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Second New Porphyry Zone identified at Red Gate Project, Western Australia

Blackstone Minerals Limited (ASX code: **BSX**), is pleased to announce the identification of a second new porphyry zone at the Company's Red Gate Project (100% interest) in the Eastern Goldfields of Western Australia (Refer Figure One). The new porphyry zone named Porphyry South was identified during a review of historical exploration data, which saw the discovery of a 600 m long IP (Induced Polarisation) anomaly that was untested (Refer Figure Two).

Highlights of the project and the new porphyry zone include:

- Red Gate already hosts porphyries with high grade gold mineralization **including 10 m @ 8.5 g/t from 9 metres at Porphyry East, 14 m @ 3.7 g/t from 1 m at Porphyry North & 12 m @ 9.2 g/t from 8 m at Porphyry West** (Refer Blackstone Minerals Limited – Prospectus, released 15 December 2016);
- The Porphyry North and Porphyry West prospects have **shallow gold mineralization coincidental with IP anomalies** whilst the new porphyry zone at the Porphyry South Prospect **has a substantially larger IP anomaly** that has yet to have been drill tested (Refer Figure Two);
- A reconnaissance surface sampling program is currently underway to finalise priority drill targets along the anomaly;
- The new porphyry zone is less than 10 km north of the historic Porphyry Gold Mine that has a gold endowment of 900,000 ozs gold.

As the Blackstone Minerals exploration team continues to review the extensive historical data set accumulated for the Project, it has located a previously unknown IP survey located over the main mineralised porphyry trend at Red Gate. The IP survey was completed in 2002 - 2003 for Sons of Gwalia Ltd (SOGS) and it clearly identified the previously known shallow gold mineralisation at Porphyry North and Porphyry West, which included the better drill intersections such as (Refer Blackstone Minerals Limited – Prospectus, released 15 December 2016 for full details of the drilling):

- 9 m @ 2.6 g/t gold from 16 m in NPRC097 (Porphyry North);
- 7 m @ 4.4 g/t gold from 5 m in NPRC118 (Porphyry North);
- 4 m @ 5.8 g/t gold from 21 m in NPRC009 (Porphyry North);
- 26 m @ 2.1 g/t gold from 3 m in NPRC140 (Porphyry North);
- 14 m @ 3.7 g/t gold from 1 m in NPRC107 (Porphyry North);
- 12 m @ 9.2 g/t gold from 8 m in NPRC030 (Porphyry West);
- 3 m @ 5.5 g/t gold from 0 m in GBC002 (Porphyry West); and
- 13 m @ 3.1 g/t gold from 6 m in NPRC115 (Porphyry West).

Blackstone Fast Facts

Shares on Issue	35.8m
Share Price	\$0.19
Market Cap	\$6.8m
ASX Code	BSX

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PROJECTS

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(Gold)

Middle Creek Project
(Gold)

Silver Swan South Project
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M I N E R A L S

The IP survey also delineated a 600 m chargeability anomaly some 200 m to the south west of Porphyry North that is coincident with a resistive zone and potentially represents a zone of silica-pyrite alteration. Drilling which is limited to the extreme north-western end of the anomaly has returned assays of up to 13 m @ 3.1 g/t gold from 6 m (NPRC115). The chargeable anomaly is more intense than that at Porphyry North. SOGS drilled three holes into the anomaly but Blackstone Minerals believe that these holes were ineffective and further follow-up is required. Consequently, a reconnaissance surface sampling program is underway to finalise priority drill targets along the anomaly with results expected in the near future.

The new Porphyry South prospect is less than 10 km north of the historic Porphyry Gold Mine that has a gold endowment of 900,000 ozs gold (Produced 1.33 Mt @ 3.4 g/t gold* and has a current Indicated JORC resources of 7.2 Mt @ 2.1 g/t gold** and Inferred JORC resources of 3.7 Mt @ 2.1 g/t gold**).

