 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the pro-forma financial information referred to above has been subject to audit review in accordance with Auditing Standard on Review Engagements ASAE 3450 – Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information and Standard on Assurance Engagements ASRE 3420 – Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document rather than an audit (except that an audit of Blackstone was conducted for the period to 14 October 2016 as Blackstone was only incorporated on 30 August 2016).

For the purposes of the pro-forma, a review (in accordance with Auditing Standard on Review Engagements ASAE 3450 – Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information and Standard on Assurance Engagements ASRE 3420 – Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document) was undertaken of Black Eagle Pty Ltd for the period ended 30 June 2015, the year ended 30 June 2016 and the period ended 14 October 2016. It is considered that the historical expenditure of Black Eagle is immaterial. As a result of the review undertaken there are no adjustments to the Black Eagle Pty Ltd Statements of Financial Performance or the Statements of Financial Position for the above periods mentioned.

It is our view that the historic financial information set out in Appendices 1, 2 and 3 presents fairly and no adjustments on the historical results and statements of financial position, as shown in Appendices 1, 2 and 3 are required. We state that nothing has come to our attention which would require any further modification to the financial information relating to Blackstone in order for it to present fairly, the statements of other comprehensive income for Blackstone for the period ended 14 October 2016 and the statement of financial position as at 14 October 2016 for Blackstone.

The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. It is noted that Blackstone has not been audited by an accounting firm, however we have performed verification procedures on transactions of Blackstone from the date of incorporation (30 August 2016) to 14 October 2016.

Our examination also included:

- a) Discussions with Directors and other key management of Blackstone;
- b) Review of contractual arrangements;
- c) A review of publicly available information; and
- d) A review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of Blackstone as at 14 October 2016 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. It is our view that the historic financial information set out in Appendices 1, 2 and 3 presents fairly and no adjustments on the historical results and statements of financial position, as shown in Appendices 1, 2 and 3 (Blackstone information to 14 October 2016 audited by an independent accounting firm associated with Stantons International Securities Pty Ltd) are required.

We state that nothing has come to our attention which would require any further modification to the financial information relating to Blackstone in order for it to present fairly, the statements of other comprehensive income for Blackstone for the period ended 14 October 2016 (refer Appendix 1) and the statement of financial position as at 14 October 2016 for Blackstone.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 14 October 2016 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd does not have any interests in Blackstone either directly or indirectly, or in the outcome of the Offer as described in the Prospectus. Stantons International Securities Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus except to the extent such information is, or is based on, the information in this report. The parent entity of Stantons International Securities Pty Ltd being Stantons International Audit and Consulting Pty Ltd, are the auditors of Blackstone and have issued an unqualified audit report as noted above. Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD



Martin Michalik
Director

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – CONDENSED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

	Blackstone	
	Period ended	
	14 October	
	2016	
	(Audited)	
	\$	
Revenue	-	
Cost of sales	-	
Gross profit	<u>-</u>	
Other revenue	-	
Employment/director related expenses	-	
Exploration write-offs	(35,000)	
Share based payments	-	
ASIC expenses	(1,286)	
Depreciation and amortisation	-	
Finance costs	-	
Administration costs	-	
Net profit/(loss) before tax	<u>-</u>	(36,286)
Net (loss) after tax	(36,286)	
Other Comprehensive Income	<u>-</u>	Total Comprehensive (Loss) for the period
Profit (Loss) attributable to:		
Equity holders of the Company	<u>(36,286)</u>	
	<u>(36,286)</u>	
Total Comprehensive Profit (Loss) attributable to:		
Equity holders of the Company	<u>(36,286)</u>	
	<u>(36,286)</u>	

The Company was only incorporated on 30 August 2016. Accordingly, the above Statement of Financial Performance and Other Comprehensive Income is for the period 30 August 2016 to 14 October 2016.

APPENDIX 2 – AUDITED AND AUDIT REVIEWED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Blackstone 14 October 2016 (Audited)	Blackstone Pro-forma Unaudited Consolidated 14 October 2016 (Audit Reviewed)
		\$	\$
Current Assets			
Cash assets	3	176,100	3,221,382
Trade and other receivables	4	204	204
Total Current Assets		<u>176,304</u>	<u>3,221,586</u>
Non-Current Assets			
Deferred exploration and evaluation expenditure	5	-	1,600,000
Total Non-Current Assets		<u>-</u>	<u>1,600,000</u>
Total Assets		<u>176,304</u>	<u>4,821,586</u>
Current Liabilities			
Trade payables	6	6,286	-
Other payables	7	-	-
Total Current Liabilities		<u>6,286</u>	<u>-</u>
Total Liabilities		<u>6,286</u>	<u>-</u>
Net Assets		<u>170,018</u>	<u>4,821,586</u>
Equity			
Issued capital	8	206,304	4,963,304
Reserves	9	-	84,140
Accumulated losses	10	(36,286)	(225,858)
Total Equity		<u>170,018</u>	<u>4,821,586</u>

Condensed Notes to and forming part of the above condensed statements of financial position are attached.

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE AUDITED AND AUDIT REVIEWED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The audited condensed Statement of Other Comprehensive Income and audited and unaudited condensed Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the capital raising being successful.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

(d) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) Trade and other accounts payable

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(f) Recoverable Amount of Non - Current Assets

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue has been satisfied.

(h) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration).

(i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(j) Significant accounting judgements

In the process of applying the Group's accounting policies, management can make judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Share Based Payments

The Company measures the cost of equity settled transactions with directors, employees and consultants by reference to the fair value of the equity instruments as at the date at which they are granted. The assessed fair value of the share options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price, the expected volatility of the underlying share, the expected dividend, and the risk-free interest rate for the term of the option.

Impairment

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative figures. Recoverable amounts of relevant assets are reassessed using value-in use calculations which incorporate various key assumptions.

(k) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period include impairment of any capitalised exploration costs.

(l) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (“FVTPL”), ‘held-to-maturity’ investments, ‘available-for-sale’ (“AFS”) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTP

A financial asset is classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it has a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 ‘Financial Instruments: Recognition and Measurement’ permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item.

AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors

consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(m) Accounting for business combinations

The Company has adopted IFRS 3 *Business Combinations*. All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that

currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the acquired amount of any non-controlling interest in the acquiree, less the net acquired amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(o) Exploration and evaluation expenditure

Exploration and evaluation expenditure is expensed as incurred other than for the capitalisation of acquisition costs. To date all exploration costs, other than tenement acquisition costs, have been expensed.

(p) Interests in Joint Ventures

Reimbursement of the joint venture operator's costs

When the Company, acting as an operator, receives reimbursement of direct costs recharged to the joint venture, such recharges represent reimbursements of costs that the operator incurred as an agent for the joint venture and therefore have no effect on the statement of comprehensive income.

Jointly controlled assets

A jointly controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

Where the Company's activities are conducted through jointly controlled assets, the Group recognises its share of the jointly controlled assets, and liabilities it has incurred, its share of liabilities incurred jointly with other venturers, related revenue and operating costs in the financial statements and a share of their production.

Jointly controlled entities

A jointly controlled entity is a corporation, partnership or other entity in which each venturer holds an interest. A jointly controlled entity operates in the same way as other entities, except that a contractual arrangement establishes joint control. A jointly controlled entity controls the assets of the joint venture, earns its own income and incurs its own liabilities and expenses. Interests in jointly controlled entities are accounted for using the equity method.

Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Company's share of the results of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, where applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The share of the joint venture's net profit is shown on the face of the statement of other comprehensive income. This is the profit attributable to venturers in the joint venture.

The financial statements of the joint controlled entities are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

(q) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Blackstone Minerals Limited and its subsidiary ("the Group"). Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements. In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full. Minority interests held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

2. Actual and Proposed Transactions to Arrive at Pro-forma Audit Reviewed Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 14 October 2016 audited consolidated condensed Statement of Financial Position of Blackstone in the pro-forma Statement of Financial Position of Blackstone are as follows:

- (a) The issue of 17,500,000 New Shares raising the gross amount of \$3,500,000 from the capital raising at 20 cents each ("Minimum Subscription"). Refer to Note 8 below for the effect on cash and capital if the Maximum Subscription of \$4,000,000 was raised;
- (b) The incurring of capital raising costs estimated and expensing against issued capital at \$343,000 (Minimum Subscription);
- (c) The accrual of amounts to be refunded to Vendors of Black Eagle totalling \$100,432 as at 14 October 2016, the accrual of a further \$5,000 payable to Ellesmere Geological Services as a finders fee relating to the Middle Creek Project upon admission to the ASX and payments thereof of a total of \$105,432;
- (d) The issue of 10,000,000 shares at a deemed price of 10 cents per share, 4,000,000 Class A Performance Shares and 4,000,000 Class B Performance Shares to the Vendors of Black Eagle Pty Ltd (Consideration Performance Shares deemed to be valued at \$600,000);
- (e) The issue of 1,000,000 New Options to a broker with a deemed fair value of \$42,070 included in Reserves;
- (f) The issue of 1,000,000 New Options to Downtown relating to the acquisition of the Red Gate Project with a deemed fair value of \$42,070 included within Reserves; and
- (g) The payment of 14 October 2016 accruals of \$6,286.

	Note 2	Audited Blackstone 14 October 2016	Audit Reviewed Blackstone Pro-forma 14 October 2016
		\$	\$
3. Cash Assets			
The movements in cash assets are as follows:			
Audited 14 October 2016		176,100	176,100
Issue of New Shares	(a)	-	3,500,000
Prospectus issue costs	(b)	-	(343,000)
Reimbursement and payment of costs	(c)	-	(105,432)
Payment of payables	(g)	-	(6,286)
		<u>176,100</u>	<u>3,221,382</u>
4. Other receivables and prepayments			
Current		<u>204</u>	<u>204</u>
		204	204
5. Deferred exploration expenditure			
At cost	(d)	<u>-</u>	<u>1,600,000</u>
		-	1,600,000

	Note 2	Audited Blackstone 14 October 2016	Audit Reviewed Blackstone Pro-forma 14 October 2016
		\$	\$
6. Trade payables			
Trade and other payables		6,286	6,286
Less: paid	(g)	<u>-</u>	<u>(6,286)</u>
		<u>6,286</u>	<u>-</u>
7. Other Payables			
Current - Payment	(c)		5,000
Black Eagle Vendor Reimbursement	(c)	-	100,432
Less: Payment of Reimbursement	(c)	<u>-</u>	<u>(105,432)</u>
		<u>-</u>	<u>-</u>

For further information in relation to the Black Eagle Vendor re-imburement please refer to Note 12.

8. Issued Capital

8,300,004 ordinary shares as at 14 October 2016		206,304	206,304
10,000,000 ordinary Consideration Shares acquisition of Black Eagle Pty Ltd	(d)	-	1,000,000
4,000,000 Class A Performance Shares to the Vendors of Black Eagle Pty Ltd	(d)	-	400,000
4,000,000 Class B Performance Shares to the Vendors of Black Eagle Pty Ltd	(d)	-	200,000
17,500,000 New Shares pursuant to the Prospectus	(a)	<u>-</u>	<u>3,500,000</u>
Pro-forma		206,304	5,306,304
Less: estimated new share issue costs	(b)	<u>-</u>	<u>(343,000)</u>
Total net capital raised		<u>206,304</u>	<u>4,963,304</u>

The number of Blackstone shares on issue after the capital raising is completed and the acquisition of Black Eagle Pty Ltd will be 35,800,004 (assuming the Minimum Subscription).

In the event of the Maximum Subscription occurring, the number of shares on issue would increase by 2,500,000 to 38,300,004, issued capital would increase by \$469,000 (after allowing for an increase in capital raising costs of \$31,000 to \$374,000) to \$5,432,304 and cash at bank would increase by \$469,000 to \$3,690,382.

Furthermore, a total of 8,000,000 Performance Shares will be on issue (including 4,000,000 Class A Performance Shares and 4,000,000 Class B Performance Shares). The main terms and conditions (to vest to ordinary shares in Blackstone) are outlined in the Background Section 3 of this report and Section 9.2 of the Prospectus.

	Note 2	Audited Blackstone 14 October 2016	Audit Reviewed Blackstone Pro-forma 14 October 2016
		\$	\$

9. Reserves

Balance as at 14 October 2016

Share option reserve	(e)(f)	-	84,140
		-	84,140

The number of share options on issue after allowing for the completion of the capital raising of \$3,500,000 will be 2,000,000 share options, exercisable at 20 cents each, on or before 3 years from date of issue.

	Note 2	Audited Blackstone 14 October 2016	Audit Reviewed Blackstone Pro-forma 14 October 2016
		\$	\$

10. Accumulated losses

Balance as at 14 October 2016

Further costs	(c)	-	105,432
Issue of New Options at fair values	(e)(f)	-	84,140
		36,286	225,858

The breakdown of the further costs noted above is as per Note 2 (c) and Note 7 above.

11. Contingent Assets, Liabilities and Commitments

The Company has the following contingent liabilities and commitments that have not been accounted for in the pro-forma consolidated statement of financial position as at 14 October 2016.

As part of the consideration payable, a cash reimbursement totalling \$100,431.68 is required to be paid to the Vendors of Black Eagle for the expenses incurred in relation to the Red Gate, Middle Creek, Silver Swan and Additional Application (refer above). To the extent ASX does not permit this amount to be repaid in cash, Blackstone will issue ordinary shares to the Vendors using a value of 20 cents per share.

The Company has the following exploration commitments order to maintain rights of tenure to exploration tenements;

	\$
No longer than one year	92,652
Longer than one year, not longer than five years	260,396
Longer than five years	-
Total	353,048

In addition, the Company has entered into new Indemnity Deeds with each existing and proposed Executive Director and Non-Executive Director. Details on employment contracts are outlined in the Prospectus.

Refer to Note 8 and the Background Section of this report for details on the Performance Shares.

Based on discussions with the Directors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in the Prospectus. Investors should read the Prospectus for further possible contingencies and commitments.

For details on proposed commitments pertaining to the expanded Blackstone Group, refer to the Prospectus.

12. Summary of Black Eagle Pty Ltd from the reviewed Statements of Financial Position as at 14 October 2016, 30 June 2016 and 30 June 2015

	14 October 2016 \$000's	30 June 2016 \$000's	30 June 2015 \$000's
Current Assets			
Cash at bank	-	-	-
Total Current Assets	-	-	-
Total assets	-	-	-
Current Liabilities			
Loans Payable	100	48	29
Total current liabilities	100	48	29
Total Liabilities	100	48	29
Net Assets (Liabilities)	(100)	(48)	(29)

The issued capital of Black Eagle Pty Ltd is \$4. The loan payable of \$100,432 (\$100,000 as rounded above), is repayable to the Vendors of Black Eagle and will be assigned to Blackstone. On completion of the acquisition of Black Eagle by Blackstone, the amount will be repaid by Blackstone to the Vendors.

13. Extract of Black Eagle Pty Ltd's Statement of Profit and Loss and Other Comprehensive Income

	Period Ended 14 October 2016 (Reviewed) \$000's	Year Ended 30 June 2015 (Reviewed) \$000's	Period Ended 30 June 2015 (Reviewed) \$000's
Revenue	-	-	-
Exploration expenses	(52)	(19)	(29)
Operating (loss) before tax	(52)	(19)	(29)
Income tax expense	-	-	-
Net (Loss) after income tax	(52)	(19)	(29)

The overwhelming majority of the results arise from exploration expenditure incurred by Black Eagle in relation to tenements held. All exploration expenditure has been expensed.

5. INDEPENDENT GEOLOGIST'S REPORT

Shane Andrew Hibbird
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Email: hibbird@iinet.net.au

28 October 2016

The Directors
Blackstone Minerals Limited
288 Churchill Ave
Subiaco WA 6008

Dear Sirs

Re: INDEPENDENT GEOLOGIST'S REPORT ON MINERAL PROJECTS IN WESTERN AUSTRALIA

Shane Hibbird has been commissioned by the Directors of Blackstone Minerals Limited (**Blackstone** or the **Company**) to provide an Independent Geologist's Report on mineral exploration properties in Western Australia held by the Company. This report is to be included in a Prospectus to be lodged by Blackstone with the Australian Securities and Investments Commission (**ASIC**) in respect to the Company's initial public offer to raise a minimum of \$3.5 million and a maximum of \$4 million (**Offer**). The funds raised under the Offer will be used for undertaking detailed geological exploration and working capital requirements.

Mr Hibbird has based his review of the Projects on information provided by Blackstone, technical reports from Government agencies and previous tenement holders, and other relevant published and unpublished data. A final draft of the report was provided to Blackstone, along with a written request to identify any material errors or omissions prior to lodgement. Where appropriate, and in accordance with ASIC regulatory guide 55, consent has been obtained to quote data and opinions expressed in unpublished reports prepared by other professionals on the properties concerned.

The list of tenements comprising the three Blackstone mineral exploration properties and their legal status is the subject of a Legal Report on Tenements prepared by Price Sierakowski Corporate which appears in this Prospectus. The status of these tenements has not been verified in this Independent Geologist's Report. This report has been compiled on the assumption that: a) the granted exploration and prospecting licences and claims are lawfully accessible for mineral exploration activities; and b) exploration and prospecting licence applications will ultimately be granted and will be lawfully accessible for mineral exploration activities.

This report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (**The Valmin Code**), which is binding upon Members of the Australian Institute of Mining and Metallurgy (**AusIMM**), the Australian Institute of Geoscientists (**AIG**), and the rules and guidelines issued by such bodies as the ASIC and Australian Securities Exchange (**ASX**), which pertain to Independent Expert Reports. Where Mineral Resources have been referred to in this report, the classifications are consistent with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (**JORC**

Code), prepared by the Joint Ore Reserves Committee (**JORC**) of the AusIMM, the Australian Institute of Geoscientists (**AIG**) and the Minerals Council of Australia (**MCA**), effective 2012.

The mineral properties, which Blackstone is acquiring, are “exploration projects” which are inherently speculative in nature. Mr Hibbird considers that the Projects are being acquired on the basis of sound geotechnical merit, and that they are prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of the economic potential, consistent with the proposed exploration programs set out in Section 2.4 of the Prospectus.

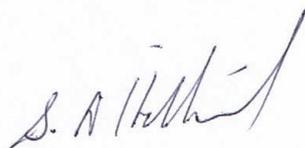
Blackstone has prepared staged exploration and evaluation programs, specific to the potential of the Projects, which are consistent with the budget allocations set out in Section 2.4 of the Prospectus. The proposed exploration and development budgets exceed the minimum annual statutory expenditure requirements on the Projects. The Independent Geologist’s Report has been prepared on information available up to and including 30th September 2016. Mr Hibbird has provided consent for the inclusion of the Independent Geologist’s Report in Section 5 of the Prospectus, and to the inclusion of statements made by Mr Hibbird, or based on statements made by Mr Hibbird, in Section 2 of the Prospectus, in the form and context in which the report and those statements appear, and has not withdrawn that consent before lodgement of the Prospectus with ASIC.

Mr Hibbird is a mineral exploration consultant which has been providing services and advice to the international mining industry since 2003. Mr Hibbird is a professional geologist with a total of 28 years of experience in the exploration and evaluation of mineral properties in Australia, West Africa, North America, South East Asia, Mongolia and China. Mr Hibbird is a Member of the AusIMM and the AIG. Mr Hibbird has the appropriate relevant qualifications, experience, competence and independence to be considered an “Expert” under the definitions provided in the Valmin Code.

Mr Hibbird has sufficient experience which is relevant to the styles of mineralisation and type of deposits under consideration and 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 Hibbird does not, or have previously had, any material interest in Blackstone or the mineral properties in which Blackstone is acquiring an interest. Mr Hibbird’s relationship with Blackstone is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based on agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. A. Hibbird', written in a cursive style.

Shane Hibbird

B.Sc. (Hon), AIG, SEG, AusIMM, Consultant Geologist

Table of Contents

EXECUTIVE SUMMARY	58
The Red Gate Project	59
The Middle Creek Project.....	59
The Silver Swan South Project	59
INTRODUCTION.....	60
RED GATE	61
Introduction	61
Location and Access.....	63
Regional Geology	63
Project Area Geology	65
Gold Mineralisation	67
Porphyry North	67
Porphyry West	69
Porphyry South	69
Porphyry East.....	69
Previous Exploration	70
Exploration Potential	71
MIDDLE CREEK	71
Introduction	71
Location and Access.....	71
Regional Geology	72
Gold Mineralisation	74
Previous Exploration - Geochemical Sampling	75
Exploration potential	76
SILVER SWAN SOUTH.....	77
Introduction	77
Location and Access.....	77
Geological Setting	78
Local Geology.....	79
Previous Exploration	81
Exploration Potential	82
PROPOSED EXPLORATION AND BUDGET	84
Red Gate.....	84
Middle Creek.....	85
Silver Swan South.....	85

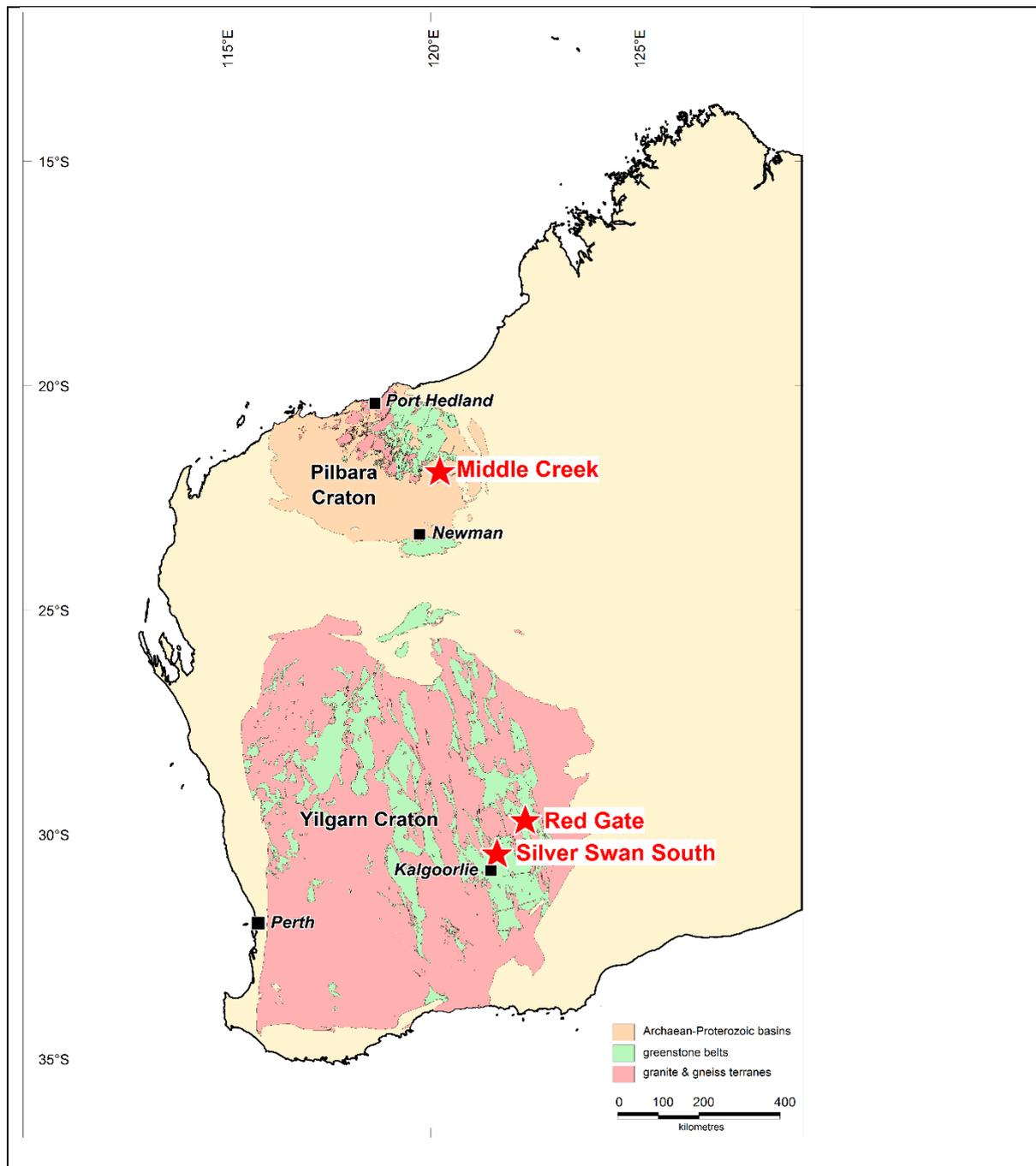
Proposed Budget.....	85
REFERENCES	86
GLOSSARY OF TERMS	90
JORC Code, 2012 – Table 1.....	96
Section 1 Sampling Techniques and Data	96
Section 2 Reporting of Exploration Results.....	98

EXECUTIVE SUMMARY

Blackstone Minerals Limited (“Blackstone”) has acquired three mineral exploration projects, totalling 232.0 km² of prospective ground in the Eastern Goldfields and Pilbara Provinces of Western Australia. The Projects are:

- Red Gate Project (gold);
- Middle Creek Project (gold);
- Silver Swan South Project (nickel and gold).

Figure 1 | The locations of the Projects



The Red Gate Project

The Red Gate Project consists of the 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 (0.5 Moz gold endowment), 140 km northeast of Kalgoorlie. Here 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.

Porphyry granitoid intrusions very similar to the intrusive that hosts the Porphyry Gold Mine are present in the tenement, mostly under relatively thin cover. Using the geological model derived from the understanding of the Porphyry Gold Mine, the Red Gate Project is considered highly prospective for gold mineralisation of this style, particularly to the immediate north and west of the Porphyry North gold prospect.

In addition, over 80% of the tenement is covered by shallow Tertiary and Quaternary sediments and laterite. These covered areas have had little effective exploration hence providing further opportunities for gold discovery.

The Middle Creek Project

The Middle Creek Project is adjacent to Millennium Minerals Limited's (**Millennium**) Nullagine Gold Project (where the Golden Eagle operations have produced ~300 kozs gold since 2012) in the Pilbara region of Western Australia and consists of 21 prospecting licence applications covering 39.6 km² within the Mosquito Creek belt. The Mosquito Creek Belt comprises a fault imbricated sequence of Archean turbiditic sedimentary rocks, and lesser mafic-ultramafic volcanic rocks that crop out adjacent to the southern margin of the East Pilbara granitoid-greenstone terrain. Blackstone's Project is within the "mineralized corridor" that hosts numerous gold and gold-antimony deposits (such as Blue Spec and Gold Spec with a combined endowment of 300 kozs gold at 18 g/t). Previous exploration has defined a number of multi-element surface geochemical anomalies, some supported by rock chip samples with assays up to 2.7 g/t gold. Preliminary prospecting of the western gold-in-soil anomaly by Black Eagle (WA) Pty Ltd identified visible gold in sub-cropping quartz veins. There has been no previous drilling reported from the Project area.

The Silver Swan South Project

The Silver Swan South Project comprises of one exploration licence application 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 sulfide 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). The Project area has been explored almost continuously now for 40 years however the majority of this work has been ineffective in terms of exploring for komatiite hosted massive nickel sulfide deposits, and largely focused on shallow gold deposits hosted within paleochannels. It is believed that much of the gold mineralisation encountered in the earlier work on the paleochannels was not alluvial but in fact the result of supergene processes. Numerous intersections of anomalous gold are recorded within the weathered and fresh bedrock, as are descriptions of alteration that suggest there is real potential for the discovery of significant primary gold mineralisation within the tenement area which Blackstone intends to target. Blackstone also plans to test the known komatiite units for sulfide nickel deposits by deep drilling and geophysical techniques.

