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**BLACKSTONE MINERALS LIMITED**

**ACN 614 534 226**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10:00am (WST)

**DATE:** 12 October 2017

**PLACE:** Suite 3, Level 3  
24 Outram Street  
WEST PERTH WA 6005

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9425 5217*

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Schedule 2 – Valuation of Performance Shares	Attached
Proxy Form	Attached

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10.00am (WST) at Suite 3, Level 3, 24 Outram Street, West Perth WA 6005 on 12 October 2017.

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 10 October 2017.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – ISSUE OF SHARES IN CONSIDERATION FOR THE ACQUISITION OF COBALT ONE ENERGY CORPORATION AND ISSUE OF PERFORMANCE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Shares and 8,000,000 Performance Shares on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** The Company has entered into a binding Heads of Agreement to record the basis upon which the Company will acquire 100% of the shares in Cobalt One Energy Corporation (**Acquisition**). The Company seeks shareholder approval for the issue of the Shares and Performance Shares in accordance with ASX Listing Rule 7.1.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 2. RESOLUTION 2 – CREATION OF A NEW CLASS OF SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, subject to and conditional upon the passing of Resolution 1, for the purposes of Section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement.”*

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#### 3. RESOLUTION 3 – ELECTION OF DIRECTOR – MICHAEL KONNERT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of Resolution 1 and the successful completion of the Acquisition, for the purpose of clause 6.2 and having consented to act, be elected as a director of the Company on and from the date of successful completion of the Acquisition.”*

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#### 4. RESOLUTION 4 – ISSUE OF PERFORMANCE SHARES TO RELATED PARTY – MICHAEL KONNERT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of Resolution 1 and the successful completion of the Acquisition, for the purposes of section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,600,000 of the Performance Shares the subject of*

*Resolution 1 to Michael Konnert (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Michael Konnert (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**5. RESOLUTION 5 – ISSUE OF PERFORMANCE SHARES TO RELATED PARTY – HAMISH HALLIDAY**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of Resolution 1 and the successful completion of the Acquisition, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,250,000 Performance Shares to Hamish Halliday (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Hamish Halliday (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 6. RESOLUTION 6 – ISSUE OF PERFORMANCE SHARES TO RELATED PARTY – STEPHEN PARSONS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of Resolution 1 and the successful completion of the Acquisition, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,250,000 Performance Shares to Stephen Parsons (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Stephen Parsons (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 7. RESOLUTION 7 – ISSUE OF PERFORMANCE SHARES TO RELATED PARTY – ANDREW RADONJIC

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of Resolution 1 and the successful completion of the Acquisition, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all*

*other purposes, approval is given for the Company to issue 1,500,000 Performance Shares to Andrew Radonjic (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Andrew Radonjic (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

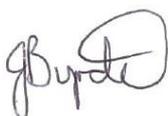
- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Dated: 11 September 2017**

**By order of the Board**



**Jamie Byrde**  
**Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. BACKGROUND

#### 1.1 Summary of the Cobalt One Acquisition

As announced on 26 July 2017, the Company has entered into a binding Heads of Agreement (**HOA**) with Cobalt One Energy Corporation, a company incorporated in British Columbia, Canada (**Cobalt One**) and two of Cobalt One's major shareholders to record the basis upon which the Company will acquire the entire issued share capital of Cobalt One (**Acquisition**). Cobalt One holds the option rights to acquire the Little Gem Gold-Cobalt Project (consisting of 19 separate mining claims) and the Cartier Cobalt-Nickel Project (consisting of 16 separate mining claims) in Canada.

The material terms of the HOA are:

- (a) the consideration for the Acquisition will be satisfied by the issue of 25,000,000 fully paid ordinary shares in the Company (**Consideration Shares**) to the Cobalt One shareholders;
- (b) 8,000,000 performance shares each convertible into one fully paid ordinary share in the Company on the terms set out in Schedule 1 (**Performance Shares**) will be issued to certain Cobalt One shareholders in association with the Acquisition;
- (c) the Company shall assume Cobalt One's obligations of up to C\$700,000 (being the equivalent of approximately \$710,000) of staged option payments payable in respect of the Little Gem Gold-Cobalt Project in the following instalments: first payment of C\$200,000 due on completion of the Acquisition, second payment of C\$250,000 due 3 months after completion and a final payment of C\$250,000 due 3 months from the date of the second payment, upon payment of which, Cobalt One will become the 100% owner of the Little Gem Project;
- (d) in respect of the Little Gem Gold-Cobalt Project, the Company will be required to pay the following royalties:
  - (i) in respect of the first 10,000 tonnes of ore mined from the Project, a 20% net profits interest and a 1% net smelter return shall be payable to the current owner of the Little Gem Gold-Cobalt Project; and
  - (ii) in respect of production thereafter a net smelter return royalty equal to 2.5% of the actual proceeds received from any mint, smelter, refinery or other purchaser from the sale of ores, minerals, mineral substances, metals (including bullion) or concentrates produced from the Little Gem Gold-Cobalt Project (after deducting smelting and refining costs and other freight and marketing costs) shall be payable to the current owner of the Little Gem Gold-Cobalt Project.
- (e) in respect of the Cartier Cobalt-Nickel Project, Cobalt One will be required to pay a net smelter return royalty equal to 2% of the actual

proceeds received from any mint, smelter, refinery or other purchaser from the sale of mineral products produced from the Project to the current owner of the Project;