Blackstone's Technical Director commented; *"The Company is pleased to have identified a second new target area at Red Gate within four months of successfully listing on the ASX. With Red Gate being within trucking distance of several gold processing facilities, Blackstone Minerals is well positioned to convert exploration success into potential production opportunities."*

Red Gate Project (100% interest) - Summary

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 (900,000 oz 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.

Yours sincerely



Andrew Radonjic
Technical Director

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

* Riedel Resources Website

** Saracen Mineral Holdings Limited Annual Report 2016

Figure One | Location of the Red Gate Project

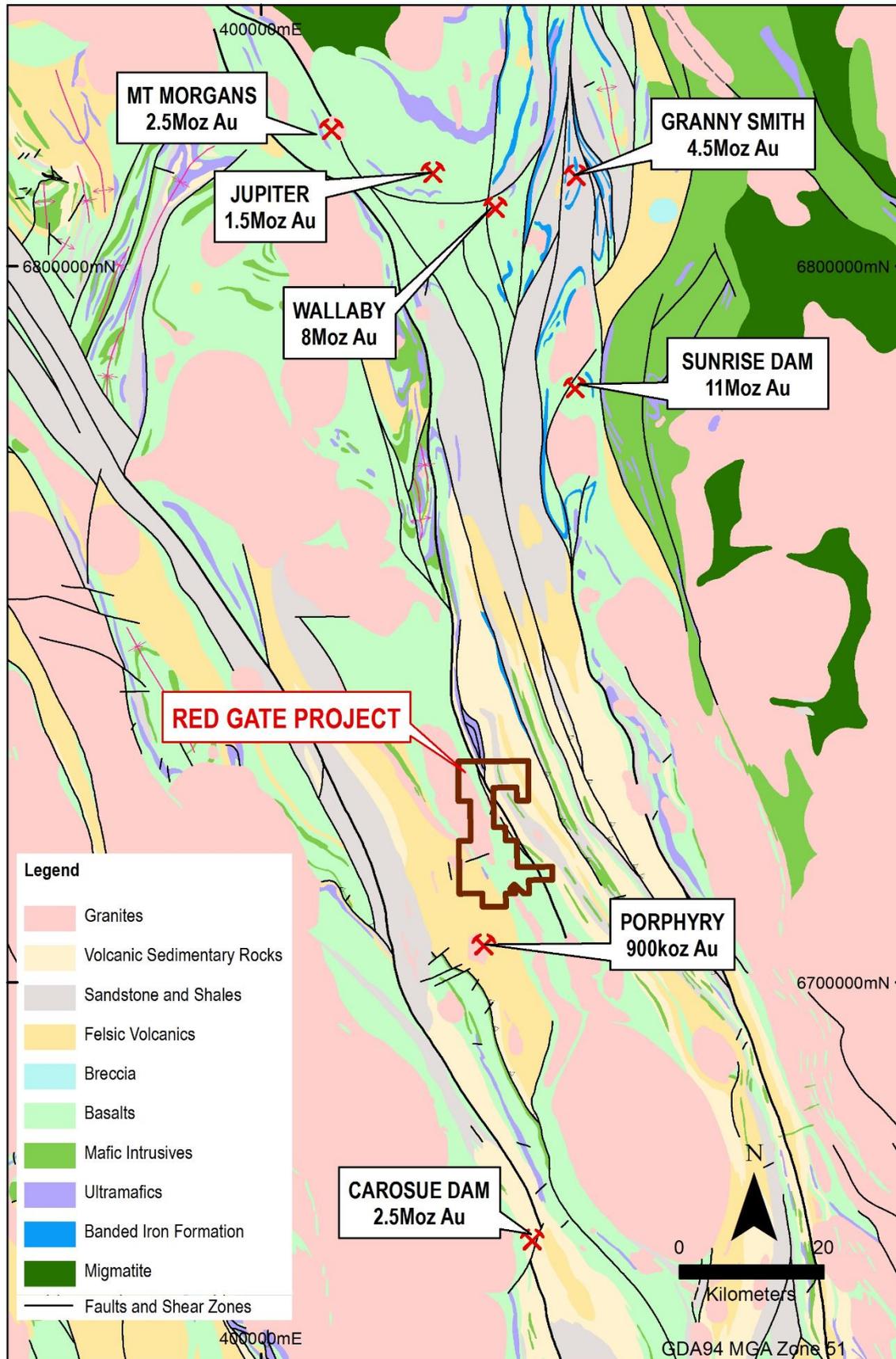
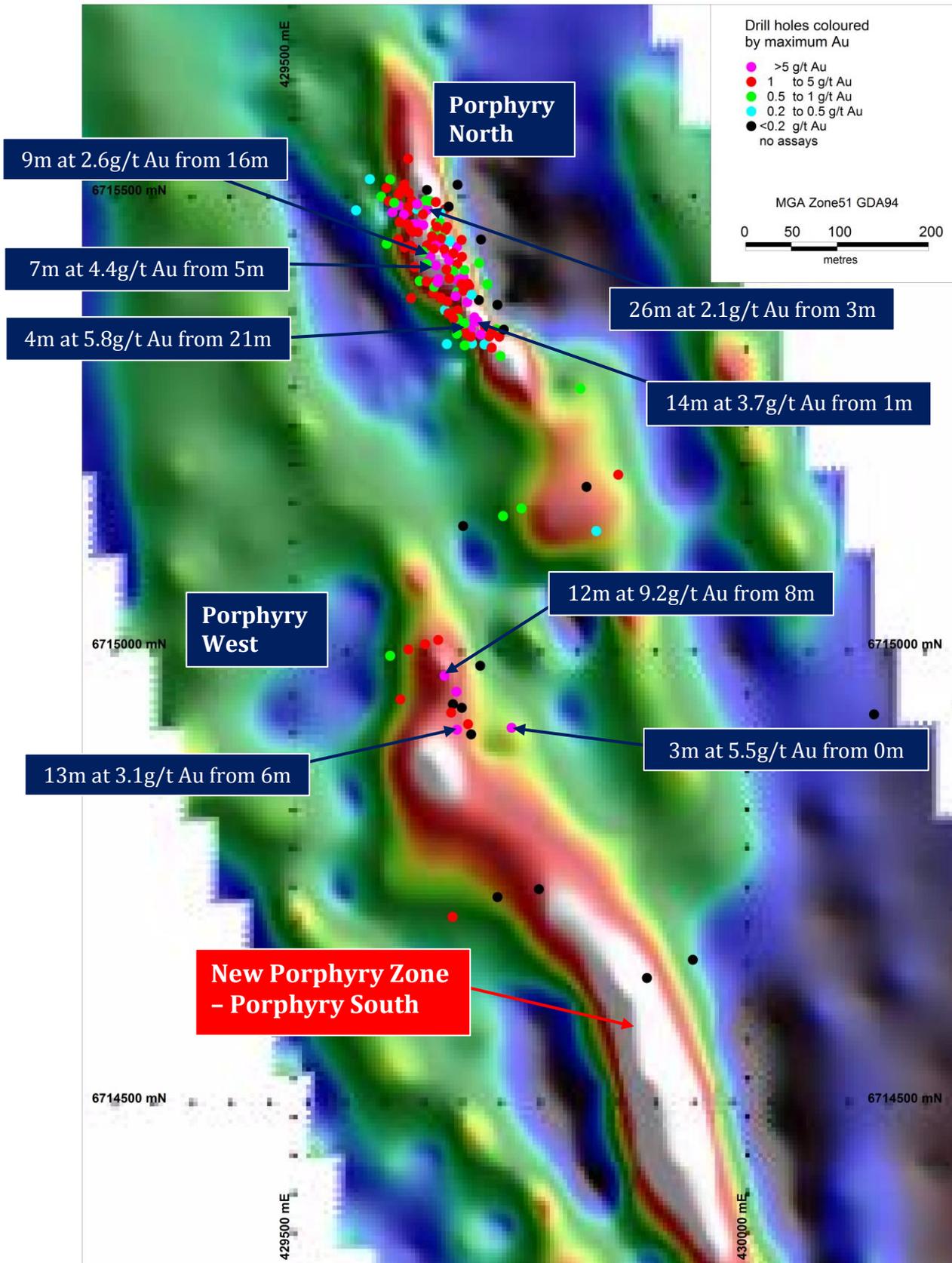