INTRODUCTION

This Independent Geologist's Report describes three project areas in Western Australia that will be acquired by Blackstone subject to an initial public offer or IPO. The funds raised are to be used to explore the areas for gold and nickel deposits. The three projects are the Red Gate Project (gold), north of the Porphyry Gold Mine in the Eastern Goldfields, the Middle Creek Project (gold) located near Nullagine in the Pilbara Region and is adjacent to Millennium's Nullagine gold operations, and the Silver Swan South Project (nickel and gold), to the northeast of Kalgoorlie. Details of the tenements are listed in Table 1.

Within each section of the report, for each of the Projects, the geology is described, the previous exploration summarised and the exploration potential discussed. Proposed exploration and budgets for each of the Project areas has been provided in a section towards the rear of this report.

Table 1 | Tenements

Project	Tenement	Type	Granted	Expiry	Area	Rent	Minimum Expenditure
Red Gate	E31/1096	Exploration Licence	20 Jan 16	19 Jan 21	145.2 km ²	\$6,345.50	\$49,000
Middle Creek	P46/1900	Prospecting Licence	Application		198 Ha		
Middle Creek	P46/1901	Prospecting Licence	Application		199 Ha		
Middle Creek	P46/1902	Prospecting Licence	Application		197 Ha		
Middle Creek	P46/1903	Prospecting Licence	Application		187 Ha		
Middle Creek	P46/1904	Prospecting Licence	Application		199 Ha		
Middle Creek	P46/1905	Prospecting Licence	Application		199 Ha		
Middle Creek	P46/1906	Prospecting Licence	Application		199 Ha		
Middle Creek	P46/1907	Prospecting Licence	Application		200 Ha		
Middle Creek	P46/1908	Prospecting Licence	Application		200 Ha		
Middle Creek	P46/1909	Prospecting Licence	Application		200 Ha		
Middle Creek	P46/1910	Prospecting Licence	Application		200 Ha		
Middle Creek	P46/1911	Prospecting Licence	Application		200 Ha		
Middle Creek	P46/1912	Prospecting Licence	Application		200 Ha		
Middle Creek	P46/1913	Prospecting Licence	Application		200 Ha		
Middle Creek	P46/1914	Prospecting Licence	Application		185 Ha		
Middle Creek	P46/1915	Prospecting Licence	Application		128 Ha		
Middle Creek	P46/1916	Prospecting Licence	Application		194 Ha		
Middle Creek	P46/1917	Prospecting Licence	Application		133 Ha		
Middle Creek	P46/1918	Prospecting Licence	Application		198 Ha		

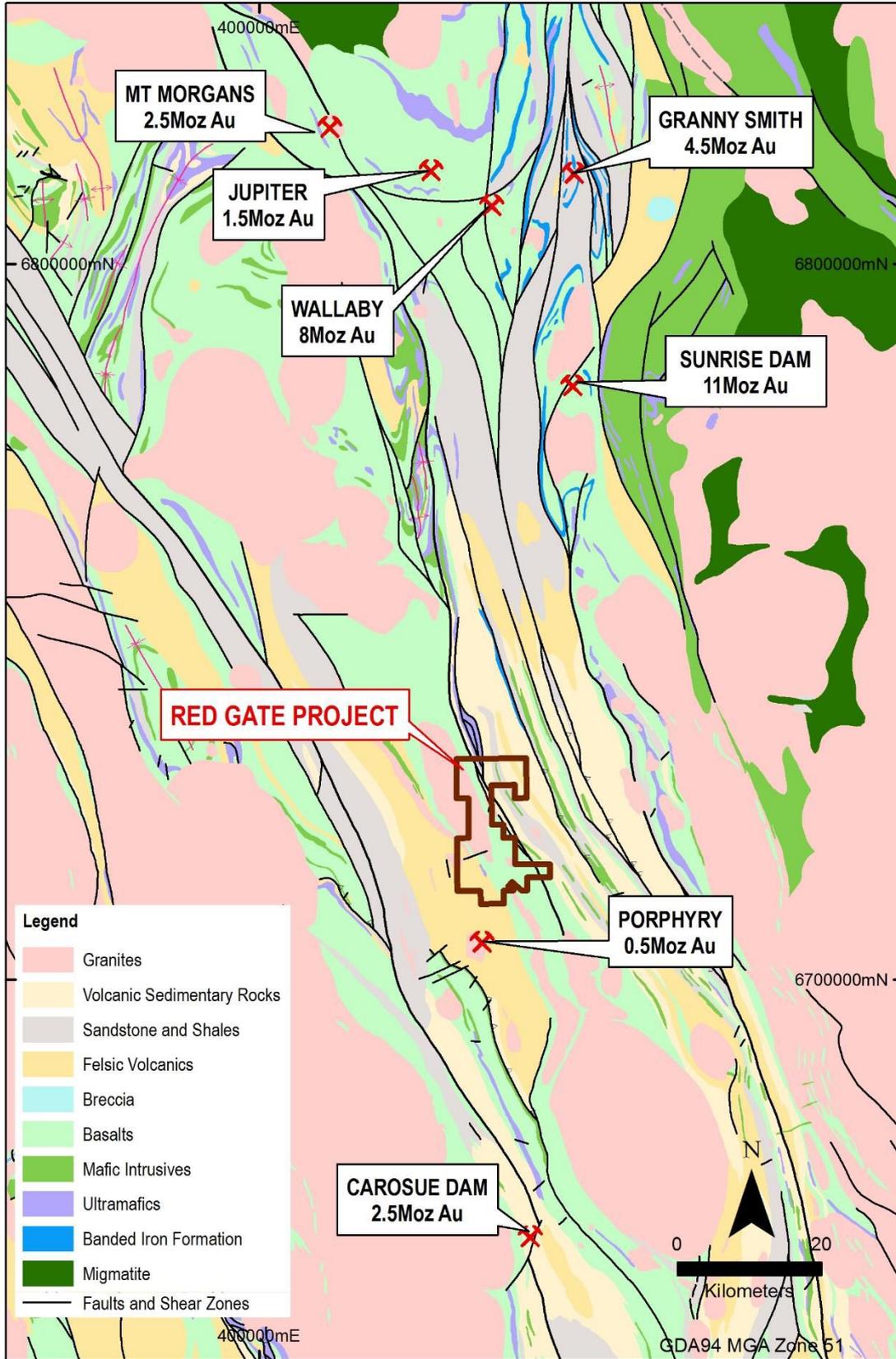
Middle Creek	P46/1919	Prospecting Licence	Application		154 Ha		
Middle Creek	P46/1920	Prospecting Licence	Application		192 Ha		
Silver Swan South	E27/545	Exploration Licence	Application		13 Blocks		
Silver Swan South	P27/2191	Prospecting Licence	18 July 16	17 July 20	46 Ha	\$115.00	\$2,000.00
Silver Swan South	P27/2192	Prospecting Licence	18 July 16	17 July 20	189 Ha	\$472.50	\$7,650.00
Silver Swan South	P27/2193	Prospecting Licence	18 July 16	17 July 20	150 Ha	\$375.00	\$6,000.00
Silver Swan South	P27/2194	Prospecting Licence	18 July 16	17 July 20	153 Ha	\$382.50	\$6,120.00
Silver Swan South	P27/2195	Prospecting Licence	18 July 16	17 July 20	164 Ha	\$410.00	\$6,560.00
Silver Swan South	P27/2196	Prospecting Licence	18 July 16	17 July 20	172 Ha	\$430.00	\$6,880.00

RED GATE

Introduction

The Red Gate Project consists of the one granted Exploration Licence E31/1096. This tenement covers an area of 145.2 km² (49 graticular blocks). The tenement was applied for by Downtown Holdings Pty Ltd (“Downtown”) on the 26th February 2015 and was subsequently granted on the 20th January 2016. Blackstone has entered into an agreement with Downtown to earn 80% of the Project by maintaining the tenement in good standing up until the 3rd anniversary of granting, refer to Section 6 for full details. The location of the Project is shown in Figure 2.

Figure 2 | Location of the Red Gate Project



Like most of the salt lakes in Western Australia, Lake Raeside in the far north of the tenement is a Registered Aboriginal Site having mythological significance to the traditional custodians of the land. Blackstone's planned activities will not be affected by this site.

Most of the historical exploration work has targeted the Porphyry North Prospect where shallow, out cropping mineralisation was targeted by detailed reverse circulation drilling. This mineralisation appears to plunge at a shallow angle to the northeast under an area of cover and has not been closed off by drilling. There is the potential to discover further mineralisation down plunge of the Porphyry North Prospect. In addition, one of the few deep drill holes at Porphyry North intersected mineralisation (9 m at 0.75 g/t gold from 87 m in NPRC146) and suggests the possibility of stacked repetitions of the mineralisation seen close to surface.

There are several indications of significant exploration upside such as rock chip samples of up to 83.6 g/t gold and historical drill intersections of up to 10 m at 8.5 g/t gold in NPRC55 at the Porphyry East Prospect and historical drill intersections of up to 12 m at 9.2 g/t gold in NPDH30 at Porphyry West that remain to be followed up. Porphyry intrusions very similar to the intrusive that hosts the Porphyry Gold Mine (0.5 Moz gold endowment) 10 km to the south are present in the tenement, mostly under relatively thin cover. Using the geological model derived from the understanding of the Porphyry Gold Mine, the Red Gate Project is considered prospective for gold mineralisation of this style, particularly to the immediate north and west of the Porphyry North gold prospect.

Additionally, over 80% of the tenement is covered by shallow Tertiary and Quaternary sediments and laterite that has had little exploration hence providing further opportunities for gold discovery.

Location and Access

The Project is centred 10 km north of the Porphyry Gold Mine, on the Edjudina pastoral lease, 140 km northeast of Kalgoorlie. Access from Kalgoorlie is via the Yarri Road to the Porphyry Mine area, then north via station fence line tracks. Red Gate lies within the Edjudina (SH51-6) 1:250,000 Map Sheet area in the North Coolgardie Mineral Field.

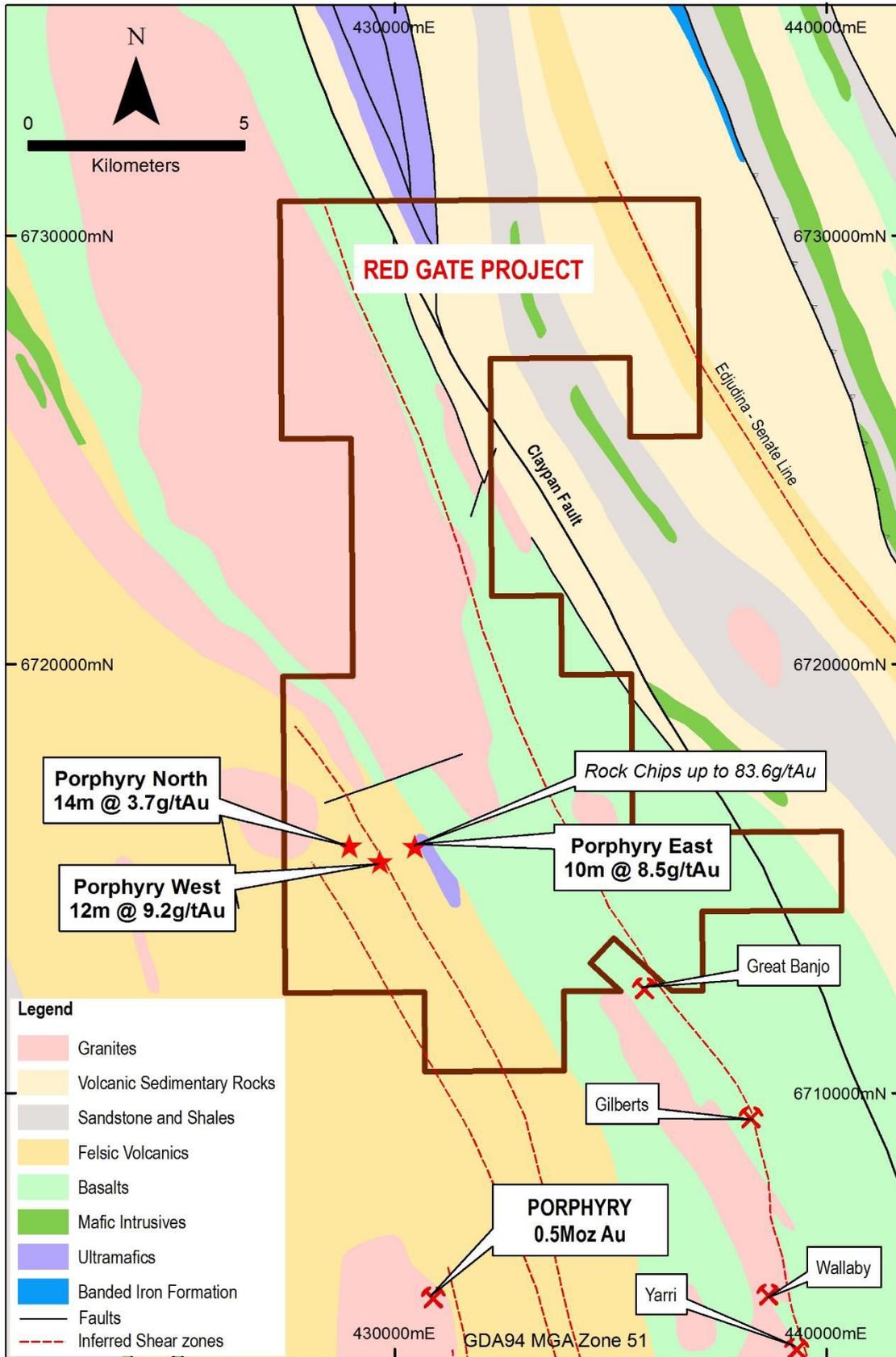
Regional Geology

The tenement is located mostly within the Mulgabbie Terrane which is bounded by the Yilgangi Fault to the west and the Claypan Fault to the east. The northeast of the tenement extends into the Edjudina Terrane which lies between the Claypan Fault and the Pinjin Fault.

The supracrustal rocks of the Mulgabbie Terrane occur in a west-dipping and west facing homoclinal sequence, although in the north, near the Project area this is more complicated due to folding and faulting. Low angle faults, multiple sequences of mafic-to-felsic volcanic rocks, lateral facies variation (mafic to felsic volcanic, mafic volcanic to metasedimentary) are prominent features in this terrane. Substantial andesite and intermediate schist packages, presumably derived from intermediate volcanoclastic precursors and interlayered with slate and basalt are present throughout the terrane. In the north, the overall sequence shows low angle truncation against the Yilgangi Fault.

East of the Claypan Fault is the Edjudina Terrane. The Edjudina Terrane contains minor volumes of tholeiitic basalt plus komatiite, and is dominated by calc-alkaline andesitic volcanic complexes and associated epiclastic sedimentary rocks, capped by and/or interleaved with BIF, chert and fine grained metasedimentary rocks intruded by dolerite (Swager, 1995). The regional geology of the Red Gate Project including significant gold mineral deposits is shown in Figure 2.

Figure 3 | Red Gate Prospect Location Plan on Bedrock Geology



The Red Gate Project is along a stratigraphic and structural trend from the numerous gold occurrences centred on the Porphyry Gold Mine, 10 km to the south. Generally, these mines and prospects occur on stratigraphy-parallel north-northwest trends. These gold bearing trends are major shear zones and this style of shear hosted gold mineralisation is typical of the Eastern Goldfields. Such mineralisation is generally steeply dipping and favours basalts, gabbros and their metamorphosed equivalents. The Great Banjo – Gilberts – Wallaby – Yarri line of gold deposits is an example of this style of mineralisation and this trend can be interpreted through the centre of the Red Gate Project area.

Gold mineralisation at the Porphyry Gold Mine, 10 km to the south of the Red Gate Project area, and the Porphyry North, Porphyry South and Porphyry West deposits within the Project tenure is also controlled by shear zones, and more specifically where the shear zones transect monzogranite intrusives. The gold mineralisation identified at the Porphyry East Prospect is associated with a shear zone transecting an ultramafic unit. These shear zones can be extrapolated south and correlates with a number of gold deposits in the area of the Porphyry Gold Mine. The shear hosted Edjudina – Senate line of gold deposits can be interpreted from aeromagnetic imagery to extend into the northeastern part of the Red Gate Project tenement area, beneath the sediments of Lake Raeside.

Also, relevant to this area is the observation that regionally there appears to be a strong spatial association between gold mineralisation and granitoid bodies: gold mineralisation is often sited in dilational structures on the margins of granitoid intrusions. Such prospective zones can be assumed to be present adjacent to the monzogranite intrusions in the south of the tenement.

Project Area Geology

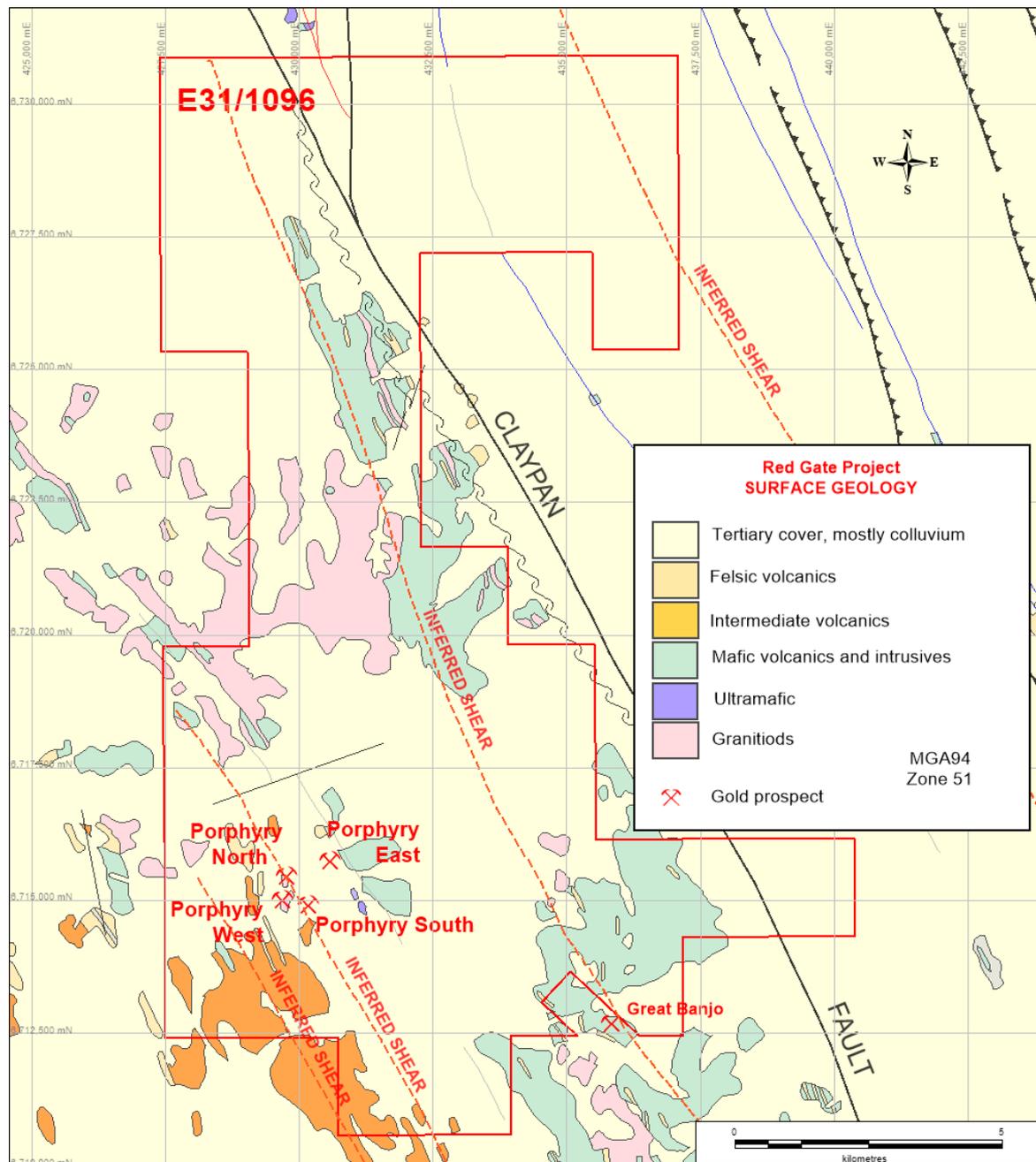
The bedrock geology and locations of the historic gold mines and prospects within the Red Gate Project area are shown on Figure 3. Figure 4 shows that approximately 80% of the tenement is covered by Tertiary to Recent transported colluvium, alluvium and lacustrine sediments, in part associated with the large Lake Raeside drainage valley in the north of the tenement and by the presence of laterite (ferricrete) in the south.

The Archean bedrock geology of E31/1096 is dominated by a thick greenstone sequence of mafic volcanic rocks striking north-northwest through the central portion of the tenement. Felsic volcanics-volcaniclastics outcrop in the southwest corner of the tenement. A mixed felsic volcanic and metasedimentary sequence underlies Lake Raeside in the northeast corner of the tenement.

There is a small ultramafic body which crops out at the Porphyry East prospect in the southeast of the tenement. The southern part of an ultramafic body associated with the Duck Hill nickel laterite deposit located several kilometres to the north of the Project, is interpreted from aeromagnetic data to extend into the northern part of E31/1096 but is under the lake sediments.

The dominant controls on gold mineralisation in the area are the north-northwest trending regional shear zones associated with the Keith-Kilkenny Lineament a few kilometres to the west of the Red Gate licence. The Project has the potential for shear hosted gold mineralisation within mafic lithologies over much of the central and eastern parts of the tenement. Known mineralised shears hosting gold mineralisation such as the Gibbets – Wallaby – Yarri line of deposits and the Edjudina – Senate line can be interpreted from surface geology and aeromagnetic data to extend into the Red Gate licence. The Porphyry East prospect is an example of such mineralisation within the Project area and requires further drilling, particularly to the south.

Figure 4 | Surface Geology of the Red Gate Project



A number of late stage monzogranite bodies, ranging from medium-sized ovoid plutons to small elongate stocks have intruded the greenstone sequence within the Project area. The monzogranite bodies are all elongate north-northwest parallel to the regional structural fabric. A medium-sized granodiorite pluton outcrops in the central portion of the tenement and this is an equivalent to the Yarri Monzogranite that occurs south of the Red Gate Project area. There are small outcrops of late stage monzogranite in the Porphyry North and Porphyry West prospect areas, and further west. These monzogranite bodies are equivalents to the monzogranite that hosts the Porphyry and Million Dollar gold deposits to the south. Within the Project area these monzogranite bodies are largely covered by Cenozoic colluvium and are high priority exploration targets.

Interpretation of aeromagnetic suggests there are three monzogranite intrusions present at and immediately west of the Porphyry North deposit, a fourth monzogranite body 5 km to the east of

Porphyry North, and a fifth intrusion about 10 km to the northeast of Porphyry North, all within E31/1096. Gold is hosted at the Porphyry Gold deposit within shear zones close to the margin of the intrusion, and the Porphyry Gold Deposit geological model can be confidently applied to the monzonite intrusions within the Project area. Several shear zones known to host gold mineralisation are mapped trending from the south and could intersect these interpreted intrusions. These areas are considered high priority target areas. Due to the surficial cover, none of these areas except for the Porphyry North and Porphyry West prospects have been targeted with effective drilling.

In summary, there are large areas of the tenement covered by thin Cenozoic and Quaternary sediments. Previous explorers have sampled much of these areas using surface geochemical methods (soil sampling) which most likely was ineffective. It is considered that the bedrock mineral potential of these areas remain untested, for both mafic shear hosted gold mineralisation and monzogranite hosted mineralisation as seen at the Porphyry Gold Mine and the Porphyry North prospect.

Gold Mineralisation

Gold has been discovered within E31/1096 at several prospects in close proximity to one another, namely Porphyry North, East, West and South. All of these prospects are all located in the southeast of the tenement, and are in close proximity to or within monzogranite intrusions. The identified gold mineralisation occurs in two differing styles, firstly, as stockworks and sheeted veins within felsic intrusive rocks and, secondly, in narrow, tightly folded and flatly plunging reefs developed in a strongly foliated sequence of sericite-quartz-carbonate schists. The first style of mineralisation is seen at the Porphyry North, South and West Prospects, the second style at Porphyry East.

Porphyry North

Gold mineralisation at Porphyry North is hosted within narrow quartz-tourmaline-pyrite veins situated at and near the contact of a monzogranite porphyry and the surrounding mafic sediments. The quartz veins occur in sets of widely spaced sheeted veins accompanied by broader zones of intense sericite-carbonate-pyrite alteration ranging in width from 1 to 3 m in the vicinity of the vein set. The veins dip steeply west but collectively form a shallow northwest plunging en echelon vein array that can be traced discontinuously on the surface for a distance of 230 m. Previous explorers Poseidon Gold Ltd interpreted aeromagnetic imagery and concluded that the gold mineralisation at Porphyry North was associated with a major structure following the axial plane of an anticline.

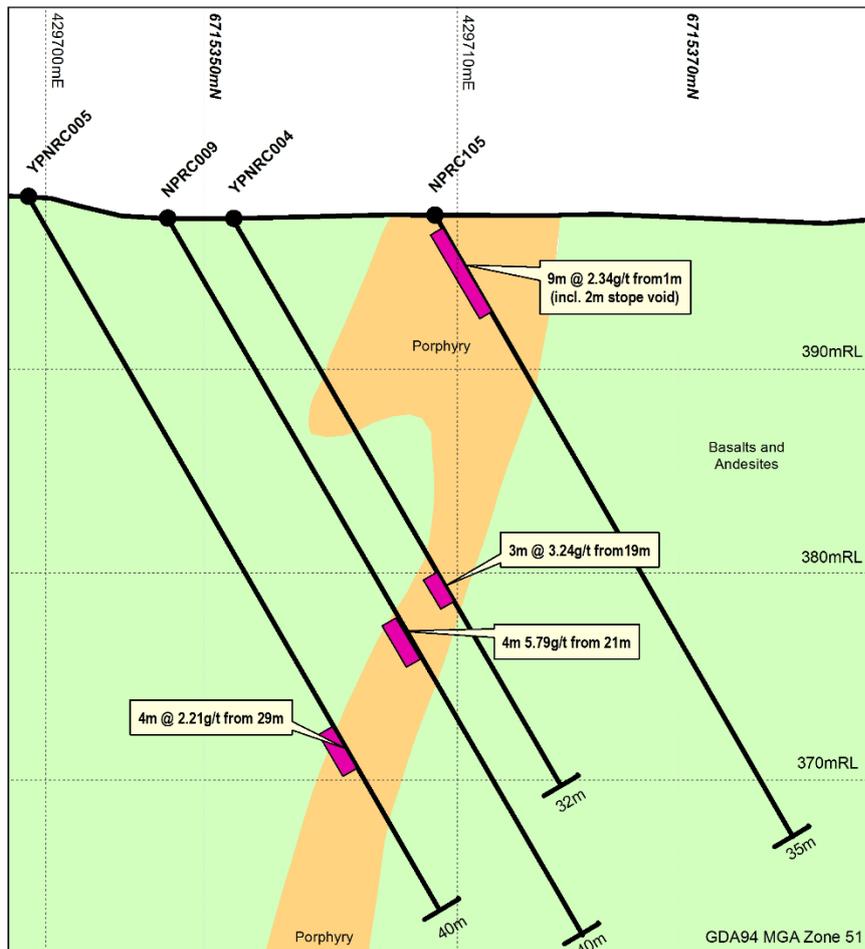
The depth of complete weathering at Porphyry North is about 20 m, with fresh rock often not encountered until about 30 m below the surface. It is likely that the identified mineralisation at Porphyry North has a supergene overprint whereby primary gold mineralisation has mobilised and redistributed within the weathered zone.