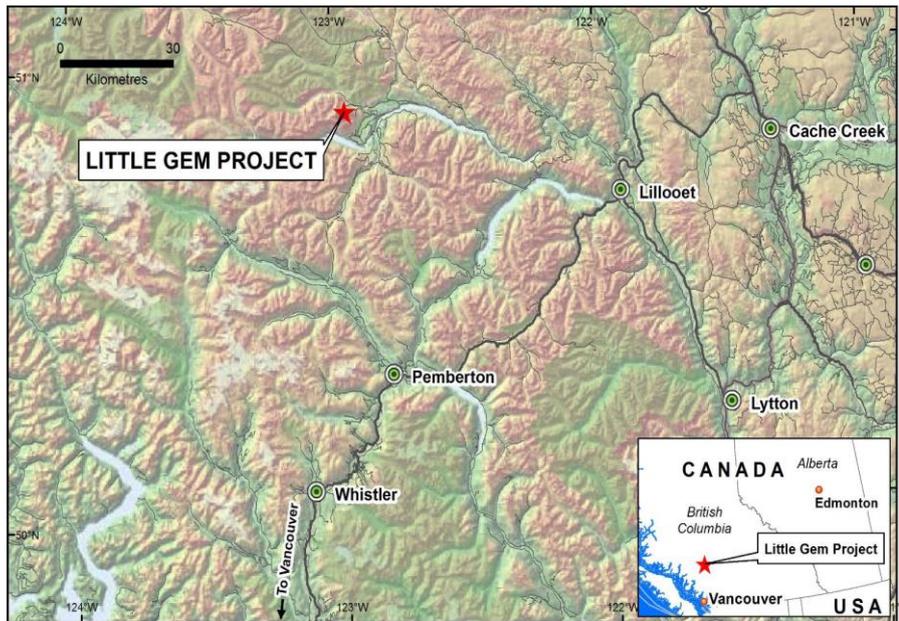
- (f) a representative of Cobalt One (Michael Konnert) is to be appointed to the Company's Board of Directors upon completion of the Acquisition (being the subject of Resolution 3) and 1,600,000 Performance Shares are to be issued to Michael Konnert in association with the Acquisition (being the subject of Resolution 4);
- (g) completion of the Acquisition is subject to the satisfaction of standard conditions precedent including, but not limited to, satisfactory due diligence being completed by each party, the parties (including all Cobalt One shareholders) executing a definitive agreement (**Definitive Agreement**) in respect of the Acquisition, the Company obtaining shareholder approval for the issue of the Consideration Shares and Performance Shares, all relevant parties agreeing satisfactory amended option exercise and royalty payments in respect of the Little Gem Gold-Cobalt Project and the Cartier Cobalt-Nickel Project and receipt of all other required governmental, shareholder and regulatory approvals; and
- (h) satisfaction of the conditions precedent is to occur by no later than 30 September 2017 or such later date as the parties agree in writing .

In conjunction with the Acquisition, the Company proposes to issue an additional 8,000,000 Performance Shares to four parties (being two directors and two founding shareholders/employees of the Company) for services provided in relation to the Acquisition in order to align the interests of these parties with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to these parties. These Performance Shares will be issued on the same terms and conditions as the Performance Shares to be issued to certain Cobalt One shareholders in association with the Acquisition and their issue is subject to and conditional upon completion of the Acquisition. Shareholder approval for the issue of 6,000,000 of these Performance Shares is sought under Resolutions 5 to 7.

The Company has consulted with the ASX to determine the implications of the Acquisition with regard to Chapter 11 of the ASX Listing Rules and ASX has deemed the Acquisition not to be subject to a re-compliance with the admission requirements under ASX Listing Rule 11.1.3 or shareholder approval under ASX Listing Rule 11.1.2.

## 1.2 The Little Gem Project

The Little Gem Project is located in British Columbia, Canada as shown in the map below.

