BLACKSTONE

MINERALS

Annual Report
30 June 2017

ABN 96 614 534 226

Non-Executive Chairman
Hamish Halliday

Technical Director
Andrew Radonjic

Non-Executive Directors
Bruce McFadzean

Company Secretary
Jamie Byrde

Principal & Registered Office
Level 3, 24 Outram Street
WEST PERTH WA 6005
Telephone: (08) 9425 5217
Facsimile: (08) 6500 9982

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Auditors
Stantons International
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Bankers
National Australia Bank
50 St Georges Terrace
PERTH WA 6000

Stock Exchange Listing
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: BSX

Website Address
www.blackstoneminerals.com.au

Contents

Chairman's Letter to Shareholders

On behalf of the Directors of Blackstone Minerals Limited ("Blackstone"), I present to shareholders the Company's annual report for the period ended 30 June 2017.

Blackstone successfully completed its Initial Public Offering (IPO) and raised $3.5 million, with the shares commencing trading on the Australian Stock Exchange at 10.00am on Monday 23 January 2017.

The Company is focused upon the exploration and development of mineral resources within its current portfolio of projects in Western Australia, which includes Red Gate, Silver Swan South and Middle Creek which are all prospective for gold, with Silver Swan South also prospective for nickel sulphides.

Since Blackstone listed it has completed exploration work at the Red Gate project where it identified two new porphyry zones culminating in a mineralised corridor striking over 4 kms, and at Silver Swan South were Nickel Sulphides where located following the commencement of drilling, both projects are located in the Eastern Goldfields of Western Australia.

Recently the Company announced the proposed acquisition of Cobalt One Energy Corp (Canada) which contains the High Grade Cobalt–Gold Little Gem Project (British Columbia, Canada) and the Nickel-Cobalt Cartier Project (Quebec, Canada). Blackstone hopes to finalise the acquisition on or before 31 October 2017.

The Company is very excited about the acquisition of the Little Gem Project, as it delivers the unique opportunity to explore for both high grade cobalt and gold simultaneously. Management are also pleased to have provided Blackstone shareholders with exposure to the potentially lucrative and fast growing cobalt market where the dominant use is rechargeable batteries.

The Directors and I look forward to meeting shareholders at the upcoming annual general meeting.

Hamish Halliday
Chairman

The Directors of Blackstone Minerals Limited submit herewith the consolidated financial statements of the Company and its controlled entities for the period 30 August 2016, being incorporation date of the Company, to 30 June 2017 in order to comply with the provisions of the Corporations Act 2001. As this is the first year of operation of the consolidated entity, comparative information is not available.

1. Directors

The following persons were Directors of Blackstone Minerals Limited since incorporation 30 August 2016 and up to the date of this report, unless otherwise stated:

Mr Hamish Halliday	Non-Executive Chairman (Appointed 30 August 2016)
Mr Andrew Radonjic	Technical Director (Appointed 30 August 2016)
Mr Bruce McFadzean	Non-Executive Director (Appointed 30 August 2016)

2. Principal Activities

The principal activity of the consolidated entity during the period was mineral exploration. There were no significant changes in the nature of the consolidated entity's principal activities during the period.

3. Group Financial Overview

Profit and Loss

The loss attributable to owners of the consolidated entity after providing for income tax amounted to $865,159.

Financial Position

The consolidated entity had $2,616,932 in cash and cash equivalents as at 30 June 2017. The Directors believe the consolidated entity is in a sound financial position with sufficient capital to effectively explore its current landholdings.

4. Dividends Paid or Recommended

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.

5. Business Strategies & Prospects for the Forthcoming Year

Blackstone Minerals Limited is focused upon the exploration and development of mineral resources within its current portfolio of projects in Western Australia and within its proposed Cobalt-Gold project Little Gem, included within the acquisition of Cobalt One Energy Corp (Canada).

The Group has six granted prospecting licences at its Silver Swan South Project area and 1 granted exploration licence at the Red Gate Project. Licences at the Middle Creek Project are still in application pending native title and access agreements.

In addition, the proposed acquisition of Cobalt One Energy Corp contains the Little Gem Project (British Columbia, Canada) which includes 20 granted tenement claims and the Cartier Project (Quebec, Canada) which has 16 granted tenement claims. The company hopes to finalise the acquisition on or before 31 October 2017 and continue its planned exploration and development activities on i's Western Australian and Canadian Projects.