Mineralisation at Porphyry North has been interpreted from drill holes, generally less than 10 m apart, to consist of three domains: Northern, Central and Southern. The Northern and Southern domains dip steeply west, and the Central domain dips steeply to the east. A selection of some of the better intersections returned from reverse circulation drilling at the Porphyry North Prospect are tabulated below.

Hole No	Easting (m)	Northing (m)	Dip (°)	Azimuth (°)	Total Depth (m)	From (m)	To (m)	Interval (m)	Grade (g/t Gold)
NPRC12	429690.8	6715401	-60	201	25	9	13	4	4.21
NPRC80	429632.4	6715473	-60	030	40 <i>including</i>	23 26	29 27	6 1	3.04 12.9
NPRC107	429712.8	6715355	-60	030	30 <i>including</i>	1 6	15 7	14 1	3.72 23.2
NPRC118	429667.3	6715416	-60	210	25 <i>including</i>	5 6	12 7	7 1	4.38 18.7
NPRC127	429701.6	6715376	-60	210	30 <i>including</i>	3 6 19	10 7 22	7 1 3	2.43 9.9 1.31
NPRC140	429656.8	6715479	-90	0	30 <i>including</i> <i>including</i>	3 8 18	29 9 21	26 1 3	2.13 4.82 5.24

A cross section through the Prospect is shown in Figure 5. This gold mineralisation style is very similar to that of the Porphyry Gold Mine (Weatherstone, 1990).

Figure 5 | Red Gate Cross Section



The northwesterly plunge extent of Porphyry North mineralisation has not been closed off by drilling, and the author considers there is significant potential for the mineralisation to continue the north under cover. With 88% of drill holes finishing within 50 m from surface beneath Porphyry North the depth potential has yet to be tested in detail, intercepts such as 9 m at 0.75 g/t gold from 87 m in NPRC146 hole suggests there is potential for stacked repeats of the identified mineralisation at depth.

Porphyry West

Gold mineralisation at the Porphyry West Prospect is associated with a steep dipping zone of quartz veining within a monzogranite body adjacent to a contact with a mafic intrusive. The mineralised zone trends 335° magnetic which is oblique to the main mineralised trend in the area (300°). The monzogranite body at Porphyry West is fresh almost to the surface, and gold mineralisation is broadly associated with intense biotite-carbonate-Kspar-pyrite alteration with or without quartz veining. The fractures have a dominant strike of 120°.

Significant drill intersections from Porphyry West include 12 m at 9.2 g/t from 8 m in NPDH030 and, at the southern end of the prospect, 13 m at 3.11 g/t gold from 7 m in NPRC115. Deeper drill holes on this section (vertical depth approximately 100 m) failed to intersect significant gold mineralisation. Porphyry West has been drilled over a strike length of 150 m, but it is considered that much of the work has been ineffective and significant potential remains to intersect shallow mineralisation that may well extend beneath covered areas to the south. The most recent drilling completed by Renaissance Minerals Limited ("Renaissance") targeted the north end of Porphyry West and returned a number of broad low grade intersections in granitoid, such as 33 m at 0.58 g/t gold from 27 m in PNRC006, 25 m at 0.26 g/t gold from 34 m in PNRC007 and 63 m at 0.28 g/t gold from 19 m in PNRC008.

Porphyry South

The Porphyry South Prospect is dominated by stockwork veining which is accompanied by intense biotite-carbonate and pyrite alteration. The Archean basement is generally well exposed due to strong silicification and the mineralised zones display a similar fracture pattern to Porphyry North. A number of drill holes returned low grade gold mineralisation over wide intervals.

Porphyry East

Porphyry East is located approximately 500 m east of Porphyry North, but comprises of narrow, tightly folded and flatly plunging reefs developed in a strongly foliated sequence of sericite-quartz-carbonate schists. The mineralized zone can be traced discontinuously for 800 m at a bearing of 320°. The mineralisation dips at 50 to 70° to the west and plunges 20 to 25° to the southeast. Gold occurs in isoclinally refolded narrow quartz reefs that range in width from 0.1 to 0.7 m with sericite-carbonate-arsenopyrite alteration selvages. The quartz veins are strongly rodded and display a prominent lineament parallel to the plunge of the fold axes.

Rock chip sampling of narrow (<1m wide) quartz veins at this prospect by Renaissance in 2013 returned encouraging results, some of the best were 83.6 g/t gold, 54.4 g/t gold and 25.4 g/t gold. Out of 36 samples, 22 returned greater than 1 g/t gold. The sampling confirmed the presence of gold mineralisation over a strike length of 850 m. This work supports earlier RAB drilling and reverse circulation drill intersections of up to 10 m at 8.5 g/t gold from 9 m in NPRC55 that defined a coherent lower grade gold mineralised zone of up to 60 m wide.

Previous Exploration

Gold deposits in the Porphyry North and West Prospect areas were worked in the early 1900's, but production from this period is not known. Copper and nickel exploration was undertaken in the area from the early 1970's to 1983 when a number of costeans were excavated in ultramafic rocks at the Porphyry East Prospect. Results of this base metal exploration were negative. Modern gold exploration began in 1985 with a joint venture between Aztec Exploration Ltd ("Aztec") and prospector D G Bailey, who pegged 6 prospecting licences in December 1983.

Regional geological interpretation by Aztec suggested that the gold mineralisation in the southwest of the current tenement is associated with a number of inferred fault splays from the regional Keith-Kilkenny Fault zone, which form the dominant structural elements in the Edjudina District.

Aztec completed prospect area gridding, aerial photography (1:10,000 and 1:25,000 scale), geological mapping (1:10,000), dug and sampled 21 costeans (650 m) and drilled 31 Reverse circulation drill holes for a total of 833 m. Aztec's work concentrated on the shallow mineralisation at Porphyry North, but other interesting drill intersections included 2 m at 4.6 g/t gold from 22 m in NPRC029 at Porphyry East and 12 m at 9.2 g/t gold from 8 m in NPRC030 from Porphyry West. Overall, the drilling did not support the more impressive results Aztec received for the costean sampling and they concluded that there was likely to be a significant up-grading of gold concentration in the near surface due to supergene processes. This conclusion downgraded the Project for Aztec.

Audimco Ltd ("Audimco") acquired the tenements in January 1987, constructed new grids, drilled 177 Rotary Air Blast ("RAB") holes and 82 reverse circulation drill holes, and carried out petrological investigations and preliminary metallurgical test work mostly centred on the Porphyry North and Porphyry West prospects. A number of interesting RAB intersections were returned but there has been no follow up of this work and it has not been possible to accurately relocate these RAB holes.

Following Audimco, Capricorn Resources NL ("Capricorn") was granted Exploration Licence E31/115 in December 1991. Capricorn reviewed the previous exploration data and conducted limited site mapping and geochemical sampling. Poseidon Gold Ltd ("Poseidon") farmed into the tenements in October 1993. Following more data review and an assessment of aeromagnetic data, Poseidon completed a 346 soil sample program. The samples were taken at a 200 x 50 m grid spacing in the area of the four known prospects and identified an area of interest to the east of the South prospect. Capricorn also held E31/131 to the east of E31/115 and completed an 85 sample auger sampling program along fence lines and tracks and an east-west traverses. Auger holes were drilled to a depth of 2m or to refusal on lines 400 to 500 m apart. Much of this work was in areas of shallow cover and may not have been effective. However, the results did reveal two anomalous zones to the east of Porphyry East. The anomalies are defined by 4 anomalous samples (maximum assay 70 ppb gold) each, on two east-west traverses 2.6 km apart. If the two anomalous intervals on the traverse lines are related, they confirm the regional north-northwest trend to the regional shear zones. Subsequent surface soil sampling failed to reveal any anomalism in the vicinity of these samples.

Fourteen (14) more reverse circulation drill holes were completed in the Project area by Consolidated Resources NL ("Consolidated") in 1994. Six of these holes were drilled at the Porphyry North Prospect, and two each at the South, West, "Mid East" (between Porphyry North and Porphyry East prospects) and East prospects, for a total of 1,115 m. The results of this work was considered disappointing for Poseidon who then withdrew from the JV, although Consolidated and Capricorn considered that potential still lay in the poorly explored remainder of the tenement. In 1996 the Capricorn JV acquired detailed aeromagnetic data over the Project area. The survey had a line spacing of 50 m and a terrain clearance of 40 m.

Little further work was conducted until Sons of Gwalia Ltd (“SOG”) drilled 8 reverse circulation drill holes targeting resistive and conductive zones identified from a ground electromagnetic survey completed in 2002. SOG subsequently went into administration and their Porphyry North tenements were handed back to the original holder, Total Mineral Resources. No further exploration was reported on until E31/921 was granted to Gryphon Minerals Ltd in January 2011, which was then vended into Renaissance. Renaissance conducted soil and rock chip sampling and drilled 11 reverse circulation holes over the following three year period. Renaissance’s drilling returned a significant number of broad low grade gold intercepts at the northern end of the Porphyry West, including 20 m at 0.6 g/t from 17 m in PNRC001, 9 m at 1.9 g/t from 6 m and 21 m at 0.44 g/t from 28 m in PNRC002, 33 m at 0.58 g/t from 27 m in PNRC006 and 63 m at 0.28 g/t from 19 m in PNRC008. Rock chip samples of up to 83.6 g/t gold were collected from Porphyry East. By 2013 Renaissance had focused its efforts towards an advanced gold project overseas and eventually the tenement was surrendered.

Exploration Potential

There is significant potential for down plunge extensions and stacked down dip repeats of the identified mineralisation within the Red Gate Project, especially at Porphyry North, Porphyry West and Porphyry South. Additionally, approximately 80% of the Red Gate Project area is covered by Tertiary and Quaternary alluvium, colluvium, sheet-wash deposits, laterite, playa lake and associated sediments. With very little drilling outside of the areas of the four Porphyry prospects, North, South, East and West, the tenement is considered poorly explored. The majority of the historical geochemical sampling work is in areas of cover and likely to have been ineffective in testing the underlying bedrock for gold mineralisation. Priority exploration targets are the monzogranite intrusions and their immediate contact zones. Proposed exploration and budgets are discussed later in this report.

MIDDLE CREEK

Introduction

The Middle Creek Project consists of 21 prospecting licence applications (see Table 1) covering 39.6 km² within the Mosquito Creek belt for which Blackstone has entered an agreement with Ellesmere Geological Services who will retain a 5% free carried interest up until a Feasibility Study is completed (refer to Section 8.3 for further details). The Mosquito Creek Belt comprises a fault imbricated sequence of Archean turbiditic sedimentary rocks, and lesser mafic-ultramafic volcanic rocks that crop out adjacent to the southern margin of the East Pilbara granitoid-greenstone terrain. Blackstone’s Project is adjacent to Millennium’s Nullagine Project (where the Golden Eagle operations have produced ~300 kozs gold since 2012) and within the “mineralised corridor” that hosts numerous gold and gold-antimony deposits (such as Blue Spec and Gold Spec with a combined endowment of 300 kozs gold at 18 g/t). Previous exploration has defined a number of multi-element surface geochemical anomalies, some supported by rock chip samples with assays up to 2.7 g/t gold and visible gold in quartz vein subcrop. Blackstone considers these anomalies to be priority targets. There has been no historic drilling reported from the Project area.

Location and Access

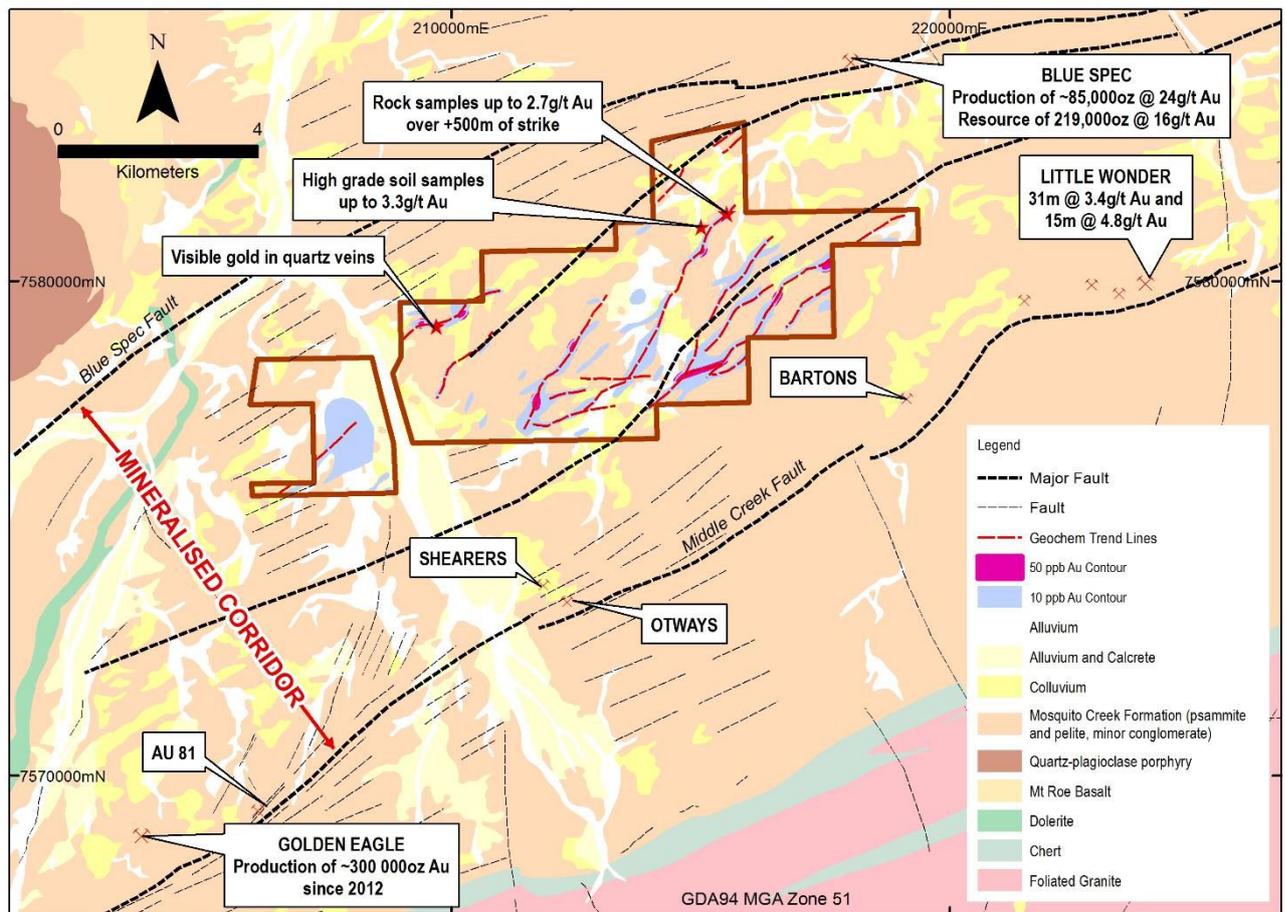
Middle Creek is located 185 km north of Newman in the East Pilbara mineral province, centred 10 km east of the township of Nullagine. The Project lies within the Pilbara Mineral Field, on the Nullagine (SF51-5) 1:250,000 Map Sheet. Several good quality unsealed roads and tracks afford access to the Project area from Nullagine. The tenements are free from recorded Aboriginal Heritage sites.

Regional Geology

The Middle Creek Project is situated within the east trending Archean Mosquito Creek Belt near the southeastern margin of the Pilbara Craton of Western Australia. Rocks of the Mosquito Creek Formation dominate the Mosquito Creek Belt and comprise mainly well cleaved and tightly folded lithic wacke, siltstone and shale with minor sequences of interbedded conglomerate and coarse-grained sandstone. The rocks have reached greenschist metamorphic grade (Bagas et al 2004, Bagas 2005). Age dating of detrital zircons from the Mosquito Creek Formation indicate a maximum depositional age of 2926 ± 9 Ma (Bagas et al 2004), and a Pb–Pb model age of 2905 ± 9 Ma for a lode gold mineralising event hosted by the Mosquito Creek Formation (Thorpe et al 1992, Bagas et al 2004) constrains the minimum age of the unit. The Kurrana Shear Zone separates the Mosquito Creek Basin from the c. 3200–2840 Ma Kurrana Granitoid Complex to the south, and the northern margin of the belt unconformably overlies or is faulted against Archean rocks of the Pilbara Supergroup, East Pilbara Terrane (Bagas 2005).

The Mosquito Creek Formation has been intruded by a series of north-westerly trending c. 1800 Ma quartz syenite to quartz monzodiorite bodies of the Bridget Suite, the north-northeasterly trending c. 2772 Ma Black Range Dolerite Suite, and various unassigned dolerite dykes (Bagas et al 2004, Bagas 2005). At least five stages of deformation have been recognised to affect the Mosquito Creek Belt (Bagas et al 2004, Bagas 2005). The Middle Creek Project is sandwiched between the east-northeast striking Middle Creek and Blue Spec fault zones, and includes at least two unnamed faults of the same strike and most likely same generation. Approximately 40% of the Mosquito Creek Formation within the Middle Creek tenure is covered by Quaternary alluvium and colluvium, and the mapped fault zones are generally topographically recessive. The geology of the project area is shown in Figure 6.

Figure 6 | Geology of the Middle Creek Project area



The Mosquito Creek Formation hosts a significant number of gold and gold-antimony deposits that are located in shear zones, most notably the Blue Spec Fault Zone and the Middle Creek Fault Zone.

The structural history of the region can be summarised as follows:

D1 structures: East to northeast striking faulting. Blue Spec Fault and the Middle Creek Fault were initiated during this event;

D2 structures: Development of a complex array of northeast to southeast striking faults as the result of regional transpression. Steeply dipping 1 to 5 m thick northwest to northeast striking quartz veins 1-5 m thick and locally up to 20 m thick and 500 m long are abundant near D2 faults and probably formed within dilational or tensional jogs that transferred displacement between adjacent faults;

D3 structures: regional shearing is manifested as sub-vertical northeast-striking schistosity throughout most of the Mosquito Creek Belt. Near large D2 faults mesoscopic folding of bedding is common and the schistosity is axial-planar. The effect of D3 on D2 vein arrays is variable;

D4 structures: regional shearing exhibits an asymmetric distribution across the Mosquito Creek Belt, and appears to have been most intense near the southern margin of the belt in the Kurrana Shear Zone. The D4 fabric is defined by the strong preferred alignment of sericite and chlorite thought to reflect pressure solution during shearing; and

D5 structures: represented by a prominent array of north striking faults which cut across the Kurrana Granitoid Complex, through the Mosquito Creek Belt, and into the older East Pilbara Granite-Greenstone Terrane to the north. Crosscutting relationships suggests these D5 faults are Late Archean or younger in age. In the Mosquito Creek Belt the D5 faults offset lithological contacts by up to 200 m, and they are commonly flanked by 10 to 50 m-wide zones in which a west dipping crenulation cleavage has developed. Highly strained ultramafic schist lenses within the Kurrana Shear Zone are also overprinted by more laterally extensive zones of north, north-northwest and east trending kinks and crenulation cleavage, (Tuffin, 2009).

Gold Mineralisation

Gold mineralisation in the Mosquito Creek Belt exhibits strong structural and lithological controls, from the regional scale through to the outcrop scale. Although structural timing relationships and wall-rock alteration paragenesis imply that mineralisation occurred late in the tectonic history of the belt, during D4, it is clear that the reactivation of earlier generations of structures also played an important role in controlling mineralising fluid flow and the localisation of gold mineralisation. Most of the currently identified gold deposits are located along the D1 Middle Creek Fault and the Blue Spec Fault zones and the intervening “mineralized corridor” (see Figure 6).

Gold deposits along the Middle Creek Fault zone verge eastwards away from the northern margin of the D4 Kurrana Shear Zone within a domain characterised by closely spaced D2 faults and quartz tension veins. Most deposits in this domain are characterised by gold located within or immediately adjacent to D2 quartz veins. At the Golden Eagle deposit, there is a strong association between gold and late-stage chlorite and pyrite-rich quartz filled fractures, which are attributed to deformation and fluid flux during D4. Richly mineralised veins are typically:

- strongly recrystallised;
- commonly cut by late-stage quartz and carbonate infill;
- are surrounded by zones of chlorite-carbonate alteration and faulting that link ultimately to the margin of the Kurrana Shear Zone.

A working model for the gold deposits along the Middle Creek Line involves regional scale fluid transport within the Kurrana Shear Zone during D4, with secondary fluid flux into more discrete structures in the domain immediately north of the shear zone (i.e. pre-existing D2 faults and veins). The D1 Middle Creek Fault probably played a role in regional fluid flux also, albeit in an indirect manner, by controlling the development of the D4 shear zone. Reactivation of D2 faults and vein margins in the vicinity of the boundary of the Kurrana Shear Zone was likely to have been promoted by high fluid pressure within the shear zone, and fluid flux into the secondary D2 structures was probably enhanced by their relatively higher permeability due to a component of brittle behaviour. The main mechanism for gold deposition appears to have been declining temperature as the fluid moved away from the shear zone because, in detail, the richest gold mineralisation is generally distal to the margin of the Kurrana Shear Zone.

The gold deposits along the Blue Spec Line do not have an obvious spatial association with a major ductile structure such as the Kurrana Shear Zone. However, the Blue Spec Fault is clearly similar to Middle Creek Fault zone in that it is a belt-scale D1 fault with second-order D1 and D2 linking faults, strong shearing and chlorite-carbonate alteration over tens of metres due to reactivation during D4. Another feature of the faults along the Blue Spec Line is the widespread occurrence of fibrous, quartz-carbonate veining, which points to crack-seal behaviour in response to extreme fluid pressures within these structures.

Most of the gold deposits on the Blue Spec Line occur in quartz veins or minor faults adjacent to the obvious fault zones, in a manner akin to the deposits along the Middle Creek Line. Again, the larger faults probably represent the primary fluid conduits, and fluid fluxing into subsidiary structures was responsible for gold deposition along the Blue Spec Line. Declining fluid temperature was unlikely to be the main mechanism for gold deposition because of the narrow width of the faults carrying the ore fluids. Given the evidence for crack-seal behaviour, a model involving gold deposition in response to pressure fluctuations at the brittle-ductile transition may be more appropriate. This model is in keeping with the generally higher crustal level features of the Blue Spec Line, such as the limited width of the primary conduits and the association of antimony with gold mineralisation. At depth, the Blue Spec Line may be underlain by a broader zone of D4 shearing centred on the D1 Blue Spec Fault.

The 2905 ± 9 Ma gold mineralising event dated by Huston et al (2002) within the Mosquito Creek Formation appears to be synchronous with a 2905 ± 9 Ma base metal mineralisation in the underlying Coondamar Formation (Huston et al., 2002; Bagas et al 2004), which suggests that there was a widespread mineralising event at c. 2905 Ma in the Mosquito Creek Belt. This event was also broadly synchronous with the emplacement of 2897 ± 6 Ma monzogranite and granodiorite in the Cooninia Inlier (Geological Survey of Western Australia, 2004) about 100 km to the south of the belt (Bagas et al 2004).

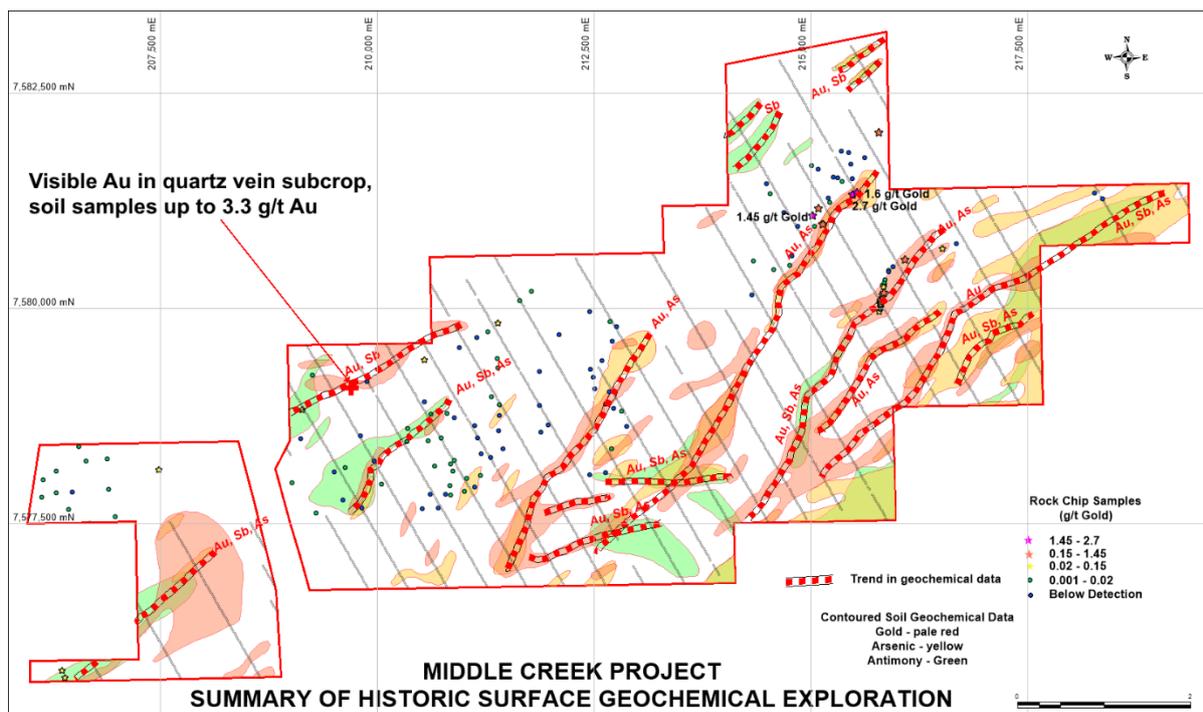
In summary, gold mineralisation is confined within a mineralised corridor bounded to the north by the Blue Spec Fault and in the south the Middle Creek Fault. The host stratigraphy is the clastic sediments of the Mosquito Creek Formation. Gold mineralisation appears to be controlled by late stage (D4) structures overprinting or associated with earlier shear zones.