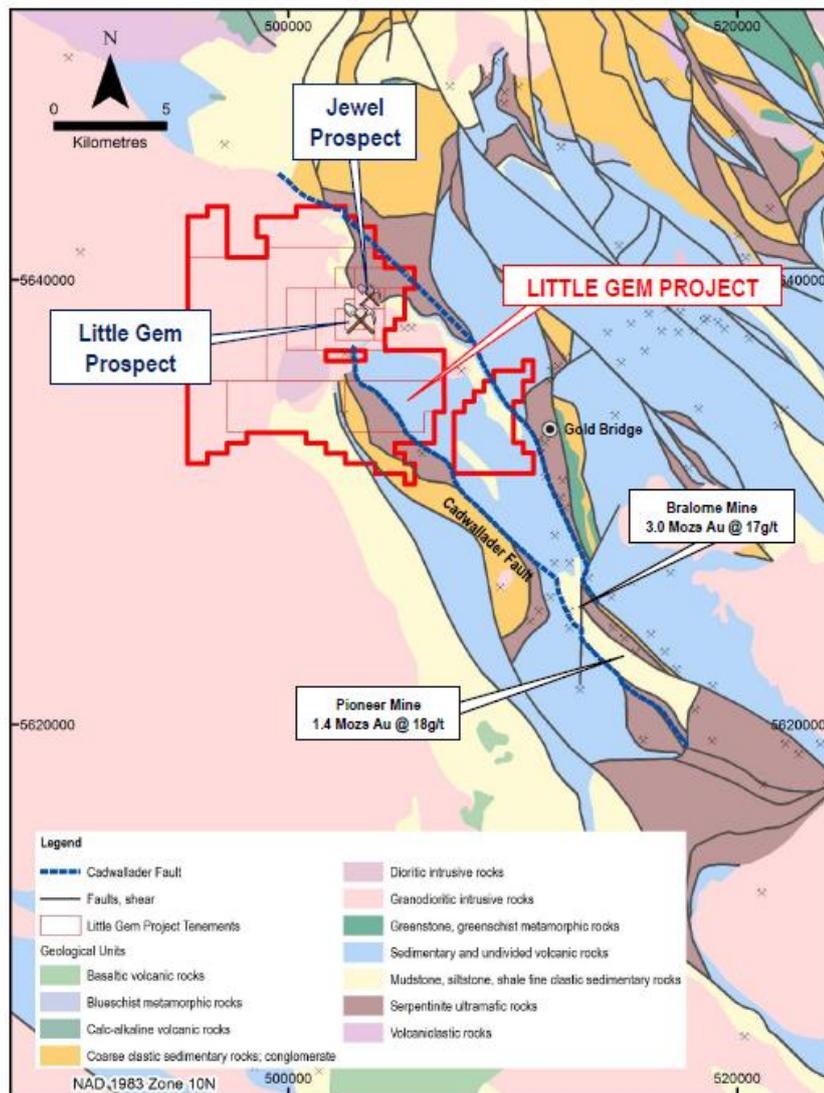


The Little Gem Project was discovered in the 1930's by prospectors identifying a pink cobalt-bloom on weathered mineralisation that led to three adits being developed. A total of 1,268m of drilling was completed from underground and detailed channel sampling was taken from the adits. Results from this work generated some exceptional Cobalt and Gold assays including: 1.8m@2.4% cobalt & 112g/t gold, 3.3m @1.4% cobalt & 12.3g/t gold and 2.9 m @0.9% cobalt & 12 g/t gold from drilling, and 1.8 m @4.4% cobalt & 73 g/t gold and 2 m @3.1% cobalt & 76g/t gold from underground channel sampling and 0.4m@5.7% cobalt & 1,574 g/t gold and 0.1 m @ 4.6 % cobalt & 800 g/t gold from surface channel sampling. Refer to the Company's ASX announcement of 26 July 2017 for the full assay results and information required under the JORC Code.

Little Gem is mostly underlain by granite of the Coast Plutonic Complex and ultramafic rocks on what is interpreted to be the northern extension of the Cadwallader fault zone. These are the major geological units and structures important to the mineral deposits either as the host rocks or sources of the mineralizing fluids that gave rise to the Bridge River Gold mining camp which includes the Bralorne-Pioneer mining complex. Refer to the Company's ASX announcement of 26 July 2017 for full details in respect of Little Gem including information required under the JORC Code.

There has been very little modern day exploration at Little Gem with the main activities being airborne geophysical surveys (including magnetic, radiometric and electromagnetic (**EM**) surveys) in the 1970's and a further two drill holes completed in 1986. The Company plans to re-establish access and will confirm the very high grade historical results before commencing a drill program in the current field season.

The second mineral occurrence at the Little Gem Project is the historic Jewel Gold Prospect which supported some gold production from 1938 to 1940 and is located only 1.1 km north-northeast of the Little Gem Mine. The Company intends to conduct some reconnaissance surface sampling to determine its prospectivity in the current field season.

