Blackstone Minerals Limited
Financial Statements

ABN 96 614 534 266

for the period 30 August 2016 to 14 October 2016

Blackstone Minerals Limited ABN 96 164 534 266
Report for the period 30 August to 14 October 2016

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The directors present their report on the company for the period ended 14 October 2016.

Directors
The following persons were directors of the company during the financial period:

Hamish Halliday
Andrew Radonjic

The above directors were appointed on 30 August 2016 and continue in office at the date of this report.

Brett Dunnachie was appointed as a director on 30 August 2016 and continued in office until his resignation on 27 October 2016.

Bruce McFadzean was appointed as a director on 27 October 2016 and continues in office until the date of this report.

Principal activities
The principal activity of the company during the financial period was the establishment, promotion and management of the company for the purposes of future mineral exploration.

There were no significant changes in the nature of the company's principal activities during the financial period.

Dividends
The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Review of operations
On 30 August 2016, Blackstone Minerals Limited issued 4 ordinary shares pursuant to the registration of the company.

On 13 September 2016, Blackstone Minerals Limited issued 2,600,000 ordinary shares each to parties involved in the promotion, management and fund raising activities of the company. A further 3,700,000 ordinary shares were issued on 30 September 2016 for these purposes.

On 5 October 2016, Blackstone Minerals Limited issued 2,000,000 ordinary shares each to various parties for the purpose of raising seed capital.

During the period since incorporation the company has been involved in the promotion, management and fund raising activities.

Significant changes in the state of affairs
Significant changes in the state of affairs of the company during the financial period were as follows:

(a) On 30 August 2016, Blackstone Minerals Limited issued 4 ordinary shares pursuant to the registration of the company.
(b) On 13 September 2016, Blackstone Minerals Limited issued 2,600,000 ordinary shares each to parties involved in the promotion, management and fund raising activities of the company.
(c) On 30 September 2016, Blackstone Minerals Limited issued 3,700,000 ordinary shares each to parties involved in the promotion, management and fund raising activities of the company.
(d) On 5 October 2016, Blackstone Minerals Limited issued 2,000,000 ordinary shares each to various parties for the purpose of raising seed capital.

Matters subsequent to the end of the financial period
Matters subsequent to the end of the financial period were as follows:

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

- 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 (gold and nickel) Project located 35km north east of Kalgoorlie, Western Australia ("Silver Swan"); and
- Other additional applications located in the Dundas Mineral Fields, Western Australia.

Matters subsequent to the end of the financial period (continued)

The consideration payable for the acquisition of Black Eagle by Blackstone Minerals Limited is for the amount of 10,000,000 ordinary shares ("Consideration Shares") in Blackstone Minerals Limited payable to the Vendors of Black Eagle Pty Ltd, 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 re-imbursement totalling $100,432 is also required to be paid to the Vendors of Black Eagle Pty Ltd for the expenses incurred in relation to the Red Gate, Middle Creek, Silver Swan and Additional Applications.

(b) In August 2016, an offer was by Black Eagle Pty Ltd, to have an option to acquire the Red Gate (gold) Project from Downtown Holdings Pty Ltd ("Downtown") (tenement E31/1096) for the amount of $20,000, plus a further $30,000 upon completion of due diligence to earn-in 80% of the project by 20 January 2019. To date, $30,000 has been paid to Downtown by Blackstone Minerals Limited direct and the initial option fee was paid by Black Eagle Pty Ltd. Under the terms of this acquisition, should Blackstone Minerals Limited be admitted to the official listing on the Australian Securities Exchange, it will be required to issue 1,000,000 options within a month of being admitted on the ASX to Downtown at an exercise price per share equal to the proposed issue price of the capital raising.

(c) Blackstone Minerals Limited is in the process of lodging a prospectus with an offer of 17,500,000 shares at an issue price of $0.20 per share to raise $3,500,000 (before costs). The offer is not underwritten.

Except for matters discussed above, no other matter or circumstance has arisen since 14 October 2016 that has significantly affected, or may significantly effect:

(a) the company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the company's state of affairs in future financial years.

Likely developments and expected results of operations
The company will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

Further information on likely developments in the operations of the company and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation
The company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

Insurance of officers

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer, auditor or agent of the company shall be indemnified out of the property of the company against any liability incurred by him in his capacity as Officer, auditor or agent of the company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Auditor
Stantons International continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors.