Previous Exploration - Geochemical Sampling

Work completed by previous explorers has been largely restricted to surface geochemical surveys, geological mapping and remote sensing. There has been little work completed in the area prior to that completed by Millennium (formerly Wedgetail Exploration NL). Millennium conducted soil sampling on north-northwest trending lines spaced nominally 400 m apart over large areas of their tenement holdings which included the Middle Creek Project (Millennium surrendered the ground in 2009). Samples were produced by compositing 5 x 20 m spaced samples (to produce a 100 m composite) of 425-850 μm sized material, resulting in an approximately 500 g sample (100 g from each of the 5 sample sites). All composite samples were submitted to Ultratrace Laboratories, Perth for analysis. Each sample was pulverised in a vibrating disc pulveriser, digested in Aqua Regia and analysed for Au, As, Cu, Mn, Mo, Sb, Sn, Te and W using ICP-MS. Throughout all soil surveys, sampling of alluvial fill in creeks and rivers, as well as areas of transported sheet wash material was avoided. Hence, compositing of samples was governed by the local terrain and the number of sample sites in each composite sample ranged from one to five. In total, 3,892 soil samples were collected within the Middle Creek Project area.

In addition, 142 rock samples were collected and submitted for assay to Ultratrace Laboratories. All samples were crushed and pulverised in an LM5 to 75 μm . Samples were analysed for Au, As, Cu, Mn, Mo, Sb, Sn, Te and W using the Aqua Regia ICP-OES method. The data has been summarised in Figure 7.

Figure 7 | Summary of the historical surface Geochemical exploration



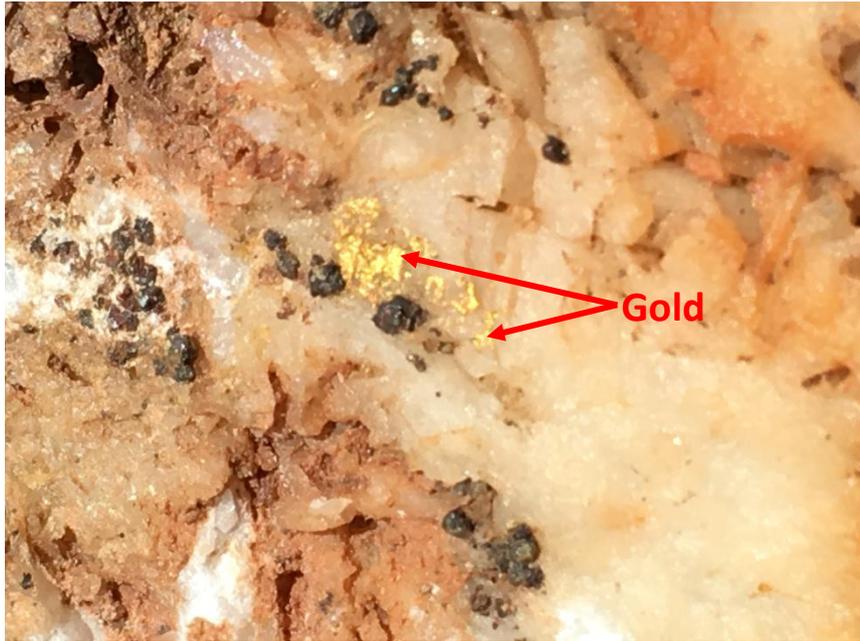
The anomalous gold, arsenic and antimony soil assay data has been contoured and a number of combined trends can be interpreted as shown in Figure 7. The gold, arsenic and antimony correlate quite well, and these interpreted trends are supported in places by the rock chip results, in particular in the central north of the Project area where highly anomalous rock chip assays (maximum of 2.7 g/t gold) are reported over a strike length of 540 m. An area in the west of the Project reported up to 3.3 g/t gold in soil samples and a sample of sub-cropping quartz vein was recovered with visible gold (see Figure 8).

The trends of anomalous geochemistry are possibly the result of mineralised structures that potentially link the Blue Spec Fault and the Middle Creek Fault.

Exploration potential

Blackstone believes the Middle Creek Project area is prospective for gold mineralisation as it lies within the mineralised corridor (as defined by Millennium between the Blue Spec and Middle Creek Faults) and possesses several gold (plus arsenic +/- antimony) in soil anomalies. The extensive colluvial cover in the area may be masking sub-cropping gold mineralisation. This is borne out by recent scouting by a Blackstone geologist during the pegging of the Prospecting Licences when a sample with visible gold was taken from an un-mapped quartz vein encountered in an area previously soil sampled.

Figure 8: Visible gold from a quartz vein subcrop within the western soil anomaly, Middle Creek Project. Note prismatic quartz infill textures suggestive of late-stage D4 mineralisation, and iron oxide pseudomorphs of primary sulfide (most likely pyrite).



Blackstone believes the Middle Creek Project area is a poorly explored area of the Mosquito Creek Gold Belt. However, rock sampling by Blackstone and the identification of visible gold and oxidised sulfides in quartz vein subcrop within the Middle Creek “mineralised corridor” clearly shows the presence of primary gold mineralisation within structures linking the regionally important Middle Creek and Blue Spec Fault Zones. Textures within the quartz vein subcrop are consistent with distal high-grade D4 gold mineralisation, and the area is considered ripe for structural and geochemical re-evaluation followed by drill testing in an area never drill tested before.

SILVER SWAN SOUTH

Introduction

The Silver Swan South Project is a long trend of the massive nickel sulfide 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). The Project covers an area of 47.2. km² and has been explored almost continuously for 40 years, but it is considered that the majority of this work has been ineffective in terms of exploring for komatiite-hosted massive nickel sulfide deposits because it was largely focused on shallow gold deposits hosted within paleochannels. It is also believed that much of the gold mineralisation encountered in the earlier work on the paleochannels was not alluvial but in fact the result of supergene processes. Numerous intersections of anomalous gold are recorded within the weathered and fresh bedrock, as are descriptions of alteration and sulfide mineralisation that suggest there is real potential for the discovery of significant gold mineralisation within the tenement area which Blackstone intends to target.

Location and Access

The Silver Swan South Project, comprises one exploration licence application E27/545 and six granted prospecting licences, P27/2191 - 2196. These licences are located in the Kanowna District 27 of the North East Coolgardie Mineral Field of Western Australia. The details of the tenements are provided in Table 1.

The tenements are located on the Kurnalpi 1:250,000 sheet (SH51-10) and the Gindalbie 1:100,000 sheet (3237) and are approximately 40 km northeast of Kalgoorlie. Access to the Project is via the Yarri and Gordon Roads. The Black Swan Nickel Mine owned by Poseidon Nickel Ltd (“Poseidon”) lies approximately 5 km to the north of the northern boundary of the Project. The mine has been under care and maintenance since February 2009 however, Poseidon has commenced pre-production activities to facilitate the restart of the Silver Swan underground nickel operations (ASX 19th July 2016).

The tenements are free of any registered Aboriginal heritage sites.

Geological Setting

The Silver Swan South Project is located within one of the world’s major nickel and gold provinces, the Norseman – Wiluna Greenstone Belt of the Eastern Goldfields Province of the Archean Yilgarn Block. The Project lies within a subdivision of the Norseman – Wiluna Belt known as the Kalgoorlie Terrane, and more locally the Boorara Domain which in part consists of the Gindalbie Formation which also hosts the nearby Black and Silver Swan (and related) nickel sulfide deposits. The Kanowna Belle, Gordon-Sirdar, Mulgarrie and Gindalbie gold mining camps are all within 20 km of the Silver Swan South tenement. The regional geology is shown in Figure 9.

The Boorara Domain is the easternmost part of the Kalgoorlie Terrane and is interpreted as forming in a volcano-sedimentary basin between 2,720 million and 2,680 million years ago. The regional lithostratigraphy comprises 4 units, from top to bottom:

- a composite felsic unit dominated by subaqueous dacitic-rhyolitic lavas and their clastic derivatives;
- an upper high magnesium basalt;
- a regionally extensive komatiite lava flows erupted contemporaneously with andesite-dacite volcanics (lavas and pyroclastics); and
- a lowermost tholeiitic basalt.

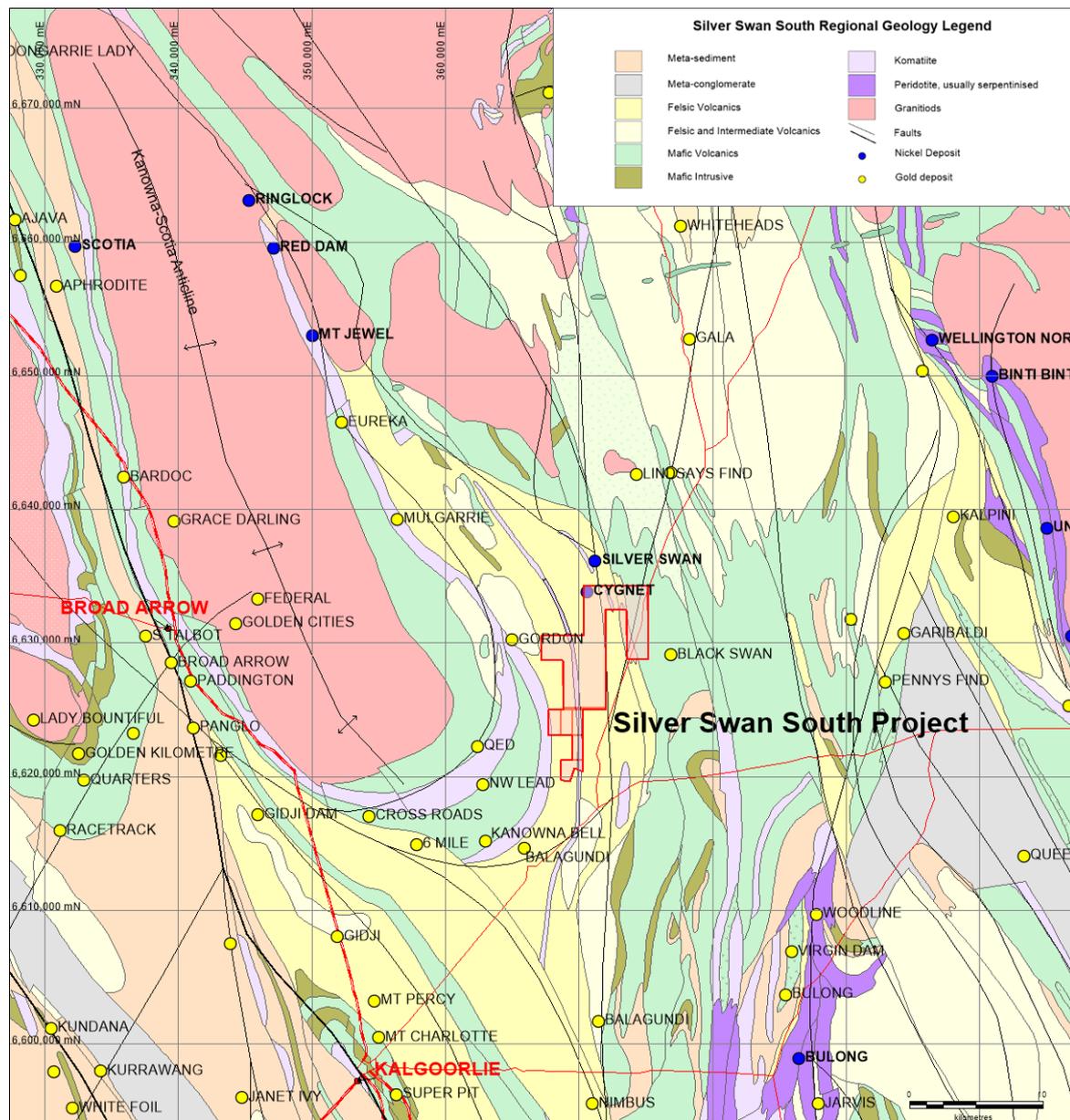
There are at least three repeated thrust sheets of basalt-komatiite-felsic epiclastics and volcanoclastics overlying the core of the Kanowna-Scotia anticline. Several small Type 1 komatiite-hosted magmatic nickel-copper sulfide deposits and prospects (Scotia, Ringlock) are hosted by thin episodic compound komatiite flows (the Highway Ultramafic Unit/Shamrock Ultramafic Unit) that have deposited nickel sulfides in structurally modified footwall embayments in tholeiitic pillow basalt. The Bulong nickel laterite deposit comprising supergene nickel-cobalt enrichment formed above voluminous flows of olivine cumulates lies to the south-east of the Project. Several kilometres to the north, the massive and disseminated nickel-copper sulfides of the Black Swan Komatiite Succession (Silver Swan, Black Duck, Cygnet, White Swan, Gosling and Black Swan) are hosted by episodic flows of variable scale dominated by olivine ortho-mesocumulates with marginal olivine and pyroxene spinifex-textured flow lobes. The komatiites, andesite-dacite lavas and pyroclastics are interpreted to have erupted contemporaneously. The nickel-copper deposit of the Carr-Boyd layered mafic-ultramafic complex lies further to the north.

The Mt Monger Fault which forms the eastern boundary of the Kalgoorlie Terrane lies close to the east of the Project. Correlation of poorly exposed stratigraphy is difficult, as the lowermost greenstone succession of the Kurnalpi Terrane consists of a lower package of andesitic basalt-rhyolite-dacite-andesite (lavas and pyroclastics) similar to the footwall stratigraphy of the Black Swan Komatiite Succession. This intermediate volcanic sequence is overlain by graphitic, variably pyritic slate, intercalated high-Mg basalt-komatiite-felsic tuff and dolerite-gabbro. The lower

succession is overlain by a succession of mafic-komatiite-felsic tuff, which is overlain by the uppermost succession of basalt-rhyolite-dacite.

The main regional deformation has been dated between 2,680 and 2,610 million years ago (D1 thrusting, D2 upright folding north-northwest axes, D3 sinistral transcurrent faulting and east northeast regional shortening). Cratonisation is interpreted to have taken place before the intrusion of 2,400-million-year-old east striking Proterozoic mafic dykes.

Figure 9 | Regional Geology of the Silver Swan South Project



Local Geology

The Project area is extensively covered by Quaternary alluvium, colluvium and lacustrine sediments which can be up to 70 m thick. Cemented ironstone gravels, silcreted horizons and laterite occur. North of the Gordon Road the surface geology is dominantly Cainozoic colluvium in sheetwash deposits draining to the south southeast into a playa lake system which includes Lake Gwynne. The

southern part of the Project area extends into this area which consists of evaporites interbedded with clay, silt and sand on playas surrounded by sand, silt and gypsum in stabilised dunes. Laterite duricrust occurs in the eastern part of the tenement. There is very little outcropping bedrock in the Project area.

Beneath these surficial deposits exploration drilling has intersected largely lacustrine clays and sandy clays that blanket most of the tenement. The lacustrine clays typically grade into sand units at the base and commonly the top. The lower sand unit locally has a thin pebbly - gravelly basal unit reaching up to 25 m in thickness.

The paleochannels were the target of much of the exploration in the 1990's, most notably by Mt Kersey Mining NL ("Mt Kersey") who targeted a south draining paleochannel within the Project area for gold. Historically, paleochannel gold deposits have produced significant amounts of gold and the nearby paleodrainage system at Kanowna had produced over 215,000 oz of gold up until 1918 (Davie-Smythe, 1993).

Advances in the understanding of gold remobilisation and deposition in deeply weathered terranes raises the possibility that the shallow gold mineralisation encountered within the Project area is the product of supergene deposition of gold remobilised from a local primary source. The presence of surficial sediments and deep weathering (30 to 80 m) over most of the Project area make conventional soil geochemistry and shallow drilling ineffective exploration tools.

The Archean bedrock within the tenement comprises three main rock types:

1. Quartz greywacke sandstones with interbedded siltstones and shales including pyritic black shales. These rocks comprise a monotonous sequence of epiclastic sediments derived from a felsic volcanic provenance. Hairline veining, crackle fracturing, disseminated pyrite and possible sericite alteration are all commonly developed;
2. Komatiite (see detailed description following); and
3. Quartz feldspar porphyry was intersected in drilling in the western part of the tenement.

The komatiite stratigraphy within the Silver Swan South Project is poorly understood. There is a lack of outcrop and the majority of drilling has been widely-spaced, shallow RAB, air core or auger and has not intersected fresh rock, or saprolite with relict textures. Identification of rocks from RAB, air core or reverse circulation drill holes is difficult and is quite subjective. Elevated chromium and nickel levels are generally a reliable indicator of ultramafic rock in weathered drill cuttings.

The facing direction, dip, strike, thickness and structural disruption to the architecture of the komatiite flow field in the Project area are largely unknown. Elevated nickel-copper-manganese-chromium values have been reported from shallow drilling within saprolitic clays in the Silver Swan South Project area. Coincident platinum, palladium, copper and nickel anomalism suggests a contribution from disseminated sulfide within the komatiite.

Fresh ultramafic rocks encountered by drilling in the Project area have generally been logged as talc-carbonate-serpentine-chlorite-tremolite (phlogopite) schists. Relict or pseudomorphed igneous textures have not been recognised with the exception of spinifex texture in high magnesium basalt (and possibly olivine spinifex-textured komatiite) flows. The metamorphic grade is assumed to be mid-greenschist. Pervasive CO₂ metasomatism with possible silicification proximal to lithological contacts and faults may have resulted in the destruction of igneous textures through recrystallisation, accompanied by mobility of silica, calcium and alkali elements. Pervasive CO₂ metasomatism also destroys the high magnetic signature characteristic of serpentinised olivine

cumulates. The komatiites that filled the Silver Swan lava tubes to the north have been altered to metamorphic assemblages characterised by quartz-carbonate-chlorite-talc with minor sericite. Disseminated sulfide assemblages of pentlandite-pyrrhotite-chalcopyrite have been altered to pyrite-vaesite assemblages. A zone of magnetite and iron enrichment as an alteration halo in felsic fragmentals and lavas intersected by GINRC8 (drilled by Outokumpu) is interpreted to represent secondary dispersion along a fault plane from a concealed komatiite that is yet to be drilled at >300 m depth.

All komatiites are prospective hosts for nickel-copper mineralisation given a source of sulfur to trigger sulfur saturation of the lava upstream of a suitable depositional site and a supply of flowing (sustained voluminous or episodic flow rate), nickel-rich lava over the deposited sulfide to enable scavenging of chalcophile elements (Ni, Cu, PGE) and upgrading of the tenor of the deposit.

A komatiite lava flow field is dynamic and regionally extensive and the architecture of the field is complex. When present, massive nickel sulfide ore shoots have small footprints, even when stacked, and occur within a flow sequence dominated by olivine ortho-mesocumulates. The geology and known ore deposits of the Black Swan Komatiite Succession (BSKS) have been the subject of detailed published studies by Dowling (2004), Barnes (2004a, 2004b), Barnes et al (2004) and Hill et al (2004). In summary, previous exploration activities have shown the presence of a north striking ultramafic (komatiite) unit flanked by felsic volcanic rocks in the Silver Swan South Project area. There are numerous geological indications that this unit is prospective for primary nickel sulfide deposits.

Previous Exploration

Modern exploration in the area commenced with Anglo American Exploration (Australia) Pty Ltd. ("Anglo") (1970 – 1983) who were searching for nickel sulfide mineralisation. This work led to the discovery of the Black Swan Nickel Mine 2.5 km north of the area now covered by the Silver Swan South Project. RAB drilling by Anglo and later Union Minière Ltd (1974) intersected paleochannel deposits which were later followed up on by Mt Kersey. Esso Australia Ltd (1980) and Amax Australia Ltd (1983) also explored the Black Swan Nickel mine area for base metal massive sulfides. From 1985 to 1989, CRA Exploration Pty Ltd conducted RAB drilling and soil sampling in the area but failed to encounter significant nickel mineralisation. Placer Dome Asia Pacific Ltd ("Placer Dome") assayed many of their Reidy Swamp gold project exploration drill holes (see below) for nickel sulfide related elements and intercepts included 4 m at 0.5% Ni, 164 ppm Cu & 25 ppb Pt+Pd from 24 m (LKNA62) and 4 m at 0.4% Ni, 254 ppm Cu, 50 ppb Pt+Pd from 8 m (LKNA118) in the southern part of the Silver Swan South tenure (see Figure 10).

Mt Kersey held the area now covered by the Silver Swan South Project area from late 1991 to 2001 and did the bulk of the historic exploration within the northern part of the Project. Alluvial gold deposits such as Mulgarrie and Gordon-Sirdar had been identified to the northwest and Mt Kersey initially targeted shallow gold mineralisation in paleochannels. Drilling by Mt Kersey in the Project area commonly returned 0.15 to 0.30 g/t Au in paleochannel sediments at around 30 m depth and a north trending gold mineralised paleochannel averaging 250 to 400 m in width over a distance of nearly 5 km was defined. After the c. 1990 discovery of the nearby Kanowna Belle gold deposit in felsic rocks of the Gindalbie Formation Mt Kersey began targeting the Project area for primary gold mineralisation. Drill hole KSC528 intersected 2 m at 2.1 g/t gold from 46 m in weathered bedrock, and KSC2181 intersected the 2 m at 1.83 g/t Au from 60 m at the base of the paleochannel sands underlain by 33 m of 20-30 % sulfides (pyrite) within peridotite. An adjacent drill hole KSC2180 intersected 30 m of disseminated pyrite mineralisation in olivine cumulate. These intersections were not assayed for nickel.

The southern part of the Project area was part of the Delta Gold Ltd and subsequently Placer Dome Reedy Swamp Project which targeted gold. Reconnaissance air core drill traverses by Placer Dome in the southern part of the project area returned several significant gold intercepts both within and possibly immediately beneath the paleochannel sediments including 4 m at 1.3 g/t gold from 64 m in LKNA116, 2 m at 0.66 g/t gold from 59 m in RIA001, 2 m at 0.66 g/t gold from 33 m in RIA003, and 3 m at 3.54 g/t gold from 60 m in RIA167 (see Figure 10). Sulfides were logged immediately beneath the gold intersection in RIA001. Other companies that conducted minor exploration activities, including air core drilling, in the area now covered by the Project include Jackson Gold NL, Lion Ore, Barrick Gold, Paddington Gold Pty Ltd and Breakaway Resources Ltd. The three southern target areas discussed in the next section all resulted from the work completed in the Reedy Swamp Project.

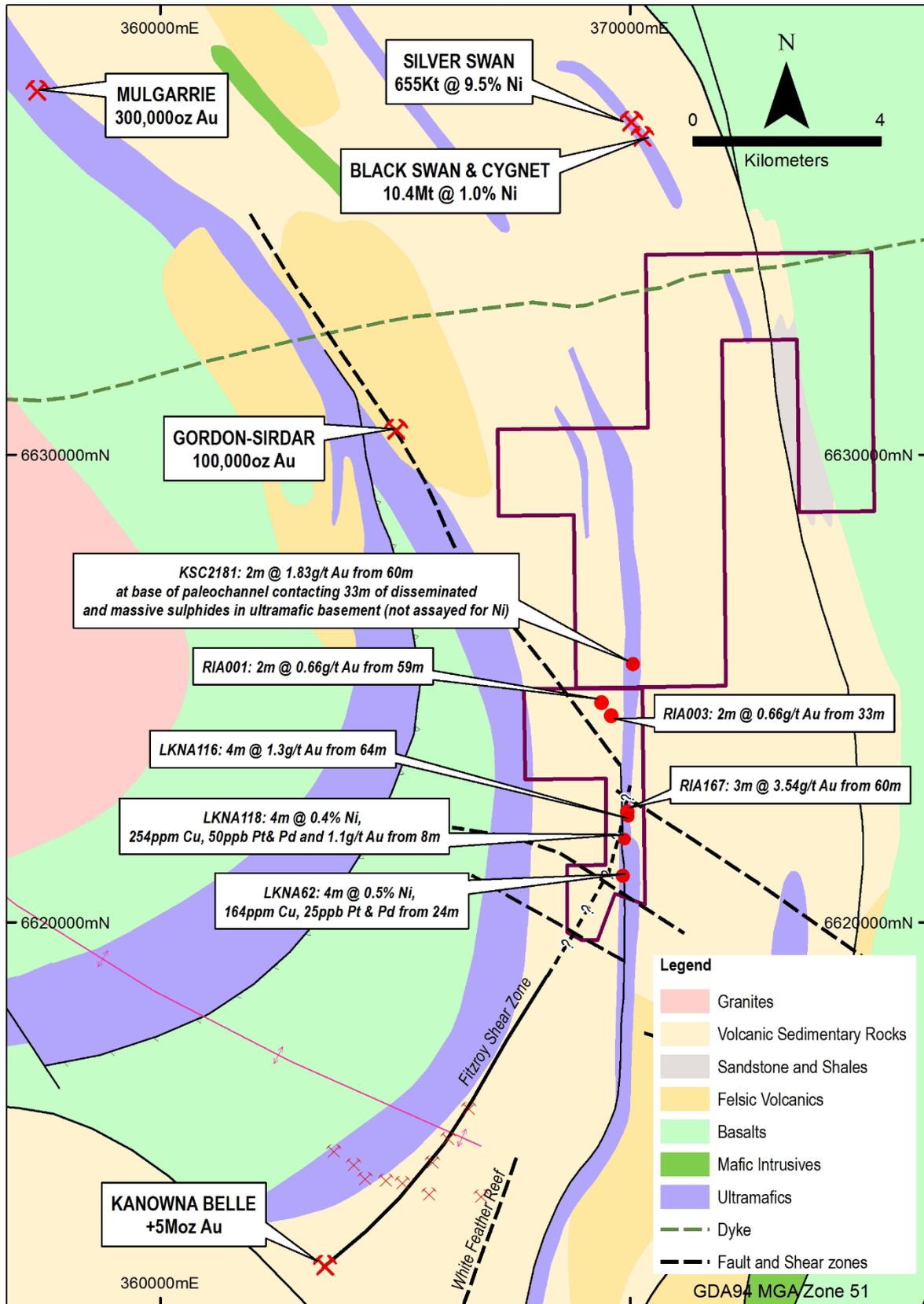
Exploration Potential

Previous exploration drilling has been for the most part, shallow, widely-spaced, predominantly vertical and focused on detecting gold and base metal anomalism and gross lithological contacts using lithogeochemistry. Drill samples were generally assayed for gold, arsenic, nickel, cobalt, chromium, copper, zinc, manganese and sometimes platinum and palladium.

Encouraging gold intercepts such as 3 m at 3.54 g/t gold from 60 m (RIA167) were returned from air core drilling traverses spaced between 400 and 1500 m apart across the northeast trending paleochannel in the southern part of the Project area. Some of the historic gold intersections obtained from the base of the paleochannel may represent remobilisation of gold from nearby primary sources. Despite a long history of deep lead and hard rock gold mining in the nearby Kanowna Belle mining field the +5 Moz Kanowna Belle gold deposit was not found until c. 1990. The deposit is concealed by 40 m of gold-depleted cover and was principally discovered by systematic grid drilling (Beckett et al. 1998). Gold mineralisation at Kanowna Belle is associated with the northwest trending Fitzroy Shear Zone (Beckett et al. 1998) which may extend into the southern part of the Silver Swan South tenure in the vicinity of the aforementioned encouraging base-of-paleochannel gold intercepts (see Figure 10). These base-of-paleochannel intercepts have not been followed up in any systematic way.