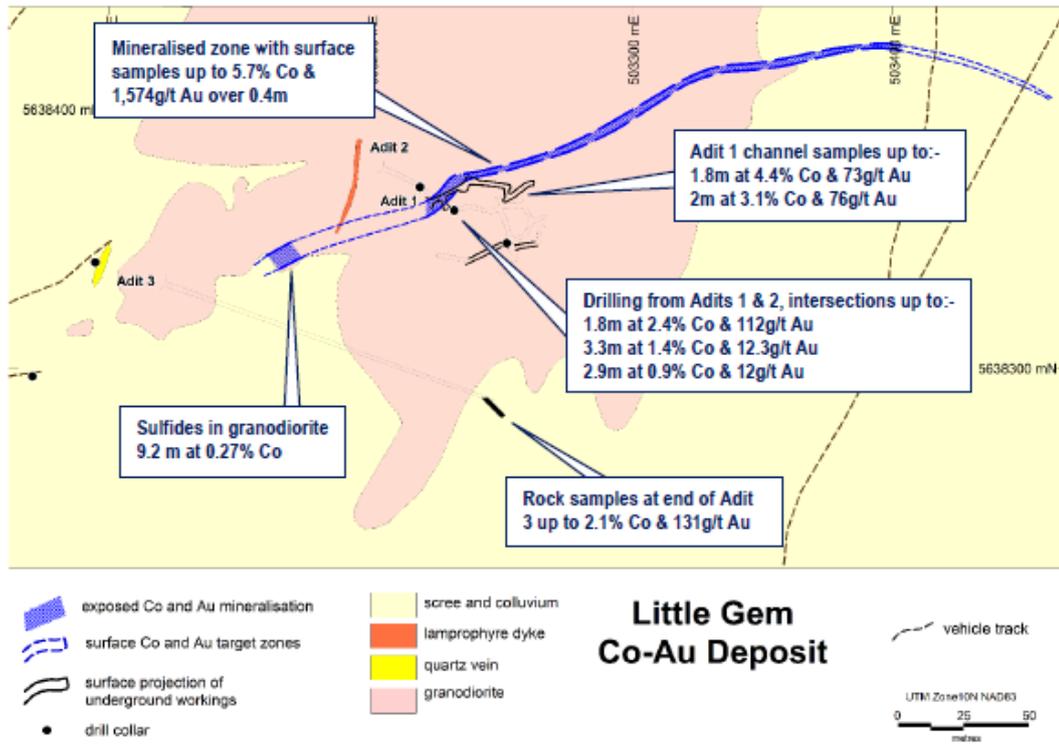


### 1.2.1 Little Gem Project Geology

The Little Gem is, a hypothermal cobalt-sulpharsenide and gold vein that lies within the margin of the Coast Plutonic Complex. Host rocks consist of granodiorite, minor hornblende-biotite-quartz diorite, diorite and gabbro, which are intruded by feldspar porphyry dykes. A broad, east trending and steeply south dipping fault zone cuts the granodiorite near the eastern contact with older sedimentary and volcanic rocks of the Bridge River Complex.

Shears in the zone contain two parallel ore shoots ranging in width from ten centimetres to a few metres. Irregular lenses of almost solid sulphides contain cobalt and gold values in association with danaitite, loellingite, safflorite, arsenopyrite, scheelite and minor molybdenum. Uraninite occurs rarely in the gangue along with coarse-grained allanite, apatite, feldspar, quartz, chlorite, sericite, calcite, erythrite and limonite. Gold occurs mainly as microscopic veinlets of the native metal within and adjacent to the sulpharsenide minerals. Surrounding the ore, strongly bleached and sericitized granodiorite containing disseminated sulphides, residual quartz, feldspar and kaolin grades into unaltered granodiorite. The metallic minerals occur with the gangue in coarsely crystalline masses but are in general younger than most of the gangue minerals. The combination of the batholithic host rocks and the association of this style of mineralization is indicative of high temperature, possibly magma-derived, hydrothermal fluids.

Little Gem, is mostly underlain by granite of the Coast Plutonic Complex and ultramafic rocks on what is interpreted to be the northern extension of the Cadwallader fault zone. These are the major geological units and structures important to the mineral deposits either as the host rocks and perhaps sources of the mineralizing fluids.



Refer to the Company's ASX announcement of 26 July 2017 for the full assay results and information required under the JORC Code in respect of the Little Gem Project.

## 1.2.2 Competent Persons Statement

The information in this Notice that relates to Exploration Results is based on information compiled by Mr Andrew Radonjic, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Radonjic is a full time employee as Technical Director for the Company. Mr Radonjic has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken 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 Radonjic consents to the inclusion in this Notice of the matters based on his information in the form and context in which it appears.