Figure Two | IP Anomalies over the Porphyry North, Porphyry West & Porphyry South prospects with better drill intersections



Appendix One

JORC Code, 2012 Edition | 'Table 1' Report

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 (e.g.: 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. 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 (e.g.: 'reverse circulation drilling was used to obtain 1 m 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 (e.g.: submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> No drilling or sampling, not applicable. Fugro Ground Geophysics completed 31.375 line km of gradient array induced polarisation (GAIP) in two separate campaigns in November 2002 and February 2003 for Sons of Gwalia Ltd. The specifications of the survey are summarised below; <ul style="list-style-type: none"> -Transmitter: Scintrex TSQ-4 10kW -Waveform: 50% duty cycle, 2 second pulse width -Current Electrode Separation: 1.6km -Receiver: Scintrex IPR12 time domain -Line Spacing: 100m -Dipole Spacing: 50m -Station Spacing: 25m The area at Porphyry North was infilled with a line spacing of 50m and an electrode spacing of 25m, in order to compare the resolution of the data and responses to verify that the wider spaced survey has adequate resolution.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g.: core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g.: 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"> No drilling, not applicable.
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"> No drilling or sampling, not applicable.
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"> No drilling or sampling, not applicable.
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. 	<ul style="list-style-type: none"> No drilling or sampling, not applicable.

M I N E R A L S

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	
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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> No drilling or sampling, not applicable.
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"> No drilling or sampling, not applicable. The GAIP data is as reported to the WA DMP and has not been adjusted in any way by Blackstone.
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 in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> The local grid was established using SGW Carouse Exploration's differential GPS, which has a nominal accuracy of +/- 2m. The survey was carried out on the Porphyry North IP local grid and then transformed in to GDA94 MGA51 coordinates. Topographic control is provided by government 250,000 topographic map sheets and a Digital Terrain Model based on the 30 m Shuttle Radar Topographic Mission data.
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"> No drilling or sampling, not applicable. Specifications for the GAIP survey are as recorded above.
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 mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The GAIP survey was undertaken on the Porphyry North IP local grid in order for the survey lines to be orthogonal to strike. No drilling or sampling, not applicable.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> No drilling or sampling, not applicable.
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"> No drilling or sampling, not applicable. No further reviews have been carried out at this reconnaissance stage. Surface sampling to verify the IP anomaly is proposed.

M I N E R A L S

Section 2 Reporting of Exploration Results

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

Criteria	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"> The Porphyry North, West, East and South exploration targets are all located within Exploration Licence 31/1096. The Exploration Licence is held by Downtown Holdings Pty Ltd. Blackstone Minerals has acquired 100% interest and is awaiting transfer of the title.
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"> Significant previous explorers of the Red Gate Project area include Aztec Exploration Ltd, Audimco Ltd, Capricorn Resources NL, Poseidon Gold Ltd, Consolidated Resources NL, Sons of Gwalia Ltd and Renaissance Resources Ltd. Most the historic exploration activity, including drilling, was directed towards the Porphyry North, West and East prospects as discussed in Blackstone Minerals prospectus, released 15 December 2016 and available from http://blackstoneminerals.com.au
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The exploration area is within the Eastern Goldfields, Western Australia which is prospective for gold and base metal deposits.
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"> No drilling, not applicable.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. 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 drilling, not applicable.
Relationship between mineralisation widths and intercept lengths	<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 known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> No drilling, not applicable.

Criteria	Explanation	Commentary
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"> An appropriate exploration plan is included in the body of this release. No drilling, drill plans and sections are not applicable.
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"> No drilling or sampling, not applicable.
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"> Appropriate reconnaissance exploration plans are included in the body of this release.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. 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"> Blackstone Minerals proposes to conduct further prospecting and geochemical sampling to refine the targets before drill testing. An appropriate exploration target plan is included in the body of this release.