A thick north striking komatiite sequence intercalated with sediment, basalt and felsic volcanics including a porphyry “intrusive” (the footwall rocks of the BSKC were originally mapped as a granitic porphyry) was identified by historic exploration work within the Project area. This komatiite and felsic volcanic sequence extends up the centre of the Project area for a strike length of 9.6 km and is shown on Figure 10.

Figure 10 | Silver Swan South Bedrock Geology Plan



Near the centre of the tenement package Mt Kersey encountered +30 m of massive and disseminated pyrite in a peridotite in shallow reverse circulation drill holes. This unit was drilled further to the south within the Project area by Placer Dome where it thickens out and contains anomalous nickel, copper, platinum and palladium indicative of disseminated magmatic nickel-copper sulfide mineralisation. This southern part of the Project area is a priority target area for drilling. CRA Exploration drilled the same unit to the north of the Project and intersected at least two thin flows intercalated with felsic sediments, black shale and gabbro. The footwall to this sequence consists of a thick succession of dacitic lavas and pyroclastics. The unit has a very subdued magnetic expression in the Project area, but a higher magnetic signature in the south. Systematic stratigraphic drilling of this komatiite is required to determine the volcano-sedimentary architecture of the flows and once understood, vectors to potential ore bearing structures will appear, through a combination of geological, geochemical and geophysical exploration methods. Further deep drilling with down hole electromagnetic methods will test for massive nickel sulfide deposits.

In the north of the tenement area, a second north-south striking komatiite unit lies to the west of the main komatiite. This komatiite has not been intersected in any deep drilling, adding an additional 2 km strike length of prospective rocks in the tenement.

Historical exploration in the region employing close-spaced airborne and ground magnetic, electromagnetic and residual gravity surveys have identified zones of conductive overburden, metasomatic alteration zones proximal to major and minor shear zones, folds and fault offsets within the stratigraphy of the Silver Swan South Project. Coincident gravity, low total magnetic intensity and electromagnetic high anomalies should be tested with deep reverse circulation drilling and associated downhole electromagnetics.

PROPOSED EXPLORATION AND BUDGET

Red Gate

At the Red Gate Project, Blackstone intends to follow-up on drill results at the Porphyry North and Porphyry West prospects, and work on exploration targets in areas under cover that have not been effectively tested.

The northern, down plunge continuation of the Porphyry North prospect warrants testing with reverse circulation drill holes for continuation of the known mineralisation. Previous explorers have quoted modest resources at Porphyry North, and additional work here would be beneficial in terms of generating a resource estimate that would meet JORC standards.

Similarly, the southern and central parts of the Porphyry West prospect could be tested with close spaced infill and extension drilling to the south with reverse circulation drill holes, a small moderate to high grade resource could be present in the top 50 m or so from surface (similar to the Porphyry North deposit). Exploration drilling to the north of the Porphyry West mineralisation is recommended to extend the wide low grade mineralisation intersected by Renaissance. This mineralisation could develop in tenor to the north.

Throughout the rest of the tenement, the four inferred shears shown on Figure 4 with over 25 km of strike length under cover and untested. Blackstone plans to target these areas with broad spaced RAB drilling.

Middle Creek

At the Middle Creek Project, identification of visible gold and oxidised sulfides in quartz vein sub-crop within the Middle Creek “mineralised corridor” clearly shows the presence of primary gold mineralisation within structures linking the regionally important Middle Creek and Blue Spec fault zones. Textures are consistent with distal high-grade D4 gold mineralisation, and the area is considered ripe for structural and geochemical re-evaluation followed by drill testing in an area never drilled before. Once the tenements are granted Blackstone will do further geological mapping and surface sampling before proceeding with shallow reverse circulation drill testing of the geochemical anomalies.

Silver Swan South

Blackstone intends to initially focus on the gold potential of the Silver Swan South Project which has a drill ready target area on the granted prospecting licences. In the southern part of the Project, air core drilling has returned numerous gold intersections of up to 3 m at 3.54 g/t gold from 60 m (RIA167) over a strike length of 4 km that warrants immediate follow up. This target area coincides with the interpreted strike extensions of regionally significant gold bearing structures which have the potential to host substantial mineralisation.

Proposed Budget

	Minimum Subscription \$3,500,000			Maximum Subscription \$4,000,000		
	Year 1	Year 2	Total	Year 1	Year 2	Total
Red Gate	\$396,000	\$330,000	\$726,000	\$396,000	\$330,000	\$726,000
Middle Creek	\$400,000	\$394,000	\$794,000	\$400,000	\$394,000	\$794,000
Silver Swan South	\$303,000	\$234,000	\$537,000	\$392,000	\$614,000	\$1,006,000
Total	\$1,099,000	\$958,000	\$2,057,000	\$1,188,000	\$1,338,000	\$2,526,000

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GLOSSARY OF TERMS

Aeolian	Carried, deposited or eroded by the wind.
Air Core Drilling	An air drilling technique suitable for drilling poorly consolidated rocks, it is generally more efficient and accurate than RAB drilling.
Airborne Magnetic Survey	A type of geophysical survey flown by helicopter or fixed wing aircraft to measure the magnetic susceptibility of rocks at or near the earth's surface.
Amphibolite	Regional metamorphic mafic rock comprised of amphibole and plagioclase.
Amphibolite Facies	A grade of regional metamorphism defined by various mineral assemblages where the rock has undergone moderate to high pressures and temperatures.
Anastomosing	Branching and reconnecting netlike pattern.
Andesite	Extrusive porphyritic intermediate volcanic rock comprised of coarse grained plagioclase (labradorite-andesine) and biotite crystals localised within fine grained matrix of similar minerals. A volcanic rock common in island arcs and mountain ranges.
Anomaly	Any statistical departure from the norm in numerical geoscience data, like geochemical or geophysical data, which may indicate the presence of mineralisation in the underlying or nearby bedrock.
Archean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
Assay	To determine element content of a sample of a material usually carried out by a geochemical laboratory.
Auger	A method of shallow drilling, usually to 1-2 metres depth, using a rotary drill that uses a screw device to penetrate, break, and then transport the drilled material to surface. Commonly used in soil geochemical sampling surveys in Western Australia.
Azimuth	A surveying term that references the angle measured clockwise from either true or magnetic north. In this report it refers to the direction of drilling measured clockwise from either true or magnetic north. Often abbreviated to Azi.
Basalt	A dark, fine-grained extrusive mafic igneous rock, composed essentially of plagioclase and pyroxene.
Bedrock	Solid rock at the surface of the earth or at some depth beneath the regolith which has not been affected by weathering. Synonymous with basement rock.
BIF	Banded iron formation. A compositionally banded iron-rich rock, comprised of bands of quartz and iron-rich minerals. It is generally considered to be a chemical precipitate formed in seawater.
Black Shale	A very dark, fine-grained, clastic sedimentary rock composed essentially of flakey clay minerals and carbonaceous matter that also commonly contains sulfides.
BLEG	Bulk Leach Extractable Gold. A geochemical sampling and analytical method used in gold exploration. It involves the collection of large samples of fine-grained regolith material. Gold values in BLEG are lower than total assays such as those of fire assays, as it analyses only the fine-grained gold fraction and largely ignores coarser and nuggety gold.
Boudinage	A structure formed by extension, whereby a rigid, competent tabular body, stretched and deformed amidst less competent surroundings, begins to break up and form sausage-shaped boudins. Boudins are typical features of sheared veins and shear zones where, due to stretching along the shear foliation and shortening perpendicular to this, rigid bodies break up. Ductile deformation conditions also encourage boudinage.
Breccia	Rock composed of coarse angular fragments of rocks or minerals contained in a fine matrix (cementing material) that may be similar to or different from the composition of the larger fragments.
Caprock	A hard weathered regolith type on the top of a hill or upper slope protecting it from erosion. Examples include silcrete derived from weathering of ultramafic rocks and indurated ferruginous saprolite derived from weathering of disseminated sulfides.
Chert	A sedimentary form of amorphous or extremely fine-grained silica, partially hydrous, found in concretions and beds. In this report it is a quartz-rich variety of BIF that is commonly associated with more iron-rich varieties of BIF.

Cleavage	The tendency for some rocks or minerals to break along preferred planes of weakness, caused by the development of a planar fabric as a result of deformation.
Colluvium	Heterogeneous materials of any particle size, generally composed of soil and/or rock fragments, accumulated on the lower parts of slopes, transported there by gravity, soil creep, sheet flow, rainwash, mudflows and solifluxion (ie, slow flow of water-logged soil down slope associated with alternating freezing and thawing).
Concordant	A lithology that is aligned parallel to the dominant regional litho-structural trend that might include foliation, bedding or metamorphic layering/banding.
Conductor	Any material which allows an electric current to pass through it. Examples include sulfides, graphitic sediments and salty water.
Costean	A trench generally cut perpendicular to the strike of a known ore zone or interpreted ore zone to expose the full width of the zone usually for geology mapping and geochemical sampling purposes.
Craton	A large area of stable continental crust, composed of Precambrian crystalline basement rock, largely unaffected by plate margin activity since the end of the Proterozoic.
Crenulation	The angular intersection of two metamorphic foliations which may involve folding of the earlier mica foliations by the later foliation creating a distinctive crenulated folding texture.
Cumulate	A textural term relating to igneous rocks with distinctive accumulations of crystals precipitated during the cooling and solidification of a magma. Cumulates are typically found in ultramafic intrusions, in the base of large ultramafic lava tubes in komatiite and magnesium rich basalt flows and also in some granitic intrusions.
Dacite	An intermediate, porphyritic, extrusive igneous rock comprised essentially of plagioclase with lesser quartz, biotite and hornblende.
Diamond drilling	Method of obtaining cylindrical core of rock by drilling with a diamond set or diamond impregnated bit.
Dilational Jog	A structural geology term to describe the zone of dilation associated with a bend (ie, jog) in a shear or fault zone.
Dip	The angle by which a rock unit or other planar feature deviates from the horizontal. The angle is measured in a plane perpendicular to the strike.
Discordant	A lithology that cross cuts at an angle to the dominant regional litho-structural trend that might include foliation, bedding or metamorphic layering/banding.
Disseminated	Widely dispersed minerals in a rock body.
Diorite	An intermediate intrusive igneous rock comprised essentially of medium- to coarse-grained plagioclase and hornblende.
Dolerite	A mafic intrusive rock comprised essentially of medium-grained plagioclase and pyroxene and characterised by ophitic texture. Usually found in dykes or sills.
Dome	A round or elliptical convex upwarp of strata resembling a short anticline.
Dyke	A tabular body of intrusive igneous rock, crosscutting the host strata at an oblique angle.
Electromagnetic Survey	A geophysical survey method that uses an induced electric current to measure variations in the local electromagnetic field of the earth below. Transmitted electromagnetic fields are used to energise and detect conductive material, eg, massive sulfides, beneath the earth's surface.
En Echelon	Sub-parallel but offset pattern associated with a cluster or group of subsidiary structures generally at an angle, commonly 45°, to the overall strike trend of larger host structure.
Enclave	A small zone or domain of one rock type contained within a much larger zone or domain of another rock type.
Epithermal	A term applied to deposits formed at shallow depths from ascending solutions of moderate temperatures.
Fault	A brittle shear or fracture in a rock along which there has been relative movement either vertically or horizontally.

Felsic	A descriptive term for light coloured rocks or minerals with high silica (plus or minus aluminium, sodium, potassium and calcium) content and low iron and magnesium content.
Felsic volcanic	A volcanic rock essentially comprised of feldspar, quartz and feldspathoids and poor in iron and magnesium content.
Fold Hinge	Portion of fold intersected by the fold axial surface and where the radius of curvature is smallest.
Foliation	Any planar set of minerals or banding of mineral concentrations including cleavage, found in a metamorphic rock.
Foliated	A rock texture used to describe a metamorphic rock with a foliation.
Foot Wall	The underlying side of a fault, orebody or stope.
Gabbro	A black, coarse-grained, mafic intrusive igneous rock, composed of calcic feldspars and pyroxene. The intrusive equivalent of basalt.
Geochemical	Samples of soil, rock, stream sediments or sub-surface material analysed for the metal commodity being sought and/or associated path finder elements.
Geophysical	Use of electrical techniques or the measure of natural phenomena e.g. magnetism and gravity, to assist in determining sub-surface geology.
Gossan	The weathered, generally ferruginous, expression of rocks that contain substantial sulfide mineralisation.
Granite	A coarse-grained, intrusive igneous rock composed of quartz, orthoclase feldspar, sodic plagioclase feldspar, and micas.
Granite Gneiss	A coarse-grained regional metamorphosed granitoid rock that shows compositional banding and parallel alignment of felsic and mafic minerals.
Granitoid	A term for a coarse grained felsic to intermediate igneous rock, resembling granite.
Gravity anomaly	The value of gravity left after subtracting from a gravity measurement the reference value based on latitude, and possibly the free-air and Bouguer corrections.
Greenschist Facies	Greenschist facies results from low temperature, moderate pressure metamorphism resulting in the diagnostic formation of chlorite and biotite at temperatures of 400 to 500° Celsius and depths of about 8 to 50 kilometres.
Greenstone	A general name for rocks, generally mafic or ultramafic, that comprise, or a derived from, a greenstone belt.
Greenstone belt	A belt containing variably metamorphosed ultramafic to mafic to felsic volcanic rock sequences and associated sedimentary rocks hosted within granitoids and granitoid gneisses of stable Precambrian cratons. The rocks in the belt are commonly green.
Greywacke	A variety of dark, hard sandstone containing poorly-sorted, angular grains of quartz, feldspar, and small rock fragments or lithic fragments set in a compact, fine clay matrix.
Hanging Wall	The overlying side of a fault, orebody or stope.
High Magnesian Basalt	A basalt with a higher proportion of magnesium than tholeiitic basalts, but less than that usually attributed to komatiites.
Igneous	A rock formed by congealing from a molten state.
Komatiite	Magnesium-rich mafic to ultramafic extrusive rock.
Laterite	A term with the general connotation of an iron-rich weathered rock product, generally with an emphasis on tropical weathering conditions.
Laterite Profile	A vertical sequence of regolith facies that includes, from the bottom up, bedrock, saprock, saprolite, plasmic zone, mottled zone or ferruginous saprolite and lateritic residuum (lateritic duricrust, lateritic gravel).
Lineation	Any linear arrangement of features found in a rock.
Lithology	A classified rock type based on a description of its mineral composition, grain size, structure, colour as well as component parts.

Litho-stratigraphy	The systematic description of rocks that define a given stratigraphic rock package or setting.
Lode	A mineral deposit consisting of a zone of veins, veinlets, disseminations or planar breccias.
Mafic	A descriptive term for a rock or mineral with a moderate to high magnesium and iron content and corresponding low silica content.
Magnetic	A mineral, rock, object, area or locale possessing the properties of a magnet.
Magnetic anomaly	The value of the local magnetic field remaining after the subtraction of the dipole portion of the Earth's field. In this report it refers to a distinctive magnetic feature identified in airborne magnetic data.
Massive sulfide	A rock comprised of 50-100% sulfides.
Mesothermal	An environment of mineral formation at considerable depth within the Earth's crust where temperature lies in the range of 200 to 300°C.
Metabasalt	Metamorphosed basalt.
Metagabbro	Metamorphosed gabbro.
Metamorphic	The mineralogical, structural and chemical changes induced within solid rock through the actions of heat, pressure or the introduction of new chemicals.
Metasediment	Metamorphosed sediment.
Metavolcanics	Metamorphosed volcanic rock.
Monzodiorite	A coarse-grained, intermediate igneous rock comprised of sodic-calcic plagioclase, orthoclase and mafic minerals that is intermediate in composition between monzonite and diorite.
Oblique Reverse Fault	A fault that combines some strike slip motion with some reverse-slip motion.
Outcrop	A segment of bedrock exposed to the atmosphere.
Overburden	The loose soil, silt, sand, gravel, or other unconsolidated material overlying bedrock, either transported or formed in place.
Peridotite	A general term for intrusive ultramafic igneous rocks dominantly consisting of olivine and lacking feldspar.
Porphyry	A variety of intrusive igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed in a fine-grained feldspathic matrix or groundmass. The larger crystals are called phenocrysts. The rocks are generally indicative of emplacement at shallow levels within the earth's crust.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
RAB Drilling	Rotary Air Blast. A relatively inexpensive and inaccurate drilling technique suitable for testing poorly consolidated or weathered rocks. The sample is brought to the surface by compressed air from outside the drill rods.
Reef	A mineralized rock unit or structure containing economic concentrations of metal.
Regolith	Any in situ deeply weathered rock or transported sedimentary material lying on top of bedrock. It includes aeolian deposits, lake sediments, soil, alluvium, colluvium, cap rocks, laterite profiles and rock fragments weathered from the bedrock.
Reverse Circulation Drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
Reverse Fault	A fault with reverse-slip motion. Synonymous with thrust fault.
Rheology	The study of the deformation (change in form) and the flow of matter, embracing elasticity, viscosity, and plasticity.
Rheological contrast	The contrasting ability of different rock types to deform and flow relative to one another when subjected to pressure and temperature.
Rock chip sampling	The collection of representative samples of rock fragments within a limited area.

Sandstone	A detrital sedimentary rock composed of grains from 1/16 to 2 millimetres in diameter, dominated in most sandstones by quartz, feldspar, and rock fragments, bound together by a cement of silica, carbonate, or other minerals or a matrix of clay minerals.
Saprock	Compact, slightly weathered rock with low porosity; defined as having less than 20% of its minerals weathered.
Saprolite	Weathered bedrock in which 20-100% of the minerals are weathered, generally mostly to clays and iron oxides, and the fabric of the parent rock is retained.
Schist	A metamorphic rock characterised by strong foliation or schistosity. Schistose rock type usually named along with major mineral components, eg, tremolite-chlorite schist.
Sediment	A rock formed by the accumulation and cementation of mineral grains transported by wind, water, or ice to the site of deposition or chemically precipitated at the depositional site.
Shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
Shear	The deformation and dislocation of rocks, primarily by ductile plastic means, in response to applied stresses during high heat and pressure conditions.
Skarn	A rock of complex mineralogical composition, formed by contact metamorphism and metasomatism of carbonate rocks.
Silcrete	Silica-rich indurated regolith. Commonly forms a caprock.
Sill	A sheet of igneous rock which is flat-lying or has intruded parallel to strata.
Siltstone	A sediment comprised of silt-sized clastic particles.
Sinistral	Lateral movement on a fault whereby the far side block moves to the left, relative to the near side.
Soil sampling	The determination of relative or absolute abundances of elements in soil.
Spinifex Texture	An unusual volcanic texture consisting of very coarse needle-like olivine or pyroxene crystals forming a distinctive criss-crossing pattern. A texture common to, and often diagnostic of, Archean komatiite volcanic sequences.
Stope	Underground excavations where the ore body is extracted on the plane of the reef.
Stoping	The process of mining the ore body on the plane of the reef.
Stockwork	A network of closely spaced small veins and/or fractures in a rock body, commonly filled by quartz and calcite and sometimes economic minerals.
Stratigraphy	The science of the description, correlation, and classification of strata in sedimentary rocks, including the interpretation of the depositional environments of those strata.
Strike	The horizontal line contained in any planar feature (inclined bed, dike, fault plane, etc.); also the geographic direction of this horizontal line. Measured as the angle between True North and the horizontal line.
Strike Length	The horizontal distance along the long axis of a structural surface, rock unit, mineral deposit or geochemical anomaly.
Structure	The three dimensional arrangement and geometry of geological contacts, discontinuities and deformation features, such as bedding, stratification, joints, faults, shear zones, dykes, plutons, folds, foliation and lineation.
Subcrop	Bedrock fragments on the surface in an area of thin overburden.
Supergene	Mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
Synform	A downward-curving fold, with layers that dip toward the centre of the structure.
Synclorium	A concave downward circular to elliptical bowl-shaped fold, with layers that dip toward the centre of the structure.

Tectono-structural	The movements and deformation of the crust on a large scale, including regional uplift and subsidence of the earth's crust, metamorphism, folding, faulting and plate tectonics.
Tholeiite	A type of basalt, comprised essentially of dominated by clinopyroxene plus plagioclase and characterised by very little sodium compared with other basalts.
Thrust fault	A reverse dip-slip fault, generally at low angle, in which the upper block above the fault plane moves up and over the lower block.
Ultramafic	An intrusive and extrusive igneous rock consisting dominantly of ferromagnesian mafic minerals, containing less than 10 percent feldspar. Includes dunite, peridotite, hornblendite, and pyroxenite.
Vein	A distinct sheet-like body of crystallized minerals within a rock.
Volcanic	Igneous rock produced by eruption and solidified on or near the earth's surface. Includes rhyolite, andesite, basalt, volcaniclastic rocks and volcanic glass (obsidian).
Volcaniclastic	A sediment containing volcanic material.
Wacke	A variety of dark, hard sandstone containing poorly-sorted, angular grains of quartz, feldspar, and small rock fragments or lithic fragments set in a compact, fine clay matrix.

JORC Code, 2012 – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> It is believed by the nature of the data presented in the historic reports that the soil sampling, rock chip sampling, auger sampling, RAB, Air core, reverse circulation and diamond drill core sampling have been taken using industry standard practices, however details of the methodology have largely not been documented in the historic reports used to compile this document. Where referenced, all samples have been assayed by either Ultratrace, ALS, Analabs or Genalysis laboratories, in Perth, Western Australia.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Auger Rotary air blast Air Core Reverse Circulation Diamond core drilling. It is not known if the diamond core was orientated.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> For the most part this has not been documented in the historic reports

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> All drill holes have been geologically logged in their entirety. The geological logging is qualitative in nature No core photography has been located
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> It is believed that industry standard practices have been used, however details of the methodology have largely not been documented in the historic reports used to compile this document.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Previous explorers employed Ultratrace, ALS, Analabs or Genalysis laboratories, in Perth for assay and utilized both aqua regia and fire assay techniques for determinations. These are considered appropriate for the metals being investigated. Previous explorers did not document any additional QC procedures. Assay laboratory job references are included in sample metadata and it may be possible to review primary lab QC data.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Not documented in historic reporting
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used 	<ul style="list-style-type: none"> Generally, the methods used for the location of drill collars, costeans etc is not documented in the historic

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> reports. • All data points have been located in the MGA94 Zone 51 datum • The quality and adequacy of topographic control is not known
Data spacing and distribution	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied. 	<ul style="list-style-type: none"> • Reporting of all of the historic exploration data spacing is not practicable in this report. Standard industry practices were employed. • Drill hole data spacing and distribution at the Porphyry North prospect at the Red Gate Project is sufficient to calculate a mineral resource. Elsewhere the exploration data spacing is not sufficient for this purpose. • Sample compositing was applied to soil samples taken by Millennium Minerals over the Middle Creek Project.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • The data presented in the historic reports have been taken using industry standard practices, which aims to produce unbiased sampling.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Not documented in historic reporting
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • Not documented in historic reporting

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Included in the Report
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Included in the Report
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Included in the Report
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar; elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar; dip and azimuth of the hole; down hole length and interception depth; hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Reporting of all of the historic drilling is not practicable. Where significant intersections are referred to in the report the location data has been tabulated.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No weighting averages or cutting of grades have been used. A maximum of 2 m of internal dilution is accepted in calculating drilling intersections where reported. Minimum intervals of over 1 g/t gold are reported. No metal equivalents have been used.
Relationship between mineralisation	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is 	<ul style="list-style-type: none"> Standard industry practice has been employed were all drilling, costeaning, and surface geochemical sampling has been planned to test the target as close

Criteria	JORC Code explanation	Commentary
widths and intercept lengths	<p>known, its nature should be reported.</p> <ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<p>to perpendicular to its strike as practicable.</p> <ul style="list-style-type: none"> In general, down hole lengths are reported here and true widths are not known.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Included in the Report
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Comprehensive reporting of all Exploration Reports is not practicable.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Included in the Report
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Included in the Report

6. LEGAL REPORT ON TENEMENTS

31 October 2016

The Directors
Blackstone Minerals Limited
288 Churchill Avenue
SUBIACO WA 6008

Dear Sirs

**Blackstone Minerals Limited ACN 614 534 226
Legal Report on Mining Tenements**

This report has been prepared for inclusion in the prospectus (**Prospectus**) to be issued by Blackstone Minerals Limited ACN 614 534 226 (**Company**) on or about 31 October 2016 for the offer of up to 20,000,000 fully paid ordinary shares in the Company (**Shares**) at \$0.20 each to raise up to \$4,000,000, with a minimum subscription of \$3,500,000 (**Offer**).

1. Introduction and scope

- 1.1. We have been instructed by the Company to prepare this report in respect of mining tenements (including applications) in which the Company intends to have an interest in at the time of listing on the ASX (**Tenements**).
- 1.2. Details of the Tenements are listed in the attached Schedule of Tenements (**Schedule**) which, together with the notes to the Schedule (**Notes**), forms part of this report.
- 1.3. All of the Tenements are located in Western Australia and are identified in the Schedule.

2. Searches

- 2.1. We have conducted the following searches of information available on public registers in respect of the Tenements (**Searches**):
 - (a) searches of the Tenements in the registers maintained by the Western Australian Department of Mines and Petroleum (**DMP**) on 5 October 2016 and updated on 27 October 2016 (**Tenement Searches**);
 - (b) quick appraisal searches of DMP's electronic register on 27 October 2016 (**DMP Appraisals**);

- (c) native title searches of the registers maintained by the National Native Title Tribunal (**NNTT**) on 13 October 2016 and updated on 27 October 2016 (**Native Title Searches**); and
 - (d) Aboriginal heritage site searches on the Register of Aboriginal Sites maintained by the Western Australian Department of Aboriginal Affairs (**DAA**) on 14 October 2016 and updated on 26 October 2016 (**WA Heritage Searches**).
- 2.2. In addition, we have cross checked the DMP Appraisals against the Native Title Searches.
- 2.3. We have assumed that the information in the registers maintained by the DMP, DAA and NNTT is accurate. The references in the Schedule to the areas of the Tenements are taken from details shown on the electronic registers of DMP, DAA and NNTT. No survey was conducted to verify the accuracy of the Tenement areas.
- 2.4. We have further assumed that the various parties' signatures on all material agreements relating to the Tenements provided to us are authentic, and that the agreements are and were within the capacity and powers of those who executed them. We assume that all of the agreements were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements of the parties to each of them concerning their respective subject matters.

3. **Opinion**

- 3.1. As a result of the Searches, but subject to the assumptions and qualifications set out in this report, we are of the view that, as at the date of the relevant Searches, this report provides an accurate statement as to:
- (a) (**Tenements**) Black Eagle's (defined below) interests in the Tenements;
 - (b) (**Good standing**) the validity and good standing of the Tenements;
 - (c) (**Conditions**) the conditions which apply to the Tenements; and
 - (d) (**Third party interests**) third party interests, including encumbrances, in relation to the Tenements.

4. **Executive Summary**

- 4.1. The Company intends to acquire 100% of the issued share capital in Black Eagle (WA) Pty Ltd ACN 600 818 157 (**Black Eagle**) (thereby making it a wholly owned subsidiary) through a share purchase agreement summarised in Section 8.1 of the Prospectus.