## 2. RESOLUTIONS 1 & 4 - ISSUE OF SHARES IN CONSIDERATION FOR THE ACQUISITION OF COBALT ONE ENERGY CORPORATION AND ISSUE OF PERFORMANCE SHARES (INCLUDING ISSUE OF PERFORMANCE SHARES TO A RELATED PARTY – MICHAEL KONNERT)

### 2.1 General

A summary of the Acquisition is set out in section 1 above. Resolution 1 seeks Shareholder approval for the issue of 25,000,000 Consideration Shares to the shareholders of Cobalt One in consideration for the Company acquiring the entire issued share capital of Cobalt One and for the issue of 8,000,000 Performance

Shares to certain shareholders of Cobalt One to incentivise such parties for future work, services and efforts in association with the assets the subject of the Acquisition.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Consideration Shares and Performance Shares pursuant to the Acquisition during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Of the 8,000,000 Performance Shares to be issued, 1,600,000 will be issued to Michael Konnert (or his nominee) who will be appointed as a Director upon the completion of the Acquisition.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Performance Shares to Michael Konnert constitutes giving a financial benefit and Mr Konnert is a related party of the Company by virtue of being a proposed Director of the Company. It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Performance Shares to Mr Konnert under section 208 of the Corporations Act. Related party approval under section 208 of the Corporations Act for the issue of Consideration Shares to Michael Konnert is not being sought by the Company on the basis that the issue is on arm's length terms pursuant to section 210 of the Corporations Act (i.e. the issue is on the same terms as the Consideration Shares to be issued to all non-related party Cobalt One shareholders under the Acquisition).

Further, related party approval under ASX Listing Rule 10.11 for the issue of both the Performance Shares and Consideration Shares to Mr Konnert is not being sought by the Company on the basis that the exemption in ASX Listing Rule 10.12 (Exception 6) applies (i.e. Michael Konnert is a related party of the Company by reason only of the Acquisition which is the reason for the issue of the Consideration Shares and Performance Shares and the application to it of section 228(6) of the Corporations Act).

## **2.2 Technical information required by ASX Listing Rule 7.1 – Issue of 25,000,000 Shares and 8,000,000 Performance Shares (Resolution 1)**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Acquisition:

- (a) the maximum number of Consideration Shares to be issued under Resolution 1 is 25,000,000 and the maximum number of Performance Shares to be issued under Resolution 1 is 8,000,000;
- (b) the Consideration Shares and Performance Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Shares and Performance Shares will occur on the same day;
- (c) the issue price of the Consideration Shares will be nil as they are being issued to the Cobalt One shareholders in consideration of the Company acquiring their securities in Cobalt One under the Acquisition. The issue price of the Performance Shares will also be nil as they are being issued to certain of the Cobalt One shareholders to incentivise such parties for future work, services and efforts in association with the assets the subject of the Acquisition;
- (d) the Consideration Shares will be issued to the Cobalt One shareholders, none of whom is a related party of the Company, other than Michael Konnert who is seeking election as a Non-Executive Director (Resolution 3).;
- (e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Performance Shares will be issued on the terms and conditions set out in Schedule 1; and
- (g) no funds will be raised from the issue of the Consideration Shares and Performance Shares as they are being issued in consideration for the acquisition by the Company of the entire issued share capital of Cobalt One and to incentivise certain of the Cobalt One shareholders for future work, services and efforts association with the assets the subject of the Acquisition respectively.

### **2.3 Shareholder Approval (Chapter 2E of the Corporations Act) – Issue of Performance Shares to a Related Party – Michael Konnert (Resolution 4)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following additional information is provided in relation to the proposed issue of 1,600,000 Performance Shares to Michael Konnert:

- (a) the value of the Performance Shares independently valued by Stantons International Securities Pty Ltd and the pricing methodology is set out in Schedule 2;
- (b) Mr Konnert currently does not have a relevant interest in any issued securities of the Company;
- (c) the proposed remuneration of Mr Konnert as a Director for the current financial year is \$40,000 (excluding superannuation);
- (d) if the Performance Shares issued to Mr Konnert are converted into Shares, a total of 1,600,000 Shares would be issued. This would increase the number of Shares on issue from 60,800,000 to 62,400,000 (assuming that no other Options or Performance Shares are exercised or convert and no

other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by approximately 2.6%;

- (e) the trading history of the Shares on ASX since the Company was admitted to the Official List of ASX is set out in Section 4.2(j) below;
- (f) the primary purpose of the issue of the Performance Shares to Mr Konnert is to provide a performance linked component for future work, services and efforts provided in association with the assets the subject of the Acquisition. The purpose of the issue is also to motivate and reward the performance of Mr Konnert in his role and to align the interests of Mr Konnert with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward Mr Konnert;
- (g) Messrs McFadzean, Halliday and Radonjic recommend that Shareholders vote in favour of Resolution 4 for the following reasons;
  - (i) the issue of Performance Shares to Mr Konnert will align the interests of Mr Konnert with those of Shareholders;
  - (ii) the issue of Party Performance Shares is a reasonable and appropriate method to provide a cost effective performance linked component for future work, services and efforts provided in association with the assets the subject of the Acquisition as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing Performance Shares upon the terms proposed;
- (h) in forming their recommendations, each Director considered the future work, services and efforts to be provided by Mr Konnert in connection with the assets the subject of the Acquisition, the current market price of Shares and current market practices when determining the number of Performance Shares to be issued; and
- (i) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