Andrew Radonjic
Director

Perth
31 October 2016

Blackstone Minerals Limited ABN 96 164 534 266
Financial Statements – for the period 30 August to 14 October 2016

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This financial report covers Blackstone Minerals Limited as an individual entity. The financial report is presented in the Australian currency.

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

288 Churchill Avenue
SUBIACO WA 6008

	Period ended 14 October 2016 $
Revenue	-
Cost of sales	-
Gross profit	-
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	(36,286)
Income tax	-
Net (loss) after tax	(36,286)
Other Comprehensive Income	-
Total Comprehensive (Loss) for the period	(36,286)
Profit (Loss) attributable to:	
Equity holders of the Company	(36,286)
	(36,286)
Total Comprehensive Profit (Loss) attributable to:	
Equity holders of the Company	(36,286)
	(36,286)

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.

	$
ASSETS	
Current assets	
Cash assets	176,100
Trade and other receivables	204
Total current assets	176,304
Total assets	**176,304**
LIABILITIES	
Current liabilities	
Trade payables	6,286
Total current liabilities	6,286
Total liabilities	**6,286**
Net assets	**170,018**
EQUITY	
Issued capital	206,304
Accumulated losses	(36,286)
Total equity	**170,018**

	$
Total equity at the beginning of the period	**-**
Issuance of shares	206,304
Loss of the period	(36,286)
Total equity at the end of the period	**170,018**

	$
Cash flows from operating activities	
Payments to suppliers and employees (inclusive of goods and services tax)	
Payments for exploration and evaluation	(30,000)
Net cash (outflow) from operating activities	**(30,000)**
Net cash from investing activities	**-**
Cash flows from financing activities	
Proceeds received for the future issue of shares	206,100
Net cash inflow from financing activities	**206,100**
Net increase in cash and cash equivalents	**206,100**
Cash and cash equivalents at the beginning of the period	**-**
Cash and cash equivalents at end of the period	**176,100**

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1. **Statement of Significant Accounting Policies**

(a) **Basis of Accounting**
The financial statements 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 in consistency 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.

(l) **Financial Instruments (continued)**
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.

m) **Accounting for business combinations** (continued)
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, evaluation and development 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.

(p) **Interests in Joint Ventures** (continued)

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 statement 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.

2 Cash and cash equivalents

	14 October 2016 $
Cash at bank and in hand	**176,100**

3 Other payables

	14 October 2016 $
Trade and other payables	**6,286**

4 Contributed equity

	Notes	14 October 2016 $
(a) Share capital		
Ordinary shares- fully paid	(b),(c)	**8,300,004**

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$
30 August 2016	Opening balance	-		
30 August 2016	Share issue	4	$1.000	4
13 September 2016	Share issue	2,600,000	$0.001	2,600
30 September 2016	Share issue	3,700,000	$0.001	3,700
5 October 2016	Share issue	2,000,000	$0.100	200,000
				206,304
	Less: Transaction costs arising on share issue			
14 October 2016	Balance	8,300,004		206,304

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

5 Retained profits

Movements in retained profits were as follows:

	14 October 2016 $
Balance 30 August 2016	**-**
Net loss for the period	**(36,286)**
Balance 14 October 2016	**(36,286)**

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 16 are in accordance with the *Corporations Act 2001,* including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's financial position as at 14 October 2016 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Andrew Radonjic
Director

Perth
31 October 2016

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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

Report on the Financial Report

We have audited the accompanying financial report of Blackstone Minerals Limited, which comprises the statement of financial position as at 14 October 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 30 August 2016 to 14 October 2016, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at the period's end.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

a) the financial report of Blackstone Minerals Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 14 October 2016 and of its performance for the period ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director
West Perth, Western Australia
31 October 2016

Stantons International Audit and Consulting Pty Ltd
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31 October 2016

Board of Directors
Blackstone Minerals Limited
288 Churchill Avenue
SUBIACO WA 6008

Dear Directors

RE: BLACKSTONE MINERALS LIMITED

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

As Audit Director for the audit of the financial statements of Blackstone Minerals Limited for the period ended 14 October 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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

Martin Michalik
Director