Red Gate Project

- 4.2. The Red Gate Project comprises exploration licence E 31/1096. Our Tenement Searches indicate that the Red Gate Project is registered in the

name of Downtown Holdings Pty Ltd ACN 163 141 491 (**Downtown**). Black Eagle and Downtown entered into an agreement dated 10 August 2016 under which Black Eagle can earn an 80% interest in the Red Gate Project. In order to acquire the interest the Company must issue 1,000,000 New Options to Downtown upon listing on the ASX and Black Eagle must keep the Red Gate Project in good standing until 20 January 2019. The key terms of the agreement are set out in Section 8.2 of the Prospectus.

- 4.3 Black Eagle's interest in the Red Gate Project is not currently protected by a caveat lodged with the DMP. Under the Mining Act a holder of an interest in a mining tenement may only lodge a caveat to protect its interest if there is an agreement which provides that either party may lodge a caveat against the tenement forbidding the registration of a dealing or surrender affecting the tenement or interest in question. The agreement in respect of the Red Gate Project does not contain a provision allowing for the lodgement of a caveat over the Red Gate Project. Accordingly, there is a risk that a dealing (such as a mortgage or transfer) may occur with respect to Black Eagle's interest in the Red Gate Project without Black Eagle being notified. The Company has informed us that it intends to take steps to lodge a caveat to protect its interests with respect to the Red Gate Project prior to, as soon as reasonably practicable after, listing on the ASX.

Middle Creek Project

- 4.4 Black Eagle is the registered holder of prospecting licence applications P 46/1900, P 46/1901, P 46/1902, P 46/1903, P 46/1904, P 46/1905, P 46/1906, P 46/1907, P 46/1908, P 46/1909, P 46/1910, P 46/1911, P 46/1912, P 46/1913, P 46/1914, P 46/1915, P 46/1916, P 46/1917, P 46/1918, P 46/1919 and P 46/1920 (**Middle Creek Project**).
- 4.5 Black Eagle is party to an agreement with Peter Taylor and Wendy Taylor trading as Ellesmere Geological Services ABN 56 871 649 954 (**Ellesmere**) under which Black Eagle assigned a 5% free carried interest in the Middle Creek Project to Ellesmere up until a bankable or definitive feasibility study (whichever is first) is completed. The key terms of the agreement are set out in Section 8.3.

Silver Swan South Project

- 4.6 Black Eagle is the registered holder of prospecting licences P 27/2191, P 27/2192, P 27/2193, P 27/2194, P 27/2195 and P 27/2196 and the exploration licence application E 27/545 (**Silver Swan South Project**).

Additional Applications

- 4.7 Black Eagle is the registered holder of prospecting licence applications P 63/2032, P 63/2033, P 63/2034, P 63/2035, P 63/2036, and P 63/2037 (**Additional Applications**). The Company does not currently consider the Additional Applications to be of material value. Accordingly, the Company has not factored the Additional Applications into its valuation when determining the terms of the Offer. Despite this the Additional Applications have been included in this report.

5. Mining tenements and applications in Western Australia

5.1. The Tenements include exploration licences and prospecting licences granted or applied for under the *Mining Act 1978 (WA)* (**Mining Act**). The following is an overview of the nature and key terms of these types of tenements as set out in the Mining Act.

5.2. Exploration licence

- (a) (**Overview**) An exploration licence granted under the Mining Act empowers the holder to enter the land the subject of the exploration licence and undertake operations for the purposes of exploring for minerals including extracting up to 1,000 tonnes of material from the ground.
- (b) (**Term**) An exploration licence remains in force for 5 years from the date of grant with the possibility of applying for an extension under the Mining Act.
- (c) (**Area**) An exploration licence must not be granted in respect of an area which is greater than 70 blocks, unless otherwise designated by the Minister of Mines and Petroleum (WA) (**DMP Minister**).
- (d) (**Expenditure**) The holder of an exploration licence is required to spend certain amounts upon exploration activities during the term. If these expenditure obligations are not met, the exploration licence may be forfeited.
- (e) (**Transfer**) Once an exploration licence has been granted, it cannot be transferred during the first year of its term without the tenement holder obtaining the consent of the DMP Minister.
- (f) (**Conversion**) The holder of an exploration licence has, subject to the Mining Act, the right to apply for and to have granted a mining lease over the land the subject of the exploration licence.
- (g) (**Black Eagle's interests**) Black Eagle does not currently hold an interest in E 31/1096, which is more fully described in the Schedule, however it holds a right to earn an 80% interest in E 31/1096 in accordance with the agreement summarised in section 8.2 of the Prspectus.

5.3. Exploration licence application

- (a) (**Overview**) An exploration licence application gives the applicant no title to land or any exclusive rights relating to the land the subject of the application. If an exploration licence is successful the DMP Minister will grant an exploration licence to the applicant.
- (b) (**Grant**) For there to be a valid grant the procedures outlined in sections 10 and 11 of this report must have been followed. Once an exploration licence has been granted it cannot be transferred during

the first year of the term of the licence without the tenement holder obtaining the consent of the DMP Minister.

- (c) **(Black Eagle's interests)** Black Eagle has acquired a 100% interest in E 27/545, which is more fully described in the Schedule.

5.4. **Prospecting licence**

- (a) **(Overview)** A prospecting licence granted under the Mining Act empowers the holder to enter the land the subject of the prospecting licence and undertake operations for the purposes of prospecting for minerals.
- (b) **(Term)** A prospecting licence remains in force for 4 years from the date of grant with the possibility of applying for an extension under the Mining Act.
- (c) **(Area)** A prospecting licence must not be granted in respect of an area which is greater than 200 hectares.
- (d) **(Expenditure)** The holder of a prospecting licence is required to spend certain amounts upon prospecting activities during the term. If these expenditure obligations are not met, the prospecting licence may be forfeited.
- (e) **(Conversion)** The holder of a prospecting licence has, subject to the Mining Act, the right to apply for and to have granted a mining lease over the land the subject of the prospecting licence.
- (f) **(Black Eagle's interests)** Black Eagle has a 100% interest in the following prospecting licences, which are more fully described in the Schedule:
 - (i) P 27/2191;
 - (ii) P 27/2192;
 - (iii) P 27/2193;
 - (iv) P 27/2194;
 - (v) P 27/2195; and
 - (vi) P 27/2196.

5.5. **Prospecting licence application**

- (a) **(Overview)** A prospecting licence application gives the applicant no title to land or any exclusive rights relating to the land the subject of the application. If a prospecting licence application is successful the DMP Minister will grant a prospecting licence to the applicant.

- (b) **(Grant)** For there to be a valid grant the procedures outlined in section 10 and 11 below must have been followed. Once a prospecting licence has been granted it cannot be transferred during the first year of the term of the license without the tenement holder obtaining ministerial consent.
- (c) **(Black Eagle's interests)** Black Eagle has a 95% interest in the following prospecting licence applications, which are more fully described in the Schedule:
- (i) P 46/1900;
 - (ii) P 46/1901;
 - (iii) P 46/1902;
 - (iv) P 46/1903;
 - (v) P 46/1904;
 - (vi) P 46/1905;
 - (vii) P 46/1906;
 - (viii) P 46/1907;
 - (ix) P 46/1908;
 - (x) P 46/1909;
 - (xi) P 46/1910;
 - (xii) P 46/1911;
 - (xiii) P 46/1912;
 - (xiv) P 46/1913;
 - (xv) P 46/1914;
 - (xvi) P 46/1915;
 - (xvii) P 46/1916;
 - (xviii) P 46/1917;
 - (xix) P 46/1918;
 - (xx) P 46/1919; and
 - (xxi) P 46/1920.

Further Black Eagle has acquired a 100% interest in the following prospecting licence applications, which are more fully described in the Schedule:

- (i) P 63/2032;
- (ii) P 63/2033;
- (iii) P 63/2034;
- (iv) P 63/2035;
- (v) P 63/2036; and
- (vi) P 63/2037.

6. Tenement conditions and forfeiture

- 6.1. Mining tenements in Western Australia are granted subject to various standard conditions prescribed by the Mining Act and the *Mining Regulations 1981* (WA) including payment of annual rent, minimum expenditure requirements, reporting requirements and standard environmental conditions. Further, conditions may be imposed by the DMP Minister in respect of a particular mining tenement (such as restrictions on mining or access to certain reserves).
- 6.2. The endorsements and conditions for each Tenement are set out in Part 2 of the Notes.
- 6.3. If a tenement holder fails to comply with the terms and conditions of a tenement, the warden of mines (WA) (**Warden**) or the DMP Minister (as applicable) may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain cases, a third party can institute administrative proceedings under the Mining Act before the Warden seeks forfeiture of the tenement.
- 6.4. In the case of a failure to comply with the annual minimum expenditure requirements, the tenement holder can apply to the DMP for an exemption. In addition, a third party can object to an application for exemption from expenditure. If an exemption application is refused then it is open to the Warden or DMP Minister (as applicable) to impose a fine or make an order for forfeiture.
- 6.5. The DMP Searches do not show any forfeiture notices in respect of any of the Tenements.

7. Objections

- 7.1 All mining tenement applications are subject to a 35 day objection period. If there is no objection to a tenement application during the 35 day period the mining registrar makes a recommendation to the DMP Minister, who makes the final decision whether or not to grant the application. In most cases,

applications are also subject to the “future act” procedures under the *Native Title Act 1993* (Cth) (**NTA**) (see section 11.2 of this Report).

- 7.2 If an objection to a tenement application is lodged, the matter will be referred to the Warden for a hearing. At the conclusion of the hearing, the Warden makes a recommendation to the DMP Minister for grant or refusal of the tenement.
- 7.3 Alternatively, the tenement applicant may seek to settle the conflict underlying the objection directly with the person lodging the objection, such that the objector agrees to withdraw their objection.
- 7.4 The timeframe for resolving objections varies on a case by case basis and will depend on a range of factors including the complexity of the hearing and whether the parties are able to settle the conflict by mutual consent prior to the conclusion of the hearing.
- 7.5 The DMP Minister will then determine the application after all other matters have been finalised, including any of the native title procedures outlined in sections 10 and 11 of this report. The DMP Minister may grant or refuse the application irrespective of the Warden's recommendation.
- 7.6 The Tenement Searches indicate that objections have been lodged in respect of the Company's applications for the following Tenements:
 - (a) P 46/1900;
 - (b) P 46/1902;
 - (c) P 46/1903;
 - (d) P 46/1904;
 - (e) P 46/1913;
 - (f) P 46/1914;
 - (g) P 46/1915;
 - (h) P 46/1916;
 - (i) P 46/1917;
 - (j) P 46/1919;
 - (k) P 46/1920; and
 - (l) E 27/545.
- 7.7 Details of the objections are set out in Part 1 of the Notes.
- 7.8 The objections will need to be resolved before the applications may be granted. In the event that the Company proceeds to defend the objections, it

is likely to incur costs (including, in particular, legal costs) in doing so. These costs may be mitigated if the Company is able to agree to a resolution with the objectors.

- 7.9 If the Company is not able to resolve the dispute the subject of the objections there is a risk that the objections will be upheld and that the Tenements may not be granted.

8. Aboriginal sites

8.1. Commonwealth legislation

- (a) The Tenements are subject to the provisions of the *Aboriginal and Torres Strait Islander Heritage Protection Act (1984)* (Cth) (**Commonwealth Heritage Act**).
- (b) The Commonwealth Heritage Act contains provisions designed to preserve and protect from injury or desecration, areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with Aboriginal tradition.
- (c) The Commonwealth Minister for Indigenous Affairs may make a declaration to preserve an Aboriginal area or site of significance. Such declarations may be permanent or interim and have the potential to interfere with mining or exploration activities. Failure to comply with a declaration is an offence under the Commonwealth Heritage Act.

8.2. Western Australian legislation

- (a) The *Aboriginal Heritage Act 1972* (WA) (**WA Heritage Act**) applies to the Tenements as they are located in Western Australia. This Act makes it an offence, among other things, to alter or damage an Aboriginal site or object on or under an Aboriginal site.
- (b) An Aboriginal site is defined under the WA Heritage Act to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent.
- (c) An Aboriginal site may be registered under the WA Heritage Act, but registration is not required. In fact there is no requirement or need for an Aboriginal site to be registered in any public manner or, indeed, to be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site under the WA Heritage Act. Tenement holders customarily consult with Aboriginal traditional owners of the tenement land and undertake Aboriginal heritage surveys to ascertain whether any Aboriginal sites exist and to avoid inadvertent disruption of these sites.
- (d) The WA Heritage Searches indicate that E 31/1096 is subject to a registered Aboriginal heritage site. The details of this site is set out in Part 3 of the Notes. There may also be other unregistered Aboriginal heritage sites on the Tenements.

- (e) In order to engage in any activity that may interfere with an Aboriginal site, the tenement holder must obtain the consent of the Minister for Aboriginal Affairs (WA) (**DAA Minister**) pursuant to section 18 of the WA Heritage Act. This requires submissions from the tenement holder to the DAA on the proposed activities, the possible impact on the Aboriginal sites, any negotiations conducted with Aboriginal traditional owners of the lands and any measures that will be taken to minimise the interference.
- (f) The DAA Minister will seek a recommendation from the Aboriginal Cultural Material Committee prior to making any determination under section 18 of the WA Heritage Act.
- (g) The tenement holder must ensure that any interference with any Aboriginal sites that affect the Tenements strictly conforms to the provisions of the WA Heritage Act, including any conditions set down by the DAA Minister, as it is otherwise an offence to interfere with such sites.

9. Native title legislation

- 9.1. The existence of native title at common law was first recognised in *Mabo v Queensland (No. 2)* (1992) 175 CLR 1 (**Mabo Case**), a decision of the High Court of Australia made on 3 June 1992. In general, native title rights to land will be recognised where:
 - (a) the claimants can establish that they have maintained a continuous connection with the land in accordance with their traditional laws and customs since British settlement in 1788; and
 - (b) the native title rights have not been lawfully extinguished.
- 9.2. The High Court held in the Mabo Case that native title rights can be lawfully extinguished by certain government legislation and executive actions which are not inconsistent with native title. In order for extinguishment to be lawful the extinguishment must comply with the obligations imposed by the *Racial Discrimination Act 1975* (Cth).
- 9.3. After the Mabo Case, considerable uncertainties existed about the validity of proprietary rights in Australia, including mining tenements. To address those uncertainties the Commonwealth Parliament responded by passing the NTA.
- 9.4. The NTA came into effect in January 1994 and was substantially amended in 1998 in response to the decision of the High Court in *The Wik Peoples v State of Queensland* (1996) 197 CLR 1 (**Wik Case**). The Wik Case recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with the rights under a pastoral lease.
- 9.5. In summary, the NTA:
 - (a) provides for recognition and protection of native title;

- (b) sets up mechanisms for determining claims for native title such as the “right to negotiate” which allows native title claimants to be consulted in relation to certain mining and other developments;
 - (c) makes valid certain “past acts” which would otherwise be invalidated because of native title;
 - (d) establishes ways in which “future acts” affecting native title (e.g. the granting of mining tenement applications and converting exploration licences and prospecting licences to mining leases) may proceed and how native title rights are protected, including rights to compensation; and
 - (e) provides a process by which claims for native title and compensation can be determined.
- 9.6. The Western Australian Parliament passed its own legislation, the *Land (Title and Traditional Usage) Act 1993 (WA)* (**WA Act**) prior to the NTA. On 16 March 1995 the High Court found that the WA Act was invalid, and accordingly that Western Australia must comply with the NTA.
- 9.7. The High Court decision in *The State of Western Australia v Ward* (2002) HCA 28 (8 August 2002) established that where tenure such as a pastoral lease is granted, native title is extinguished to the extent that it is inconsistent with the rights conferred by the pastoral lease.

10. Native title claims

10.1. Procedure

- (a) Persons claiming to hold native title land may lodge an application for determination of native title with the Federal Court of Australia. Once a native title claim has been lodged, the Court will refer the application to the Native Title Registrar. The Native Title Registrar must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other requirements set out by the NTA.
- (b) If the Native Title Registrar is satisfied the lodged claim meets the registration requirements set out in the NTA (**Registration Test**), it will be entered on the Register of Native Title Claims (**Register**) maintained by the NNTT. Claimants of registered claims are afforded certain procedural rights under the NTA including the “right to negotiate”.
- (c) Claims which fail to meet the Registration Test are recorded on the NNTT’s Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test.
- (d) Existing pastoral leases on land the subject of the Tenements extinguish the right of native title claimants to control the land, restrict access to the land and require permission for acts to be done.

- (e) Where the Tenements relate to land which is currently the subject of a determined native title claim, the determination may provide that, in respect of the determination area, there is no native title right or interest in minerals as defined by the Mining Act.
- (f) We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that the native title determination may be challenged, or the possibility of any further claims being made in the future.

10.2. Registered claims and determinations

- (a) The Tenement Searches indicate that the following Tenements are subject to a registered native title determination:
 - (i) P 63/2032;
 - (ii) P 63/2033; and
 - (iii) P 63/2037.
- (b) The details of the determination are set out in Part 3 of the Notes.
- (c) These Tenements comprise part of the Additional Applications. The Company does not currently consider the Additional Applications to be material. Accordingly, the Company has not factored the Additional Applications into its valuation when determining the terms of the Offer. Therefore the native title determination is not currently considered by the Company to be immaterial.

11. Validity of the Tenements

11.1. Tenements granted since 23 December 1996

- (a) Mining tenements granted since 23 December 1996 which affect native title rights and interests will be valid provided that the “future act” procedures set out in section 11.2 below were followed by the relevant parties.
- (b) As the Company has not been party to native title proceedings or negotiations, we have assumed that the relevant NTA procedures were followed in relation to each Tenement for the purposes of this Report. We further note that we are not aware of any reason why the Tenements would be regarded as having not been validly granted.

11.2. Future tenement grants

- (a) Right to negotiate
 - (i) The valid grant of any mining tenement which may affect native title requires full compliance with the provisions of the NTA in addition to compliance with the usual procedures under the relevant State or Territory mining legislation. The primary

procedure prescribed under the NTA is the “right to negotiate” process.

- (ii) The right to negotiate process involves publishing or advertising a notice of the proposed grant of a tenement followed by a 6 month period of negotiation between the State or Territory Government, the tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the NNTT, which has a further 6 months to reach a decision. The decision of the NNTT may be reviewed by the relevant Commonwealth Minister.

(b) Indigenous land use agreements

- (i) The right to negotiate process does not have to be pursued in cases where an indigenous land use agreement (**ILUA**) is negotiated with the relevant native title claimants and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the relevant mining tenement. These procedures will vary depending on the terms of the ILUA.
- (ii) An ILUA will generally contain provisions in respect of what activities may be conducted on the land the subject of the ILUA, and the compensation to be paid to the native title claimants for use of the land.
- (iii) Our Searches indicate that none of the Tenements are subject to ILUAs.

(c) Expedited procedure

- (i) The right to negotiate process is not required to be followed in respect of a proposed future act in instances where the “expedited procedure” under the NTA applies.
- (ii) The expedited procedure applies to a future act under the NTA if:
 - (A) the act is not to interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
 - (B) the act is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of the native title in relation to the land; and
 - (C) the act is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

- (iii) When the proposed future act is considered to be one that attracts the expedited procedure, persons have until 3 months after the notification date to take steps to become a native title party in relation to the relevant act (e.g. the proposed granting of an exploration licence).
- (iv) The future act may be done unless, within 4 months after the notification day, a native title party lodges an objection with the NNTT against the inclusion of a statement that the proposed future act is an act attracting the expedited procedure.
- (v) If an objection to the relevant future act is not lodged within the 4 month period, the act may be done. If one or more native title parties object to the statement, the NNTT must determine whether the act is an act attracting the expedited procedure. If the NNTT determines that it is an act attracting the expedited procedure, the State or Territory may do the future act (i.e. grant a mining tenement).

12. Renewals and extensions

- 12.1. Renewals of mining tenements granted after 23 December 1996 are subject to the same right to negotiate process as is described in section 11.2(a) above.
- 12.2. However, an exception exists for renewals of mining tenements made after 23 December 1996 when the mining tenement was validly granted before that date. Such a renewal will not be subject to the right to negotiate process under the NTA provided that:
 - (a) the area to which the earlier right is made is not extended;
 - (b) the term of the new right is not longer than the term of the earlier right; and
 - (c) the rights to be created are not greater than the rights conferred by the earlier grant.
- 12.3. There is doubt as to whether the right to negotiate process applies to second and subsequent renewals but this matter is yet to be determined by the Courts.
- 12.4. The DMP Searches indicate that none of the Tenements are renewals of mining tenements granted prior to 23 December 1996.

13. Crown land

- 13.1 The land the subject of the Tenements overlaps Crown land as set out in the table below.

Tenement	Crown land	Overlap
P 63/2032	Vacant Crown Land	89.6%

P 63/2033	Vacant Crown Land	85.8%
P 63/2035	Vacant Crown Land	< 0.1%
P 63/2035	Vacant Crown Land	90.4%

13.2 The Mining Act:

- (a) prohibits the carrying out of prospecting, exploration or mining activities on Crown land that is less than 30 metres below the lowest part of the natural surface of the land and:
- (i) for the time being under crop (or within 100 metres of that crop);
 - (ii) used as or situated within 100 metres of a yard, stockyard, garden, cultivated field, orchard vineyard, plantation, airstrip or airfield;
 - (iii) situated within 100 metres of any land that is an actual occupation and on which a house or other substantial building is erected;
 - (iv) the site of or situated within 100 metres of any cemetery or burial ground; or
 - (v) if the Crown land is a pastoral lease, the site of or situated within 400 metres of any water works, race, dam, well or bore not being an excavation previously made and used for purposes by a person other than the pastoral lessee,
- without the written consent of the occupier, unless the warden by order otherwise directs.
- (b) imposes restrictions on a tenement holder passing over Crown land referred to in section 13(a), including:
- (i) taking all necessary steps to notify the occupier of any intention to pass over the Crown land;
 - (ii) the sole purpose for passing over the Crown land must be to gain access to other land not covered by section 13(a) to carry out prospecting, exploration or mining activities;
 - (iii) taking all necessary steps to prevent fire, damage to trees, damage to property or damage to livestock by the presence of dogs, the discharge of firearms, the use of vehicles or otherwise; and

- (iv) causing as little inconvenience as possible to the occupier by keeping the number of occasions of passing over the Crown land to a minimum and complying with any reasonable request by the occupier as to the manner of passage.
- (c) requires a tenement holder to compensate the occupier of Crown land:
- (i) by making good any damage to any improvements or livestock caused by passing over Crown land referred to in section 13(a) or otherwise compensate the occupier for any such damage not made good; and
 - (ii) in respect of land under cultivation, for any substantial loss of earnings suffered by the occupier caused by passing over Crown land referred to in section 13(a).
- 13.3 The Warden may not give the order referred to in section 13(a) that dispenses with the occupier's consent in respect of Crown land covered by section 13(a)(iii). In respect of other areas of Crown land covered by the prohibition in section 13(a), the warden may not make such an order unless he is satisfied that the land is genuinely required for mining purposes and that compensation in accordance with the Mining Act for all loss or damage suffered or likely to be suffered by the occupier has been agreed between the occupier and the tenement holder or assessed by the warden under the Mining Act.
- 13.4 The Company may need to enter into access and compensation agreements with the occupiers of the Crown land upon commencement of exploration or prospecting activities.

14. Pastoral, historical and general leases

- 14.1 As set out in Part 3 of the Notes certain Tenements overlap with pastoral, historical and general leases.
- 14.2 The Mining Act:
- (a) prohibits the carrying out of mining activities on or near certain improvements and other features (such as livestock and crops) on Crown land (which includes pastoral, historical and general leases) without the consent of the lessee;
 - (b) imposes certain restrictions on a mining tenement holder passing through Crown land, including requiring that all necessary steps are taken to notify the occupier of any intention to pass over the Crown land and that all necessary steps are taken to prevent damage to improvements and livestock; and
 - (c) provides that the holder of a mining tenement must pay compensation to an occupier of Crown land (ie the lessee) in certain circumstances, in particular to make good any damage to improvements, and for any loss suffered by the occupier from that damage or for any substantial loss of earnings suffered by the

occupier as a result of, or arising from, any exploration or mining activities, including the passing and re-passing over any land.

- 14.3 We have been advised by the Company and the Company has confirmed that to the best of its knowledge it is not aware of any improvements and other features on the land the subject of the pastoral, historical or general leases which overlaps the Tenements which would require the Company to obtain the consent of the occupier or lease holder or prevent the Company from undertaking its proposed mining activities on the Tenements.
- 14.4 Upon commencing mining operations on any of the Tenements, the Company may need to consider entering into a compensation and access agreement with the lease holders to ensure the requirements of the Mining Act are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court determines compensation payable.
- 14.5 The DMP imposes standard conditions on mining tenements that overlay pastoral leases. It appears the Tenements incorporate the standard conditions.

15. Encroachments

- 15.1 Where an application is encroached upon by a live tenement, the application as granted will be for a tenement reduced by that amount of land which falls under the live tenement licence. The following Tenements are encroached or, if granted, will be encroached by other tenements:

Tenement	Encroaching tenement	Overlap
E 31/1096	L 31/8	< 0.1%
	L 31/17	< 0.1%
	L 31/18	< 0.1%
	L 31/23	< 0.1%
	L 31/24	< 0.1%
	L 31/25	0.1%
P 46/1900	L 46/89	1.9%
P 46/1903	L 46/90	1.0%
P 46/1904	L 46/90	0.1%
P 46/1913	L 46/90	2.0%
P 46/1914	L 46/90	2.6%
P 46/1915	L 46/90	7.5%

P 46/1916	L 46/90	2.5%
P 46/1917	L 46/90	2.7%
P 46/1919	L 46/113	1.2%
P 46/1920	L 46/113	0.6%
E 27/545	L 27/50	0.1%
	L 27/57	0.1%
	L 27/74	8.0%
	M 27/216	15.4%
	P 27/1809	1.4%
	P 27/1810	3.5%
	P 27/1811	4.4%
	P 27/2191	1.2%
	P 27/2194	L 27/50
L 27/83		0.2%
P 27/2195	L 27/83	2.1%
P 27/2196	L 27/50	0.1%
	L 27/83	2.1%
P 63/2037	L 63/74	0.1%

16. Compliance

- 16.1 The Company's interests in or rights in relation to the granted Tenements are subject to the holder continuing to comply with the respective terms and conditions of the granted Tenements under the provisions of the Mining Act, together with the conditions specifically applicable to any granted mining tenement.
- 16.2 The Searches that we have carried out in relation to the Tenements do not reveal any outstanding failures to comply with the conditions in respect of each of the Tenements.

17. Qualifications and assumptions

17.1 We note the following qualifications and assumptions in relation to this Report:

- (a) the information in the Schedule is accurate as at the date the relevant Searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of a Search and the date of this Report;
- (b) we have assumed that the registered holder of a Tenement has valid legal title to the Tenements, save to the extent that the DMP register is to be updated to reflect the Company's interests;
- (c) we have assumed that all Searches conducted are true, accurate and complete as at the time the Searches were conducted;
- (d) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our Searches and the information provided to us;
- (e) we have assumed that all instructions and information (including contracts), whether oral or written, provided to us by the Company, its officers, employees, agents or representatives is true, accurate and complete;
- (f) unless apparent from our Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (g) with respect to an application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (h) where any dealing in a Tenement has been lodged for registration but is not yet registered, we do not express any opinion as to whether that registration will be effected, or the consequences of non-registration;
- (i) with respect to the granting of the Tenements, we have assumed that the State, the claimant group and the applicant(s) for the Tenements have complied with, or will comply with, the applicable future act provisions in the NTA;
- (j) we have not researched the Tenements to determine if there are any unregistered Aboriginal sites located on or otherwise affecting the Tenements; and
- (k) in relation to the native title determinations and claims outlined in this Report, we do not express an opinion on the merits of such determinations and claims.