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### **3. RESOLUTION 2 – CREATION OF A NEW CLASS OF SECURITIES**

Resolution 2 seeks Shareholder approval for the Company to be authorised to issue the Performance Shares. A company with a single class of shares on issue which proposes to issue new securities not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the Constitution already provides for such an issue. Under clause 2.1 of the Company's Constitution and, subject to the Corporations Act and the ASX Listing Rules, the Company may issue securities in the Company on any terms, at any time and for any consideration as the Directors resolve.

Section 246B of the Corporations Act and clause 2.3 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the holders of the issued shares of the affected class; or
- (b) the written consent of the holders of 75% of the votes of the affected class.

As set out in Section 2.1, the Company proposes issuing 8,000,000 Performance Shares to certain shareholders of Cobalt One to incentivise such parties for future work, services and efforts in association with the assets the subject of the Acquisition. Further, as set out in Section 1.1, and in conjunction with the Acquisition, the Company proposes to issue an additional 8,000,000 Performance Shares to two directors and two founding shareholders/employees of the Company for services provided in relation to the Acquisition.

Each Performance Share will, if certain milestones are achieved, convert into one (1) fully paid ordinary share in the Company. The full terms and conditions of the Performance Shares are set out in Schedule 1 of this Notice. Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of securities on the terms set out in Schedule 1. This Resolution is a special resolution.

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#### **4. RESOLUTION 3 – ELECTION OF DIRECTOR – MICHAEL KONNERT**

##### **4.1 General**

Clause 6.2 of the Constitution allows the Company to elect a person as a Director by resolution passed in general meeting. If Resolution 3 is approved by Shareholders, Michael Konnert will be appointed as a Director upon the completion of the Acquisition.

##### **4.2 Qualifications and other material directorships**

Michael Konnert is the founder and CEO of Cobalt One. He has nearly a decade of experience in the natural resources industry, specifically in executing successful corporate strategies for leading mining companies. Mr Konnert started his career with Pretium Resources (TSX-PVG) following their \$265 million initial public offer. Following that, he spent three years with Riverside Resources (TSX.V-RRI), where he managed the corporate development and investor relations activities of the company. Since then, he has assisted both publicly listed companies and private enterprises including SNL Financial's Metals and Mining arm, the industry's largest database, research and consulting group, toward their \$2 billion merger with Standard and Poor's Capital IQ. Mr Konnert's specific skill set includes corporate strategy, capital raises, and business development. He holds a Bachelor of Commerce from Royal Roads University and a Diploma in Entrepreneurship from the British Columbia Institute of Technology. Mr Konnert is currently a director of two companies listed on the TSX-V, Benz Mining Corp (TSX-V:BZ) and Fitch Street Capital (TSX-V:FSC.H).

##### **4.3 Independence**

Michael Konnert has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally. If elected, the Board considers Mr Konnert will be an independent director.

#### 4.4 Board recommendation

The Board supports the election of Michael Konnert and recommends that Shareholders vote in favour of Resolution 3.

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#### 5. RESOLUTIONS 5-7 - ISSUE OF PERFORMANCE SHARES TO RELATED PARTIES – HAMISH HALLIDAY, STEPHEN PARSONS AND ANDREW RADONJIC

As noted above, the Company has agreed, subject to obtaining Shareholder approval, to issue a total of 6,000,000 Performance Shares (**Related Party Performance Shares**) to Hamish Halliday, Stephen Parsons and Andrew Radonjic (or their respective nominees) (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Performance Shares constitutes giving a financial benefit and Hamish Halliday, Stephen Parsons and Andrew Radonjic are related parties of the Company.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Related Party Performance Shares to the Related Parties.