18. Consent

- 18.1 This Report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully

A handwritten signature in black ink that reads "Price Sierakowski". The signature is written in a cursive style with a large, sweeping initial "P" that loops back under the first few letters of the name.

PRICE SIERAKOWSKI

Schedule of Mining Tenements

To be read in conjunction with the abbreviations and notes at the end of the Schedule.

Tenement No.	Registered Holder or Applicant	Share Held	State	Application Date	Grant Date	Expiry Date	Area (hectares (ha) or blocks (bl))	Expenditure Commitments per Annum	Next Annual Rent	Encumbrances (Notes Part 1)	Endorsements and Conditions (Notes Part 2)	Native Title, Aboriginal Heritage Sites and Encroachments (Notes Part 3)
Red Gate Project ¹												
E 31/1096	Downtown Holdings Pty Ltd	100%	WA	26/02/2015	20/01/2016	20/02/2021	49 bl	\$49,000	\$6,345.50	1	1 – 6, 9 – 13, 17 21 - 22	AHS – 1 ELR – 1, 2, 3
Middle Creek Project												
P46/1900	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	198.15 ha	-	-	2	-	NT – 1
P46/1901	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.40 ha	-	-	-	-	NT – 1
P46/1902	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	197.12 ha	-	-	2	-	NT – 1
P46/1903	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	186.80 ha	-	-	2	-	NT – 1
P46/1904	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.08 ha	-	-	2	-	NT – 1

Tenement No.	Registered Holder or Applicant	Share Held	State	Application Date	Grant Date	Expiry Date	Area (hectares (ha) or blocks (bl))	Expenditure Commitments per Annum	Next Annual Rent	Encumbrances (Notes Part 1)	Endorsements and Conditions (Notes Part 2)	Native Title, Aboriginal Heritage Sites and Encroachments (Notes Part 3)
P46/1905	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.26 ha	-	-	-	-	NT – 1
P46/1906	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.26 ha	-	-	-	-	NT – 1
P46/1907	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.82 ha	-	-	-	-	NT – 1
P46/1908	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.83 ha	-	-	-	-	NT – 1
P46/1909	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.62 ha	-	-	-	-	ELR – 4 NT – 1
P46/1910	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.83 ha	-	-	-	-	ELR – 4 NT – 1
P46/1911	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.60 ha	-	-	-	-	ELR – 4 NT – 1
P46/1912	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.75 ha	-	-	-	-	ELR – 4 NT – 1
P46/1913	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	199.75 ha	-	-	2	-	ELR – 4 NT – 1

Tenement No.	Registered Holder or Applicant	Share Held	State	Application Date	Grant Date	Expiry Date	Area (hectares (ha) or blocks (bl))	Expenditure Commitments per Annum	Next Annual Rent	Encumbrances (Notes Part 1)	Endorsements and Conditions (Notes Part 2)	Native Title, Aboriginal Heritage Sites and Encroachments (Notes Part 3)
P46/1914	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	184.50 ha	-	-	2	-	ELR – 4 NT – 1
P46/1915	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	127.59 ha	-	-	2	-	NT – 1
P46/1916	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	193.94 ha	-	-	2	-	NT – 1
P46/1917	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	133.38 ha	-	-	2	-	NT – 1
P46/1918	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	197.66 ha	-	-	-	-	NT – 1
P46/1919	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	153.53 ha	-	-	3	-	NT – 1
P46/1920	Black Eagle (WA) Pty Ltd	100%	WA	26/08/2016	-	-	192.16 ha	-	-	3	-	NT – 1, 2
Silver Swan South Project												
E 27/545	Black Eagle (WA) Pty Ltd	100%	WA	13/04/2015	-	-	13 bl	-	-	4 - 5	-	ELR – 5, 6, 7
P 27/2191	Black Eagle (WA) Pty Ltd	100%	WA	25/07/2014	18/07/2016	17/07/2020	46 ha	\$2,000	\$115.00	6	1 - 14	ELR – 6

Tenement No.	Registered Holder or Applicant	Share Held	State	Application Date	Grant Date	Expiry Date	Area (hectares (ha) or blocks (bl))	Expenditure Commitments per Annum	Next Annual Rent	Encumbrances (Notes Part 1)	Endorsements and Conditions (Notes Part 2)	Native Title, Aboriginal Heritage Sites and Encroachments (Notes Part 3)
P 27/2192	Black Eagle (WA) Pty Ltd	100%	WA	25/07/2014	18/07/2016	17/07/2020	189 ha	\$7,560	\$472.50	-	1 - 13	ELR - 6
P 27/2193	Black Eagle (WA) Pty Ltd	100%	WA	25/07/2014	18/07/2016	17/07/2020	150 ha	\$6,000	\$375.00	-	1 - 13	ELR - 6
P 27/2194	Black Eagle (WA) Pty Ltd	100%	WA	25/07/2014	18/07/2016	17/07/2020	153 ha	\$6,120	\$382.50	6	1 - 13, 15	ELR - 6
P 27/2195	Black Eagle (WA) Pty Ltd	100%	WA	25/07/2014	18/07/2016	17/07/2020	164 ha	\$6,560	\$410.00	6	1 - 13, 16	ELR - 6
P 27/2196	Black Eagle (WA) Pty Ltd	100%	WA	25/07/2014	18/07/2016	17/07/2020	172 ha	\$6,880	\$430.00	6	1 - 6, 9 - 13, 17 - 20	ELR - 6
Additional Applications												
P 63/2032	Black Eagle (WA) Pty Ltd	100%	WA	26/04/2016	-	-	199.74 ha	-	-	-	-	NT - 3
P 63/2033	Black Eagle (WA) Pty Ltd	100%	WA	26/04/2016	-	-	198.16 ha	-	-	-	-	NT - 3
P 63/2034	Black Eagle (WA) Pty Ltd	100%	WA	26/04/2016	-	-	177.52 ha	-	-	-	-	NT - 3
P 63/2035	Black Eagle (WA) Pty Ltd	100%	WA	26/04/2016	-	-	196.07 ha	-	-	-	-	NT - 3

Tenement No.	Registered Holder or Applicant	Share Held	State	Application Date	Grant Date	Expiry Date	Area (hectares (ha) or blocks (b))	Expenditure Commitments per Annum	Next Annual Rent	Encumbrances (Notes Part 1)	Endorsements and Conditions (Notes Part 2)	Native Title, Aboriginal Heritage Sites and Encroachments (Notes Part 3)
P 63/2036	Black Eagle (WA) Pty Ltd	100%	WA	26/04/2016	-	-	199.31 ha	-	-	-	-	NT – 3
P 63/2037	Black Eagle (WA) Pty Ltd	100%	WA	26/04/2016	-	-	182.73 ha	-	-	-	-	NT – 3

1. Black Eagle has entered into an agreement with Downtown Holdings, under which Black Eagle will earn an 80% interest in the Tenement if it keeps the Tenement in good standing until 20 January 2019, and the Company issues 1,000,000 New Options to Downtown Holdings upon listing. The key terms of the agreement are summarised in Section 8.2 of the Prospectus.

Notes**Part 1: Encumbrances**

1. An objection was lodged by Saracen Gold Mines Pty Ltd on 4 March 2015 (**Saracen**). This was subsequently withdrawn on 14 August 2015 as Downtown and Saracen entered into an access agreement. The agreement is on terms and conditions considered standard for agreements of this nature including the following:

Downtown covenants to:

- (a) not interfere with any activities situated upon the existing tenements or to obstruct Saracen's right to undertake activities;
 - (b) immediately clean up any contamination which occurs as a result of its activities on the affected area (i.e. the relevant Tenement(s));
 - (c) rehabilitate the affected area where land has been disturbed by its activities; and
 - (d) indemnify Saracen against any claims incurred by Saracen whether directly or indirectly by reason of any act or omission of Downtown in relation to the Affected Area.
2. An objection was lodged by Millennium Minerals Limited on 27 September 2016.
 3. An objection was lodged by Redstone Minerals Pty Ltd on 30 September 2016.
 4. An objection was lodged by Poseidon Nickel Atlantis Operations Pty Ltd on 1 May 2015.

5. An objection was lodged by Northern Star (Kanowna) Limited (**Northern Star**) on 18 May 2015. This was subsequently withdrawn on 13 July 2016 as Black Eagle and Northern Star entered into an access agreement. The agreement is on terms and conditions considered standard for agreements of this nature including the following:

Black Eagle covenants to:

- (a) not interfere with any activities situated upon the existing tenements or to obstruct Northern Star's right to undertake activities;
- (b) rehabilitate the affected area (i.e. the relevant Tenement(s)) where land has been disturbed by its activities; and
- (c) take out and maintain the certain insurance.

6. An objection was lodged by Northern Star on 14 August 2014. This was subsequently withdrawn on 13 July 2016 as Black Eagle and Northern Star entered into an access agreement. The agreement is on terms and conditions considered standard for agreements of this nature including the following:

Black Eagle covenants to:

- (a) not interfere with any activities situated upon the existing tenements or to obstruct Northern Star's right to undertake activities;
- (b) rehabilitate the affected area (i.e. the relevant Tenement(s)) where land has been disturbed by its activities; and
- (c) take out and maintain the certain insurance.

Part 2: Endorsements and Conditions

1. The Licencee's attention is drawn to the provisions of the Aboriginal Heritage Act, 1972 and any Regulations thereunder.
2. The Licencee's attention is drawn to the Environmental Protection Act 1986 and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.
3. The Licensee attention is drawn to the provisions of the:
 - Waterways Conservation Act, 1976
 - Rights in Water and Irrigation Act, 1914
 - Metropolitan Water Supply, Sewerage and Drainage Act, 1909
 - Country Areas Water Supply Act, 1947
 - Water Agencies (Powers) Act 1984
4. The rights of ingress to and egress from, and to cross over and through, the mining tenement being at all reasonable times preserved to officers of Department of Water (**DoW**) for inspection and investigation purposes.
5. The storage and disposal of petroleum hydrocarbons, chemicals and potentially hazardous substances being in accordance with the current published version of the DoWs relevant Water Quality Protection Notes and Guidelines for mining and mineral processing.
6. The taking of groundwater from an artesian well and the construction, enlargement, deepening or altering of any artesian well is prohibited unless current licences for these activities have been issued by DoW.
7. Measures such as drainage controls and stormwater retention facilities are to be implemented to minimise erosion and sedimentation of adjacent areas, receiving catchments and waterways.
8. All activities to be undertaken so as to avoid or minimise damage, disturbance or contamination of waterways, including their beds and banks, and riparian and other water dependent vegetation.

9. The taking of groundwater and the construction or altering of any well is prohibited without current licences for these activities issued by DoW, unless an exemption otherwise applies.
10. All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
11. Unless the written approval of the Environmental Officer, DMP is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
12. The Licencee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs, water carting equipment or other mechanised equipment.
13. The Licencee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:
 - the grant of the licence; or
 - registration of a transfer introducing a new Licencee;advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.
14. The rights of ingress to and egress from Miscellaneous Licence 27/50 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
15. The rights of ingress to and egress from Miscellaneous Licence 27/50 and 27/83 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
16. The rights of ingress to and egress from Miscellaneous Licence 27/83 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
17. Advice shall be sought from the DoW if proposing any prospecting within a defined waterway and within a lateral distance of:

- 50 metres from the outer-most water dependent vegetation of any perennial waterway, and
 - 30 metres from the outer-most water dependent vegetation of any seasonal waterway.
18. All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe immediately after completion.
 19. All disturbances to the surface of the land made as a result of exploration, including costeans, drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Mines and Petroleum (DMP). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMP.
 20. The rights of ingress to and egress from Miscellaneous Licence 27/50, 27/52 and 27/53 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
 21. The rights of ingress to and egress from Miscellaneous Licences 31/08, 31/17, 31/18, 31/23, 31/24 and 31/25 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
 22. No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.

Part 3: Aboriginal Heritage Sites, Encroaching Land Rights and Native Title

Aboriginal Heritage Sites						
Note	Site Identification Number	Site Name	Site Type	Restriction	Status	Access
1	2708	Lake Reyside (Raeside)	Mythological	File and Boundary Restricted	Registered Site	Male only

Encroaching Land Rights			
Note	Encroachment	Tenement	% overlap
1	Historical Lease 395/441	E 31/1096	99.3%
2	General Lease M310789	E 31/1096	0.7%
3	Pastoral Lease N049971 (Edjudina)	E 31/1096	99.3%
4	Pastoral Lease N050430 (Bonney Downs)	P 46/1909	78.3%
		P 46/1910	100%
		P 46/1911	100%
		P 46/1912	100%
		P 46/1913	38.8%
		P 46/1914	83.1%
5	Pastoral Lease N049710 (Hampton Hill)	E 27/545	56.7%

6	Pastoral Lease N050270 (Mt Vettors)	E 27/545	1.3%
7	Pastoral Lease N050272 (Mt Vettors)	E 27/545	41.7%
		E 27/2192	100%
		E 27/2193	100%
		E 27/2194	100%
		E 27/2195	100%
		E 27/2196	100%

Native Title Claims and Determinations					
Note	Tribunal Number	Federal Court Number	Application Name	Registered	Status
1	WC1999/008	WAD6028/1998	Njamal	Yes	Active Claim
2	WC1999/016	WAD6287/1998	Palyku	Yes	Active Claim
3	WCD2014/004	WAD6020/1998	Graham on behalf of the Ngadju People v State of Western Australia	Yes	Finalised – Full approved determination

7. KEY PERSONS AND CORPORATE GOVERNANCE

7.1 BOARD OF DIRECTORS

The Board is responsible for:

- setting and reviewing strategic direction and planning;
- reviewing financial and operational performance;
- identifying principal risks and reviewing risk management strategies; and
- considering and reviewing significant capital investments and material transactions.

Collectively, the Directors have significant experience in the mineral exploration and project development industries. Brief profiles of the Directors are set out in Section 7.2.

7.2 DIRECTOR PROFILES

Hamish Halliday

Non-Executive Chairman
BSc (Geology), MAusIMM

Hamish Halliday is a Geologist with a Bachelor of Science from the University of Canterbury and has over 20 years of corporate and technical experience in the mining industry. Mr Halliday has been involved in the discovery and acquisition of numerous projects over a range of commodities throughout 4 continents.

Mr Halliday has founded and held executive and non-executive directorships with a number of successful listed exploration companies including Venture Minerals Ltd and Adamus Resources Ltd. He was CEO of Adamus from its inception through to successful completion of a feasibility study on its gold project in Ghana which is now in production.

Currently, Mr Halliday is the Managing Director of Venture Minerals Limited and a Non-Executive Director of Comet Resources Limited.

Mr Halliday was appointed as a Director of the Company on 30 August 2016.

Andrew Radonjic

Technical Director
BAppSc (Mining Geology), MSc (Mineral Economics), MAusIMM

Andrew Radonjic is a geologist and mineral economist with over 25 years of experience in mining and exploration, with a specific focus on gold and nickel in the Eastern Goldfields of Western Australia.

Mr Radonjic began his career at the Agnew Nickel Mine before spending over 15 years in the Paddington, Mount Pleasant and Lady Bountiful Extended operations north of Kalgoorlie. He has fulfilled a variety of senior roles which have given rise to 3 gold discoveries, totalling in excess of 3 million ounces in resources and the development of over 1.5 million ounces.

Mr Radonjic then became the Managing Director of Nickelore Limited and since 2006 has been an Executive Director of Venture Minerals, which made the discovery of the world class Mount Lindsay Tin-Tungsten deposit in Western Tasmania and 2 nearby direct shipping ore hematite deposits.

Mr Radonjic was appointed as a Director of the Company on 30 August 2016.

Bruce McFadzean

Non-Executive Director
Dip. Mining

Bruce McFadzean has 30 years of senior management, mining and processing experience which has included significant stints at BHP Billiton and Rio Tinto, the startup of 5 new mining operations, and which covers a broad range of commodities including iron ore, diamonds, gold and nickel.

Mr McFadzean is currently the Managing Director of Sheffield Resources Limited and a Non-Executive Director of Indiana Resources Limited. Prior to joining Sheffield, Mr McFadzean was the Managing Director of Mawson West Ltd, Catalpa Resources Limited and Evolution Mining Limited following the merger with Conquest Mining Limited. Prior to that role he was General Manager Operations and then Operations Director with Territory Resources Limited where he was instrumental in the start-up of the 1.5 Mtpa Francis Creek Iron Ore operations in the Northern Territory.

Mr McFadzean was appointed as a Director of the Company on 28 October 2016.

7.3 SENIOR MANAGEMENT TEAM

The Board has delegated responsibility for the business operations of the Company to the senior management team. The senior management team, led by Andrew Radonjic, is accountable to the Board. The senior management team has extensive experience in the mining industry, and is comprised of individuals from different backgrounds. Brief profiles of the persons comprising the senior management team are set out below.

Andrew Radonjic

Technical Director

See Section 7.2.

Stuart Owen

Exploration Manager
PhD (Geology), BSc (Geology)

Dr Stuart Owen is a geologist with over 20 years of experience in mineral exploration for a wide range of commodities including gold, nickel, base metals, uranium and diamonds.

Dr Owen was senior geologist for Taipan Resources NL when Taipan discovered and took the Paulsens gold deposit through feasibility study (now a mine producing approximately 80,000 oz gold per annum) and exploration manager for Adamus Resources Ltd from its float on ASX to a stage where a company-making resource of over 1 million ounces of gold had been defined for Adamus' Southern Ashanti Gold Project. Discovery costs for the Southern Ashanti Deposit were less than US\$10 per resource ounce and Dr Owen has an excellent record of cost effective exploration for junior resources companies.

Brett Dunnachie

Chief Financial Officer and Company Secretary
BCom, CA

Brett Dunnachie is a Chartered Accountant with over 15 years of experience in corporate, audit and company secretarial matters. Previously, Mr Dunnachie was an audit manager at a major chartered accounting practice and is also experienced in company secretarial services, financial accounting/reporting, treasury management and ASX/ASIC compliance management.

Mr Dunnachie is also currently the Company Secretary for Venture Minerals Limited and Alicanto Minerals Limited.

7.4 COMPANY SECRETARY PROFILE

Brett Dunnachie

Chief Financial Officer and Company Secretary

See Section 7.3.

Brett Dunnachie was appointed as the Company's secretary on 30 August 2016.

7.5 COMPOSITION OF THE BOARD

The Board currently comprises of 3 members, including 2 Non-Executive Directors (including the Non-Executive Chairman) and 1 Executive Director.

The Board considers an independent Director to be a Non-Executive Director who is not a substantial Shareholder or a member of management and who is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of that Director's judgment. The Company considers Bruce McFadzean to be an independent Director.

The composition of the Company's Board will not initially be in line with the recommendations of the ASX Corporate Governance Council as a majority of its members will not be independent Directors. The Company has at this stage decided to select directors with the expertise and experience to support the Company's business strategy rather than strictly adhere with this recommendation. The Company will consider ways of restructuring its Board in the future to ensure that a majority of its members are independent.

7.5.1 INTERESTS OF DIRECTORS

Other than as disclosed in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director for services in connection with the formation or promotion of the Company or the Offer, or to induce them to become, or qualify as, a Director.

7.5.2 SHAREHOLDING REQUIREMENTS

The Directors are not required to hold any Shares under the Constitution of the Company.

7.5.3 DIRECTORS' SECURITY HOLDINGS

Set out below are the anticipated relevant interests of the Directors in the Shares of the Company upon completion of the Offer.

Director	Shares	Voting power	
		Minimum Subscription	Full Subscription
Hamish Halliday ¹	2,500,001	6.98%	6.53%
Andrew Radonjic ²	2,500,001	6.98%	6.53%
Bruce McFadzean ³	500,000	1.40%	1.31%
Total	5,500,002	15.36%	14.36%

Notes:

- Shares include the 2,500,000 Shares to be issued to McTavish Industries Pty Ltd as trustee for the McTavish Trust as a Vendor under the Share Purchase Agreement summarised in Section 8.1. Please note that to the extent ASX does not permit the Company to pay cash to the Vendors as part of the Cash Reimbursement under the Share Purchase Agreement (up to \$25,107.92 per Vendor), the Company will issue additional Shares (with a deemed value of \$0.20 each) to the Vendors in lieu of cash. Accordingly, if no cash is payable as part of the Cash Reimbursement, an additional 125,540 Shares will be issued to McTavish Industries Pty Ltd as trustee for the McTavish Trust. The relevant interest of Mr Halliday in Shares, and his voting power, will increase to the extent that McTavish Industries Pty Ltd as trustee for the McTavish Trust receives Shares as part of the Cash Reimbursement.
- Shares include the 2,500,000 Shares to be issued to Lenore Radonjic as a Vendor under the Share Purchase Agreement summarised in Section 8.1. Please note that to the extent ASX does not permit the Company to pay cash to the Vendors as part of the Cash Reimbursement under the Share Purchase Agreement (up to \$25,107.92 per Vendor), the Company will issue additional Shares (with a deemed value of \$0.20 each) to the Vendors in lieu of cash. Accordingly, if no cash is payable as part of the Cash Reimbursement, an additional 125,540 Shares will be issued to Lenore Radonjic. The relevant interest of Mr Radonjic in Shares, and his voting power, will increase to the extent that Lenore Radonjic receives Shares as part of the Cash Reimbursement.
- Shares issued as an incentive for Bruce McFadzean to join the Board.
- The table assumes that no Directors apply for Shares under the Offer. The relevant interest of a Director in Shares, and its voting power, will increase to the extent that the Director applies for, and is issued, Shares under the Offer.

Set out below are the anticipated relevant interests of the Directors in other securities of the Company upon completion of the Offer.

	Class A Performance Shares ¹	Class B Performance Shares ²	Options
Hamish Halliday ³	1,000,000	1,000,000	-
Andrew Radonjic ⁴	1,000,000	1,000,000	-
Bruce McFadzean	-	-	-
Total	2,000,000	2,000,000	-

Notes:

- Full terms and conditions of the Class A Performance Shares are set out in Section 9.2.
- Full terms and conditions of the Class B Performance Shares are set out in Section 9.2.
- Performance Shares include the 1,000,000 Class A Performance Shares and the 1,000,000 Class B Performance Shares to be issued to McTavish Industries Pty Ltd as trustee for the McTavish Trust as a Vendor under the Share Purchase Agreement summarised in Section 8.1.
- Shares include the 1,000,000 Class A Performance Shares and the 1,000,000 Class B Performance Shares to be issued to Lenore Radonjic as a Vendor under the Share Purchase Agreement summarised in Section 8.1.

7.5.4 DIRECTORS' REMUNERATION

The Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Directors prior to the first annual general meeting. The aggregate remuneration for all non-executive directors has been set at an amount of \$500,000 per annum by the Directors. The remuneration of the Non- Executive Directors must not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the proposed increase has been given to Shareholders in the notice convening the meeting.

Set out below is the initial remuneration payable by the Company to each Director.

Director	Role	Annual salary (incl. statutory superannuation)
Hamish Halliday	Non-Executive Chairman	\$54,750
Andrew Radonjic ¹	Technical Director	\$109,500
Bruce McFadzean ²	Non-Executive Director	\$43,800

Note:

1. The material terms upon which the Company will engage Mr Radonjic are set out in Section 8.4.
2. Bruce McFadzean also received 500,000 Shares as an incentive to join the Board.

7.6 RELATED PARTY ARRANGEMENTS

The Company's policy in respect of related party arrangements is as follows:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Below sets out the related party arrangements involving the Company.

Share Purchase Agreement

The Company has entered into the Share Purchase Agreement summarised in Section 8.1. All of the Vendors are considered to be related parties of the company for the following reasons:

- as 1 of 4 founding Shareholders, McTavish Industries Pty Ltd as trustee for the Mctavish Trust has held a controlling interest (i.e. more than 20%) in the Company in the past 6 months. Further, McTavish Industries Pty Ltd as trustee for the Mctavish Trust is controlled by Hamish Halliday, who is the Non-Executive Chairman of the Company;
- as 1 of 4 founding Shareholders, Lenore Radonjic has held a controlling interest (i.e. more than 20%) in the Company in the past 6 months. Further, Lenore Radonjic is the spouse of Andrew Radonjic, who is the Technical Director of the Company;
- as 1 of 4 founding Shareholders, Kiri Dorji has held a controlling interest (i.e. more than 20%) in the Company in the past 6 months. Further, Kiri Dorji is the spouse of Stuart Owen, who is the Exploration Manager of the Company; and

- as 1 of 4 founding Shareholders, Symorgh Investments Pty Ltd as trustee for the Symorgh Trust has held a controlling interest (i.e. more than 20%) in the Company in the past 6 months.

Out of an abundance of caution, prior to listing, the Company will seek Shareholder approval to the related party transactions under the Share Purchase Agreement.

7.7 CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance and establishing the accountability of the Board and management. To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with the *Corporate Governance Principles and Recommendations (3rd Edition)* published by ASX Corporate Governance Council (**Recommendations**).

The Board has adopted the following suite of corporate governance policies which are available on the Company's website at www.blackstoneminerals.com.au:

- Board Charter
- Board Performance Evaluation Policy
- Corporate Code of Conduct
- Audit and Risk Management Committee Charter
- Remuneration and Nomination Committee Charter
- Security Trading Policy
- Continuous Disclosure Policy
- Shareholder Communications Strategy
- Diversity Policy

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

Following admission to the official list of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report. As at the date of this Prospectus the Company complies with the Recommendations other than to the extent set out below.

No.	Recommendation	Explanation for non-compliance
2.	Structure the Board to add value	
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Company does not have a skills or diversity matrix in relation to the Board members. The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations. The Board may adopt such a matrix at a later time as the Company's operations grow and evolve.

No.	Recommendation	Explanation for non-compliance
2.4	A majority of the board of a listed entity should be independent directors.	The Board currently consists of 1 executive director and 2 non-executive directors, of which 1 is considered by the Board to be an independent director. As a small entity, the Company has at this stage decided to select directors with the expertise and experience to support the Company's business strategy rather than strictly adhere strictly with these recommendations. The Company will consider ways of restructuring its Board in the future to ensure that a majority of its members are independent.
4. Safeguard integrity in financial reporting		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an Audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external Auditor and the rotation of the Audit engagement partner.</p>	<p>Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of the Audit committee are undertaken by the Board.</p> <p>The full Board in its capacity as the Audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external Auditors. The duties of the full Board in its capacity as the Audit committee are set out in the Company's Audit Committee Charter which is available at www.blackstone.com.au.</p> <p>When the Board meets as an Audit committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.</p> <p>The Board is responsible for the initial appointment of the external Auditor and the appointment of a new external Auditor when any vacancy arises. Candidates for the position of external Auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external Auditor based on criteria relevant to the Company's business and circumstances. The performance of the external Auditor is reviewed on an annual basis by the Board.</p> <p>The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed at www.blackstoneminerals.com.au.</p>

No.	Recommendation	Explanation for non-compliance
7.	Recognise and manage risk	
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least 3 members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.</p> <p>When the Board meets as a risk committee is carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.</p> <p>The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed at www.blackstoneminerals.com.au.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal Audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal Audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company does not currently have an internal Audit function however, following admission to the Official List of the ASX the Company will consider establishing an internal Audit function in the future should the need arise.</p> <p>The Company monitors, evaluates and improves its risk management and internal control processes in line with the processes set out in its Risk Management Policy. A copy of this policy is available at www.blackstoneminerals.com.au.</p>
8.	Remunerate fairly and responsibly	
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least 3 members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p>	<p>Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.</p> <p>The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee Charter which is available at www.blackstoneminerals.com.au.</p> <p>When the Board meets as a remuneration</p>

No.	Recommendation	Explanation for non-compliance
	<ul style="list-style-type: none"> <li data-bbox="405 286 783 320">(iii) the charter of the committee; <li data-bbox="405 331 815 394">(iv) the members of the committee; and <li data-bbox="405 405 815 595">(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p data-bbox="357 607 863 855">(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p data-bbox="873 286 1412 506">committee it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.</p> <p data-bbox="873 517 1412 701">The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed at www.blackstoneminerals.com.au.</p>

8. MATERIAL CONTRACTS

Set out in this Section is a summary of the material contracts to which the Company or Black Eagle is a party that may be material in terms of the Offer, for the operation of the business of the Group, or which may otherwise be relevant to a potential investor in the Company

The whole of the provisions of the contracts are not repeated in this Prospectus and any intending applicant who wishes to gain a full knowledge of the content of the material contracts should inspect the same at the registered office of the Company.

8.1 SHARE PURCHASE AGREEMENT

The Company has entered into a share purchase agreement to acquire 100% of the share capital in Black Eagle (WA) Pty Ltd (**Black Eagle**) from the Vendors. The key terms of the agreement are set out below.

- (a) The Vendors will transfer 4 ordinary shares in Black Eagle, comprising 100% of the issued share capital in Black Eagle, to the Company at completion.
- (b) Completion is subject to the Company raising funds under its Offer and being satisfied of its ability to list on the ASX.
- (c) The consideration payable to the Vendors (and/or their nominees) (which will be paid in equal shares) is as follows:
 - (i) 10,000,000 Shares;
 - (ii) 4,000,000 Class A Performance Shares;
 - (iii) 4,000,000 Class B Performance Shares; and
 - (iv) cash reimbursement of \$100,431.68 for expenditure incurred by the Vendors on the Tenements. To the extent that ASX does not permit this amount to be paid in cash under the Listing Rules, the Company will issue additional Shares (with a deemed value of \$0.20 each) to the Vendors in lieu of cash (**Cash Reimbursement**).
- (d) The Vendors warrant that Black Eagle will hold the following interests in the following Projects at completion:
 - (i) Red Gate Project – 80% (via an earn-in process);
 - (ii) Middle Creek Project – 95%; and
 - (iii) Silver Swan South Project – 100%.
- (e) If the Offer does not complete by 27 April 2017 or any other date agreed by the parties, the agreement may be terminated by any party.
- (f) The agreement contains additional warranties and indemnities given by the Vendors in favour of the Company considered standard for agreements of this nature.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.2 EARN-IN AGREEMENT

Black Eagle has entered into an agreement with Downtown Holdings Pty Ltd (**Downtown**) to acquire an interest in the Red Gate Project (E31/1096), which is registered in the name of Downtown. The key terms of the agreement are set out below.

- (a) Black Eagle paid Downtown \$20,000 (plus GST) for an exclusive due diligence period of 2 months (**Due Diligence Period**).
- (b) Following the Due Diligence Period, Black Eagle paid Downtown \$30,000 (plus GST).
- (c) Upon listing on the ASX, the Company must issue 1,000,000 New Options to Downtown.
- (d) Black Eagle must solely fund all expenditure on the Red Gate Project to keep the tenement in good standing until 20 January 2019 (**Earn-In Period**). If achieved, Black Eagle will earn an 80% interest in the Red Gate Project.
- (e) After the Earn-In Period, Downtown must either contribute its respective proportion (initially 20%) of all expenditure on the Red Gate Project, or dilute in accordance with a standard industry formula.
- (f) Black Eagle holds a first right of refusal in the event Downtown elects to sell its interest in the Red Gate Project.

The parties have agreed to negotiate in good faith and enter into a formal joint venture agreement, which will contain additional provisions considered standard in an agreement of this type.

8.3 FINDER'S FEE AGREEMENT

Black Eagle has entered into an agreement with Peter Taylor and Wendy Taylor trading as Ellesmere Geological Services (**Ellesmere**) to pay Ellesmere a finder's fee for identifying the Middle Creek Project. The key terms of the agreement are set out below.

- (a) Black Eagle has paid Ellesmere \$5,000 and, upon the Company listing on the ASX, Black Eagle will pay Ellesmere an additional \$5,000.
- (b) Upon all of the tenements comprising the Middle Creek Project being granted, Black Eagle will assign Ellesmere a 5% free carried interest in the Middle Creek Project up until a bankable feasibility study (**BFS**) or definitive feasibility study (**DFS**) (whichever is first) is completed for the Middle Creek Project.
- (c) After completion of the BFS or DFS, Ellesmere must either contribute its respective proportion (initially 5%) of all expenditure on the Middle Creek Project, or dilute in accordance with a standard industry formula.
- (d) Black Eagle has the first right of refusal should Ellesmere elect to sell its interest in the Middle Creek Project.
- (e) Black Eagle grants Ellesmere a first right of refusal for any geological contracting work that is required for exploration activities conducted on the Middle Creek Project for up to 3 years after all of the tenements comprising the Middle Creek Project have been granted.

The parties have agreed to negotiate in good faith and enter into a formal joint venture agreement, which will contain additional provisions considered standard in an agreement of this type.

8.4 EXECUTIVE SERVICES AGREEMENT

Andrew Radonjic

Technical Director

Prior to listing, the Company will enter into a formal executive services agreement with Andrew Radonjic under which the Company will engage Mr Radonjic as its Technical Director. The key terms of the agreement are set out below.

- (a) The engagement commenced on 24 October 2016 and will continue indefinitely, subject to standard termination provisions.
- (b) The Company will pay Mr Radonjic a salary of \$100,000 per annum plus statutory superannuation to be reviewed annually by the Company.
- (c) Mr Radonjic's duties are those duties from time to time delegated by the Board and, without limitation, initially include:
 - (i) managing the day to day operational affairs of the Company but excluding services that would ordinarily be performed by the Managing Director of the Company;
 - (ii) the technical and business activities of or incidental to the Company's business;
 - (iii) supervising exploration and development programs;
 - (iv) assisting the Board in preparing business and strategic plans;
 - (v) managing subordinate staff;
 - (vi) retaining specialist consultants and advisers;
 - (vii) endeavouring to reduce the Company's exposure to risk;
 - (viii) exercising such powers and performing such duties as may be delegated by the Board from time to time; and
 - (ix) performing such other duties as are normally entrusted to an executive director of a publicly listed company.
- (d) Mr Radonjic will report directly to the Board.

The agreement will otherwise be on terms and conditions considered standard for agreements of this nature.

8.5 LEAD MANAGER MANDATE

The Company has entered into a mandate (**Lead Manage Mandate**) appointing 708 Capital Pty Ltd (**708 Capital**) as the lead manager to the Offer. The key terms of the agreement are set out below.

- (a) 708 Capital will use best endeavors to seek sufficient applicants under the Offer.
- (b) For these services, 708 Capital will receive:
 - (i) a capital raising fee of 5% (plus GST) in respect of funds it raises under the Offer;
 - (ii) a management fee of 1% (plus GST) in respect of total funds raised under the Offer; and

- (iii) 1,000,000 New Options.

The agreement is otherwise on terms and conditions considered standard for agreements of this nature.

8.6 DEEDS OF ACCESS, INDEMNITY AND INSURANCE

The Company has entered into deeds of access, indemnity and insurance with each existing and proposed Director which confirm each person's right of access to certain books and records of the Company for a period of 7 years after the Director ceases to hold office. This 7 year period can be extended where certain proceedings or investigations commence before the 7 years expires. The deeds also require the Company to provide an indemnity for liability incurred as an officer of the Company, to the maximum extent permitted by law.

Under the deeds, the Company must arrange and maintain Directors' and Officers' insurance during each Director's period of office and for a period of 7 years after a Director ceases to hold office. This 7 year period can be extended where certain proceedings or investigations commence before the 7 years expires.

The deeds are otherwise on terms and conditions considered standard for deeds of this nature in Australia.

8.7 ESCROW AGREEMENTS

Please see Section 1.7 for details of the escrow agreements to be entered into by the Company prior to re-admission to the official list of ASX. The escrow agreements will be on ASX's standard terms and conditions as set out in Appendix 9B of the Listing Rules.

9. ADDITIONAL INFORMATION

9.1 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, Listing Rules and the Company's Constitution. A copy of the Company's Constitution is available upon request by contacting the Company on +61 8 6489 0973.

Ranking of Shares

At the date of this Prospectus, all shares are of the same class and rank equally in all respects. Shares issued pursuant to this Prospectus will rank equally with Existing Shares.

Voting rights

Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each share held.

Dividend rights

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

Variation of rights

The rights attaching to Shares may only be varied by the consent in writing of the holders of 75% of the Shares, or with the sanction of a special resolution passed at a general meeting.

Transfer of Shares

Subject to Constitution, Corporations Act, Listing Rules and any other applicable laws, Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Listing Rules require or permit the Company to do so.

General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and Listing Rules.

Rights on winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution:

- divide among Shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

9.2 TERMS OF PERFORMANCE SHARES

The performance shares entitle the holder to Shares on the terms and conditions set out below.¹

1. Issue price

Each performance share (**Performance Share**) will be issued for nil cash consideration.

2. Rights

- (a) The Performance Shares do not carry any voting rights in the Company.
- (b) The Performance Shares confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders of Performance Shares have the right to attend general meetings of shareholders.
- (c) The Performance Shares do not entitle the holder to any dividends.
- (d) The Performance Shares do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (e) The Performance Shares do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) The Performance Shares do not confer the right to participate in new issues of securities such as entitlement issues. 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) the number of Shares which must be issued on the conversion of a Performance Share will be increased by the number of Shares which the holder would have received if the relevant Performance Share had converted before the record date for the bonus issue.
- (g) If at any time the issued capital of the Company is reorganised, the Performance Shares are to be treated in the manner set out in Listing Rule 7.21 (or other applicable Listing Rule), being that the number of Performance Shares or the conversion ratio or both will be reorganised so that the holder of the Performance Shares will not receive a benefit that holders of ordinary shares do not receive and so that the holders of ordinary shares will not receive a benefit that the holder of the Performance Shares does not receive.
- (h) The Performance Shares give the holder no rights other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

3. Conversion

- (a) Subject to clause 3(b) each Performance Share is convertible into a fully paid ordinary share in the capital of the Company (**Conversion Share**) subject to the Company achieving the following applicable milestone (**Milestone**):

¹The Company notes that ASX may require the terms and conditions to be amended in order to comply with the Listing Rule and/or ASX policy.

Performance Share	Milestone
Class A	All prospecting licence applications comprising the Middle Creek Project being granted (with or without conditions) under the Mining Act. ²
Class B	On any Tenement, the Company obtaining a drill result representing a 30 gram per metre gold intersection, or the equivalent of any other commodity.

- (b) Despite anything else contained in these terms and conditions, the conversion of any Performance Shares is subject to the Company obtaining all required (if any) shareholder or regulatory approval for the purpose of issuing the Conversion Shares. If conversion of all or part of the Performance Shares would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention will be deferred until such time or times that the conversion would not at a later date result in a contravention of section 606(1) of the Corporations Act. The holder must give prior notification to the Company in writing if it considers that the conversion of all or part of its Performance Shares may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the conversion of the Performance Shares under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.
- (c) The Company must issue any Conversion Shares in the name of the holder (or its nominee) within 7 days of the relevant Performance Shares becoming convertible into Conversion Shares under these terms and conditions.
- (d) Each Conversion Share will rank equally with a fully paid ordinary share in the capital of the Company.
- (e) The Performance Shares will not be quoted on any securities exchange and the Company will not make an application for quotation in respect of them. However, if the Company is listed on the ASX at the relevant time, upon conversion of any Performance Shares into Conversion Shares, the Company must within 7 days after the conversion apply for quotation of the Conversion Shares on the ASX, subject always to the requirements of the Listing Rules, including those relating to escrow.

4. Expiry

If a Milestone is not satisfied on or before the date that is 5 years from the date of issue, the relevant Performance Shares will immediately be redeemed by the Company for nil cash consideration.

5. Transferability

The Performance Shares are not transferable.

6. Compliance with Corporations Act, Listing Rules and Constitution

- (a) Despite anything else contained in these terms and conditions, if the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.

² The Company anticipates that it will take at least 6 months from the date of this Prospectus to obtain a grant of the Tenements.

- (b) Nothing contained in these terms and conditions prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.
- (c) If the Corporations Act, Listing Rules or Constitution conflict with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.
- (d) The terms of the Performance Shares may be amended as necessary by the directors of the Company in order to comply with the Listing Rules, or any directions of ASX regarding the terms.

7. Change of Control Event

- (a) A change of control event (**Change of Control Event**) occurs where:
 - (i) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional;
 - (ii) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
 - (iii) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation;
 - (iv) any group company or group companies enter into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in a group company) of the group to a person, or a number of persons, none of which are group companies; and
 - (v) the Board determines in its reasonable opinion, control of the Company has or is likely to change or pass to one or more persons, none of which are group companies.
- (b) If a Change of Control Event occurs, the Board may in its sole and absolute discretion, and subject to the Listing Rules and 7(c) below, determine how unconverted Performance Shares will be treated, including but not limited to:
 - (i) determining that unconverted Performance Shares (or a portion of unconverted Performance Shares) will become immediately convertible into Conversion Shares with such conversion deemed to have taken place immediately prior to the effective date of the Change of Control Event; and/or
 - (ii) altering or waiving any of the Milestones attaching to those unconverted Performance Shares in accordance with Rule 7.1 or Rule 8.1.
- (c) The total number of Conversion Shares issued under 7(b) above shall not exceed 10% of the issued ordinary capital of the Company as at the date of conversion.
- (d) Whether or not the Board determines to accelerate the conversion of any Performance Shares, the Company shall give written notice of any proposed Change of Control Event to each holder of Performance Shares.

9.3 TERMS OF NEW OPTIONS

The New Options entitle the holder to subscribe for Shares on the terms and conditions set out below.

(a) **Entitlement**

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

(b) **Expiry Date**

Each Option will expire at 5.00pm (WST) on the date that is 3 years after the date that the Option is issued (**Expiry Date**).

(c) **Exercise Price**

Each Option will have an exercise price equal to \$0.20 (**Exercise Price**).

(d) **Exercise period and lapsing**

Subject to clause (i), Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.

(e) **Exercise Notice and payment**

Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Cheques paid in connection with the exercise of Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

(f) **Shares issued on exercise**

Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) **Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(h) **Timing of issue of Shares**

Subject to clause (i), within 5 business days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (ii) the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Option being exercised by the Company,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Options;

- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- (v) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

(i) **Shareholder and regulatory approvals**

Notwithstanding any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

(j) **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 four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) **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):

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

(l) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) **Adjustments for reorganisation**

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

(n) **Quotation**

The Company will not apply for quotation of the Options on ASX.

(o) **Transferability**

Options can only be transferred with the prior written consent of the Company, which consent may be withheld in the Company's sole discretion.

9.4 CONTINUOUS DISCLOSURE

The Company will be a 'disclosing entity' for the purposes of Part 1.2A of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations which will require it to disclose to ASX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

9.5 SUBSTANTIAL HOLDERS

Assuming that no existing Shareholders apply for Shares under the Offer, the only existing Shareholder who will have a relevant interest in 5% or more of the total Shares on issue upon completion of the Offer are the Vendors (and/or their nominees), whose voting power will be as follows:

Shareholder	Shares	Voting power	
		Minimum Subscription	Full Subscription
McTavish Industries Pty Ltd as trustee for the McTavish Trust ¹	2,500,001	6.98%	6.53%
Lenore Radonjic ²	2,500,001	6.98%	6.53%
Symorgh Investments Pty Ltd as trustee for the Symorgh Trust ³	2,500,001	6.98%	6.53%
Kiri Dorji	2,500,001	6.98%	6.53%
Total	10,000,004	27.93%	26.11%

Notes:

1. McTavish Industries Pty Ltd as trustee for the Mctavish Trust is controlled by Hamish Halliday, who is the Non-Executive Chairman of the Company.
2. Lenore Radonjic is the spouse of Andrew Radonjic, who is the Technical Director of the Company.
3. Symorgh Investments Pty Ltd as trustee for the Symorgh Trust is controlled by its Exploration Manager, Stuart Owen.
4. The table above assumes that ASX permits the full amount of the Cash Consideration to be paid in cash under the Share Purchase Agreement. To the extent ASX does not permit the Company to pay cash to the Vendors as part of the Cash Reimbursement (up to \$100,431.68), the Company will issue additional Shares (with a deemed value of \$0.20 each) to the Vendors in lieu of cash. Accordingly, if no cash is payable as part of the Cash Reimbursement, an additional 502,158 Shares will be issued to the Vendors in equal portions. The relevant interests of the Vendors in Shares, and their voting powers, will increase to the extent that the Vendors receive Shares as part of the Cash Reimbursement.
5. The table assumes that no Shareholder listed above applies for Shares under the Offer. The relevant interest of a Shareholder in Shares, and its voting power, will increase to the extent that the Shareholder applies for, and is issued, Shares under the Offer.

Following completion of the Offer but prior to Shares commencing trading on ASX, the Company will announce to ASX details of its top 20 Shareholders by number of Shares.

9.6 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer.

708 Capital has acted as the lead manager to the Offer. Fees payable to 708 Capital for these services are set out in the Lead Manager Mandate summarised in Section 8.5.

Stantons International has prepared the Investigating Accountant's Report which is included in Section 4. Fees payable to Stanton's International for these services are approximately \$10,000 plus GST.

Shane Hibbird has prepared the Independent Geologist's Report which is included in Section 0. Fees payable to Shane Hibbird for these services are approximately \$10,000 plus GST.

Price Sierakowski Corporate has acted as the legal adviser to the Company in relation to the Offer and has prepared the Legal Report on Tenements which is included in Section 5 . Fees payable to Price Sierakowski Corporate for these services are approximately \$50,000 plus GST. Price Sierakowski Corporate may receive further fees for additional work done determined on the basis of hours spent at its ordinary hourly rates.

9.7 CONSENTS

Each of the parties referred to below:

- does not make the Offer;
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statement in this Prospectus that are specified below in the form and context in which the statements appear.

Trident Capital Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the corporate adviser to the Company in the form and context in which it is named. Trident Capital Pty Ltd has not authorised or caused the

issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

708 Capital has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the lead manager to the Offer in the form and context in which it is named. 708 Capital has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Stantons International Securities has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the investigating accountant to the Company in the form and context in which it is named and to the inclusion of the Investigating Accountant's Report in Section 4 in the form and context in which it is included. Stantons International Securities has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name and the Investigating Accountant's Report in Section 4.

Shane Hibbird has given and has not before lodgement of this Prospectus withdrawn his written consent to be named in this Prospectus as the independent geologist to the Company in the form and context in which he is named and to the inclusion of the Independent Geologist's Report in Section 0 in the form and context in which it is included. Shane Hibbird has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to his name and the Independent Geologist's Report in Section 0.

Price Sierakowski Corporate has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as legal adviser to the Company in the form and context in which it is named and to the inclusion of the Legal Report on Tenements in Section 5 in the form and context in which it is included. Price Sierakowski Corporate has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name and the Legal Report on Tenements in Section 5.

Security Transfer Registrars has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Security Transfer Registrars has had no involvement in the preparation of any part of this Prospectus other than being named as the Share Registry. Security Transfer Registrars has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

9.8 EXPENSES OF THE OFFER

The expenses of the Offer are expected to comprise the following amounts, which are exclusive of any GST payable by the Company.

Expense	Minimum Subscription	Full Subscription
Capital raising fees	\$210,000	\$240,000
Adviser fees (corporate, accounting, legal, other)	\$73,000	\$73,000
ASX and ASIC fees	\$48,000	\$50,000
Printing, design and miscellaneous	\$11,000	\$11,000
Total	\$342,000	\$374,000

9.9 LITIGATION

No company within the Group is involved in any litigation that is material for the purposes of this Prospectus, and the Directors are not aware of any circumstances that might reasonably be expected to give rise to such litigation.

9.10 TAXATION

The tax consequences of any investment in Shares will depend upon each applicant's particular circumstances. It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer by consulting their own professional tax advisers. Accordingly, the Company strongly recommends that all applicants obtain their own tax advice before deciding on whether or not to invest. Neither the Company nor any of its Directors accepts any liability or responsibility in respect of the taxation consequences of an investment in Shares under the Offer.

10. DIRECTORS' AUTHORISATION

31 October 2016

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of Blackstone Minerals Limited.

A handwritten signature in black ink, appearing to read 'Hamish Halliday', with a stylized flourish extending to the right.

Hamish Halliday
Chairman

11. DEFINITIONS

708 Capital means 708 Capital Pty Ltd ABN 17 142 319 202.

Additional Applications means the additional applications for mining tenements referred to in Section 2.5 and comprising the applications set out in the Additional Applications section of the Schedule of Mining Tenements in the Legal Report on Tenements.

Application Monies means the amount of money in dollars and cents payable for Shares under the Offer at \$0.20 each.

Application Form means the application form in the form accompanying this Prospectus pursuant to which investors may apply for Shares under the Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691, or the Australian Securities Exchange, as the context requires.

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532.

ASX Settlement Operating Rules means the settlement and operating rules of ASX Settlement.

Black Eagle means Black Eagle (WA) Pty Ltd ACN 600 818 157.

Board means the board of Directors.

Cash Reimbursement has the meaning given in Section 8.1.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the date that the Offer closes which is 5.00pm (WST) on 5 December 2016 or such other time and date as the Board determines.

Company means Blackstone Minerals Limited ACN 614 534 226.

Constitution means the constitution of the Company.

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

Director means a director of the Company.

Downtown means Downtown Holdings Pty Ltd ACN 163 141 491.

Earn-In Agreement means the earn-in agreement between Black Eagle and Downtown, as summarised in Section 8.2.

Ellesmere means Peter Taylor and Wendy Taylor trading as Ellesmere Geological Services ABN 56 871 649 954.

Exposure Period means the period of 7 days after the date of lodgement of this prospectus which period may be extended by ASIC by up to a further 7 days pursuant to section 727(3) of the Corporations Act.

Finder's Fee Agreement means the finder's fee agreement between Black Eagle and Ellesmere, as summarised in Section 8.3.

Full Subscription means the subscription of 20,000,000 Shares at an issue price of \$0.20 each to raise \$4,000,000 under the Offer.

Group means the Company and Black Eagle (which assumes that completion of the Share Purchase Agreement has already occurred).

Independent Geologist's Report means the independent geologist's report prepared by Shane Hibbird and included in Section 0.

Investigating Accountant's Report means the investigating accountant's report prepared by Stantons International Securities and included in Section 4.

JORC Code means the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves (2012 Edition).

Lead Manager Mandate means the lead manager mandate between the Company and 708 Capital, as summarised in Section 8.5.

Legal Report on Tenements means the legal report on mining tenements prepared by Price Sierakowski Corporate and included in Section 5.

Listing Rules means the official listing rules of ASX.

Middle Creek Project means the Middle Creek Project described in Section 2.3.2 and comprising the mining tenements or applications set out in the Middle Creek Project section of the Schedule of Mining Tenements in the Legal Report on Tenements.

Minimum Subscription means the subscription of 17,500,000 Shares at an issue price of \$0.20 each to raise \$3,500,000 under the Offer.

Mining Act means the *Mining Act 1978* (WA).

Native Title has the meaning given in the *Native Title Act 1993* (Cth).

New Option means an Option on the terms and conditions set out in Section 9.3.

Offer means the offer of 20,000,000 Shares under this Prospectus at an issue price of \$0.20 each to raise \$4,000,000 before costs, with a minimum subscription of \$3,500,000.

Opening Date means the date that the Offer opens which is 9:00am WST on 8 November 2016, subject to any extension of the Exposure Period by ASIC.

Projects means the Red Gate Project, Middle Creek Project and Silver Swan South Project, or any one or more of them, as the context requires.

Prospectus means this prospectus dated 31 October 2016.

Red Gate Project means the Red Gate Project described in Section 2.3.1 and comprising the mining tenement set out in the Red Gate Project section of the Schedule of Mining Tenements in the Legal Report on Tenements.

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

Share Purchase Agreement means the share purchase agreement between the Company and the Vendors under which the Company proposes to acquire 100% of the issued share capital in Black Eagle, as summarised in Section 8.1.

Shareholder means a holder of one or more Shares.

Share Registry means Security Transfer Registrars Pty Ltd ABN 95 008 894 488.

Silver Swan South Project means the Silver Swan South Project described in Section 2.3.3 and comprising the mining tenements or applications set out in the Silver Swan South Project section of the Schedule of Mining Tenements in the Legal Report on Tenements.

Tenement means a mining tenement or application referred to in the Schedule of Mining Tenements in the Legal Report on Tenements.

VALMIN Code means the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets for Independent Expert Reports (2015 Edition).

Vendors means Kiri Dorji, McTavish Industries Pty Ltd ACN 114 764 386 as trustee for the McTavish Trust, Lenore Radonjic and Symorgh Investments Pty Ltd ACN 114 460 865 as trustee for the Symorgh Trust.

WST means Western Standard Time, being the time in Perth, Western Australia.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BRICK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A. If applying for Shares insert the number of Shares for which you wish to subscribe at Item A (not less than 10,000). Multiply by \$0.20 to calculate the total for Shares and enter the dollar amount at B.
- B. Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- C. Write your full name. Initials are not acceptable for first names.
- D. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.
- E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
- F. Complete cheque details as requested. Make your cheque payable to "Blackstone Minerals Limited – Subscription Account", cross it and mark it "Not negotiable". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- G. Enter your contact details so we may contact you regarding your Application Form or Application Monies.
- H. Enter your email address so we may contact you regarding your Application Form or Application Monies or other correspondence.

NB: Your registration details provided must match your CHESS account exactly.

Correct form of Registrable Title

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	<J D Smith Family A/C>	John Smith (deceased)
Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<Est Lte John Smith A/C>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

Lodgement

Post or deliver your completed Application Form with cheque(s) attached to the following address:

Post to:

708 Capital Pty Ltd
PO Box R1862
Royal Exchange
NSW 1225

Deliver to:

708 Capital Pty Ltd
Level 9, 25 Bligh Street
Sydney
NSW 2000

It is not necessary to sign or otherwise execute the Application Form. For questions on how to complete the Application Form, please contact Security Transfer Registrars on +61 3 9628 2200.

Privacy Statement

Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by Security Transfer Registrars on +61 3 9628 2200. Our privacy policy is available online at www.blackstoneminerals.com.au.