#### 5.1 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Related Party Performance Shares:

- (a) Hamish Halliday and Andrew Radonjic are related parties by virtue of being Directors, and Stephen Parsons is a related party as the Company has reasonable grounds to believe he will be a related party in the future;
- (b) the maximum number of Related Party Performance Shares (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
  - (i) 2,250,000 Related Party Performance Shares to Hamish Halliday;

- (ii) 2,250,000 Related Party Performance Shares to Stephen Parsons;  
and
  - (iii) 1,500,000 Related Party Performance Shares to Andrew Radonjic;
- (c) the Related Party Performance Shares will be issued to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Shares will be issued on one date;
- (d) the Related Party Performance Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Performance Shares are set out in Schedule 1;
- (f) the value of the Related Party Performance Shares independently valued by Stantons International Securities Pty Ltd and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Performance Shares (Classes A &amp; B)</b>
Hamish Halliday <sup>1</sup>	2,831,383	2,000,000
Stephen Parsons	2,500,001	2,000,000
Andrew Radonjic <sup>2</sup>	2,658,751	2,000,000

<sup>1</sup> Hamish Halliday indirectly holds 1 fully paid ordinary share through McTavish Industries Pty Ltd <McTavish Trust>, and 250,000 fully paid ordinary shares through McTavish Industries Pty Ltd <McTavish Superannuation A/C>

<sup>2</sup> Andrew Radonjic indirectly holds 33,750 fully paid ordinary shares through Onedin Enterprises Pty Ltd <Radonjic Family Trust>, and 2,625,001 fully paid ordinary shares and 1,000,000 Tranche A Performance Shares and 1,000,000 Tranche B Performance Shares through Lenore Radonjic <spouse>.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year<sup>1</sup></b>
Hamish Halliday	\$54,750	\$31,586
Andrew Radonjic	\$109,500	\$63,173
Stephen Parsons	\$32,850	\$21,563

<sup>1</sup> Appointed 30 August 2016.

- (i) if the Related Party Performance Shares issued to the Related Parties are converted into Shares, a total of 6,000,000 Shares would be issued. Assuming the maximum number of Shares are issued under Resolutions 5-7, this will increase the number of Shares on issue from 60,800,000 to 66,800,000 (assuming that no other Options or Performance Shares are

exercised or convert and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 8.9% comprising approximately 3.3% by Hamish Halliday, 3.3% by Stephen Parsons and 2.3% by Andrew Radonjic;

- (j) the trading history of the Shares on ASX since the Company was admitted to the Official List of ASX is set out below:

	<b>Price</b>	<b>Date</b>
Highest	38.0 cents	7 September 2017
Lowest	16.5 cents	28 June 2017
Last	35.0 cents	7 September 2017

- (k) the primary purpose of the issue of the Related Party Performance Shares to the Related Parties is to provide a performance linked incentive component in the remuneration package for Messrs Halliday and Radonjic as Directors and as an incentive component to Mr Parsons as a founding Shareholder and consultant of the Company. In particular, the purpose of the issue is to motivate and reward the performance of the Related Parties in their respective roles and to align the interests of these parties with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to these parties;

- (l) Hamish Halliday declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Shares in the Company should Resolution 5 be passed. However, in respect of Resolutions 6 and 7, Hamish Halliday recommends that Shareholders vote in favour of those Resolutions for the following reasons:

- (i) the issue of Related Party Performance Shares to the Related Parties will align the interests of the Related Parties with those of Shareholders;
- (ii) the issue of the Related Party Performance Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing Related Party Performance Shares upon the terms proposed;

- (m) Andrew Radonjic declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Shares in the Company should Resolution 7 be passed. However, in respect of Resolutions 5 and 6, Andrew Radnojc recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);

- (n) Bruce McFadzean recommends that Shareholders vote in favour of Resolutions 5 to 7 for the reasons set out in paragraph (l);
- (o) in forming their recommendations, each Director considered the experience of each Related Party, the current market price of Shares and current market practices when determining the number of Related Party Performance Shares to be issued; and
- (p) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 to 7.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Performance Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## GLOSSARY

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**\$** means Australian dollars.

**Acquisition** has the meaning given in Section 1.1 of the Explanatory Statement.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**C\$** means Canadian dollars.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Cobalt One** has the meaning given in Section 1.1 of the Explanatory Statement.

**Company** means Blackstone Minerals Limited (ACN 614 534 226).

**Consideration Shares** has the meaning given in Section 1.1 of the Explanatory Statement.

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**HOA** has the meaning given in Section 1.1 of the Explanatory Statement.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority

and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Performance Share** means a performance share on the terms set out in Schedule 1.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

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

**Shareholder** means a registered holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

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### 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**):

Performance Share	Milestone
Class C	All Performance Shares held by the holder as at the date of issue shall convert into an equal number of fully paid ordinary shares upon the Company achieving a drill result representing a 2% cobalt equivalent-metres intersection (reported in accordance with clause 50 of the JORC Code 2012).

- (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 30 September 2022, 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.
- (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; or
  - (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.
- (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 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.
- (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.

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**SCHEDULE 2 – VALUATION OF PERFORMANCE SHARES**

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1 September 2017

The Directors  
Blackstone Minerals Limited  
Level 3, 24 Outram Street  
West Perth Western Australia WA

Dear Sirs

At the request of Jamie Byrde on behalf of Blackstone Minerals Limited (“the Company” or “Blackstone”) received on 31 August 2017, John Van Dieren, the principal corporate consultant to Stantons International Securities Pty Ltd hereby sets out a technical valuation of the following:

Class C - 16,000,000 performance Shares (“Performance Shares”) to be granted to certain shareholders of Cobalt One Energy Corp (8,000,000 Performance Shares) and the remaining 8,000,000 Performance shares to related parties and senior management of the Company.

The above Performance Shares need to be valued for use in a notice of general meeting and are subject to Shareholders’ approval to be sought at the proposed general meeting to be held in early October 2017.

**Class C Performance Shares to be granted to certain Cobalt One Energy Corp shareholders and related parties**

1. The Class C Performance Shares will vest and convert into Blackstone ordinary shares subject to Blackstone obtaining a drill result representing a 2% cobalt-metres intersection or the equivalent of any other commodity.
2. The Performance Shares will vest into Blackstone ordinary shares in the Company upon the satisfaction of the above Vesting Condition that is Non- Market Based.
3. The Performance Shares will not convert if the milestone set out in paragraph 1 above is not satisfied within the stipulated timeframe (on or before 5 years from the date of grant).
4. The Performance Shares will be issued for nil cash consideration. Accordingly, no funds will be raised from the issue of the Performance Shares.
5. The shares to be issued in the event of vesting of the Performance Shares shall rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares, will be issued credited as fully paid, will be duly authorised and issued by all necessary corporate action and will be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emptive rights and any transfer restrictions.
6. In effect, the initial undiscounted value of the Performance Shares is the value of an underlying share in the Company as traded on ASX at the date of issue of the Performance Shares. For the purpose of this valuation based on deemed date of the grant being 31 August 2017 we have used 25.0 cents. This valuation is made for the purpose of its inclusion in the notice of general meeting and is subject to Shareholders’ approval in the proposed general meeting to be held in early October 2017 and hence these Performance Shares need to be re-valued on their grant date i.e. the date of the general meeting.

7. In relation to the Class C 16,000,000 Non Market Based Performance Shares that have no market based conditions as earlier mentioned above, no market based discount is applied. However arguably a discount could be applied for the non-listed status and transferability restrictions relating to the Non Market Based Performance Shares. However, we have not applied a discount. If a discount was applied, a discount of between 20% and 30% would not be unreasonable however under IFRS no discount is applied.
8. In effect, the initial undiscounted value of the Non Market Based Performance Shares is the value of an underlying share in the Company as traded on ASX at the date of issue of the Performance Shares. For the purpose of this valuation based on the deemed date of the grant being 31 August 2017 we have used 25.0 cents being the last sale price on 30 August 2017. Under IFRS, the Company's Directors at the date of issue of the Non Based Market Performance Shares will need to estimate the date when the non market based performance condition will be met and account for the value over the period from date of issue to the date the non market based performance condition will be met (maximum time will be until the date the non- market based condition needs to be achieved from date of issue). It is noted that since March 2017 to 31 August 2017, the shares in Blackstone have traded on ASX at between 16.5 cents and 34.0 cents.

In this case, the Directors may need to estimate the number of Non market Based Performance Shares that may vest and then multiply 25.0 cents by the number and account for the value of the estimated vesting period.

9. **We conclude that the undiscounted value of one Non market Based Class C Performance Share based on a last underlying share price as at 31 August 2017, is 25.0 cents.**

Should you wish to discuss the above, do not hesitate to contact me.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES PTY LTD**  
**(Trading as Stantons International Securities)**



**John Van Dieren**  
**Director and Principal Corporate Consultant**

## PROXY FORM

BLACKSTONE MINERALS LIMITED  
ACN 614 534 226

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Suite 3, Level 3, 24 Outram Street, West Perth WA 6005 on 12 October 2017 at 10:00am and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 4-7 (except where I/we have indicated a different voting intention below) even though Resolutions 4-7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Issue of Shares in Consideration for the Acquisition of Cobalt One Energy Corporation and Issue of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Creation of a New Class of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – Michael Konnert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Performance Shares to a Related Party – Michael Konnert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Performance Shares to a Related Party – Hamish Halliday	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Performance Shares to a Related Party – Stephen Parsons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Performance Shares to a Related Party – Andrew Radonjic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

\_\_\_\_\_

Contact name:

\_\_\_\_\_

Contact ph (daytime):

\_\_\_\_\_

E-mail address:

\_\_\_\_\_

Consent for contact by e-mail  
in relation to this Proxy Form:

YES  NO

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Blackstone Minerals Limited, PO Box 1175 West Perth WA 6005; or
  - (b) facsimile to the Company on facsimile number +61 8 6500 9982; or
  - (c) email to the Company at [jamie@blackstoneminerals.com.au](mailto:jamie@blackstoneminerals.com.au),so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**