6. Significant Changes in the State of Affairs

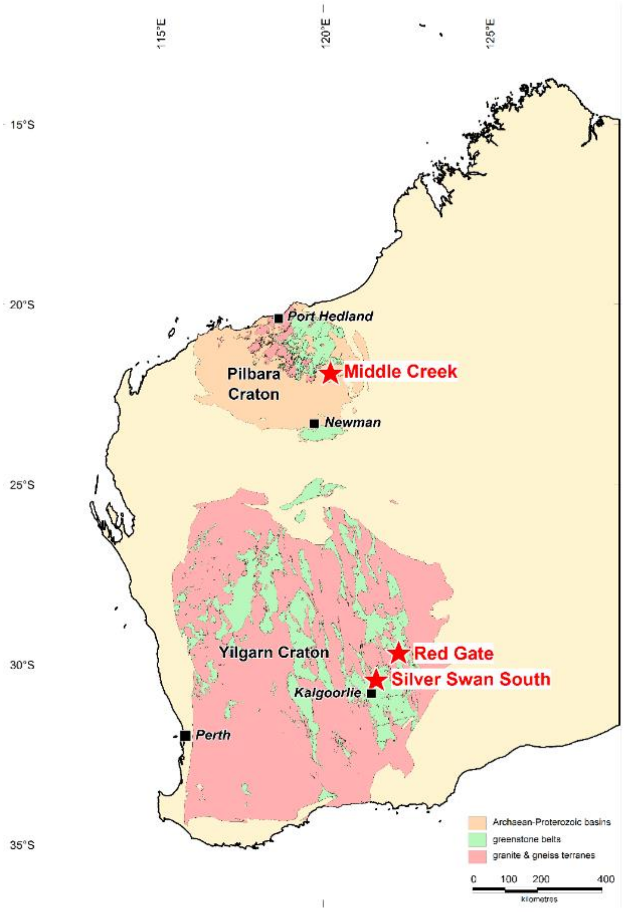
The company successfully listed on the Australian Securities Exchange on the 23 January 2017 raising $3.5m. There were no significant changes in the state of affairs of the Company during the period.

7. Review of Operations

Introduction

During the period, the company focused on exploration work at the Red Gate project where it identified two new porphyry zones culminating in a mineralised corridor striking over 4 kms, and at Silver Swan South where Nickel Sulphides where located following the commencement of drilling, both projects are located in the Eastern Goldfields of Western Australia. (Refer to Figure One).

Figure One | The locations of the Projects



Red Gate Project (100% interest)

The Red Gate Project consists of the one granted Exploration Licence E31/1096 covering an area of 145.2 km^2. The Project is centred 10 km north of the Porphyry Gold Mine (0.9 Moz gold endowment) (Refer Figure Two), 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.

Activities during the Period to 30 June 2017

During the period, , Blackstone completed first pass reconnaissance work at the Red Gate project, focused on the previously known Porphyry East and Porphyry North prospects as well as targeting new porphyry zones. This program identified a sericite altered granite with disseminated sulfides (weathered) and quartz-sulfide veins at the Reidy prospect (Refer Figure Three) that are similar to Porphyry North, where historical drilling intersected 14m @ 3.7g/t gold. The new target is favourably located either within or immediately adjacent to the Claypan Shear Zone already host to significant gold discoveries.

7. Review of Operations (continued)

Following the identification of the Reidy Prospect, Blackstone completed a program of reconnaissance soil sampling and detailed mapping to further define the target area. This work showed the presence of several prospective porphyry bodies adjacent to the inferred Claypan Shear zone, and returned spot gold anomalies of up to 20 ppb on 200 to 400 m line spacings. Follow-up infill sampling is planned in the coming year.

The Blackstone Minerals exploration team continued to review the extensive historical data set accumulated for the project and in the process 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).

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 (now named the Porphyry South Prospect) has returned assays of up to 13 m @ 3.1 g/t gold from 6 m (NPRC115) (Refer Figure Four). The chargeable anomaly is more intense than that at Porphyry North. SOGS drilled three holes into the anomaly but Blackstone Minerals believes that these holes were ineffective and further follow-up is required.

Further reconnaissance surface sampling by the Blackstone Minerals exploration team, along strike from the recently identified Porphyry South prospect, has located a new prospect with rock chip sampling results including 79 g/t gold, 7.6 g/t gold and 4.3 g/t gold (Refer ASX announcement on 11 July 2017). This work has led to re-interpretation of the area resulting in the development of a mineralised corridor concept now named the Red Gate Shear Zone. The Red Gate Shear Zone contains two historic, high grade, gold prospects and extends over 4 km in strike length and is up to 1,000 metres wide (Refer to Figure Five)

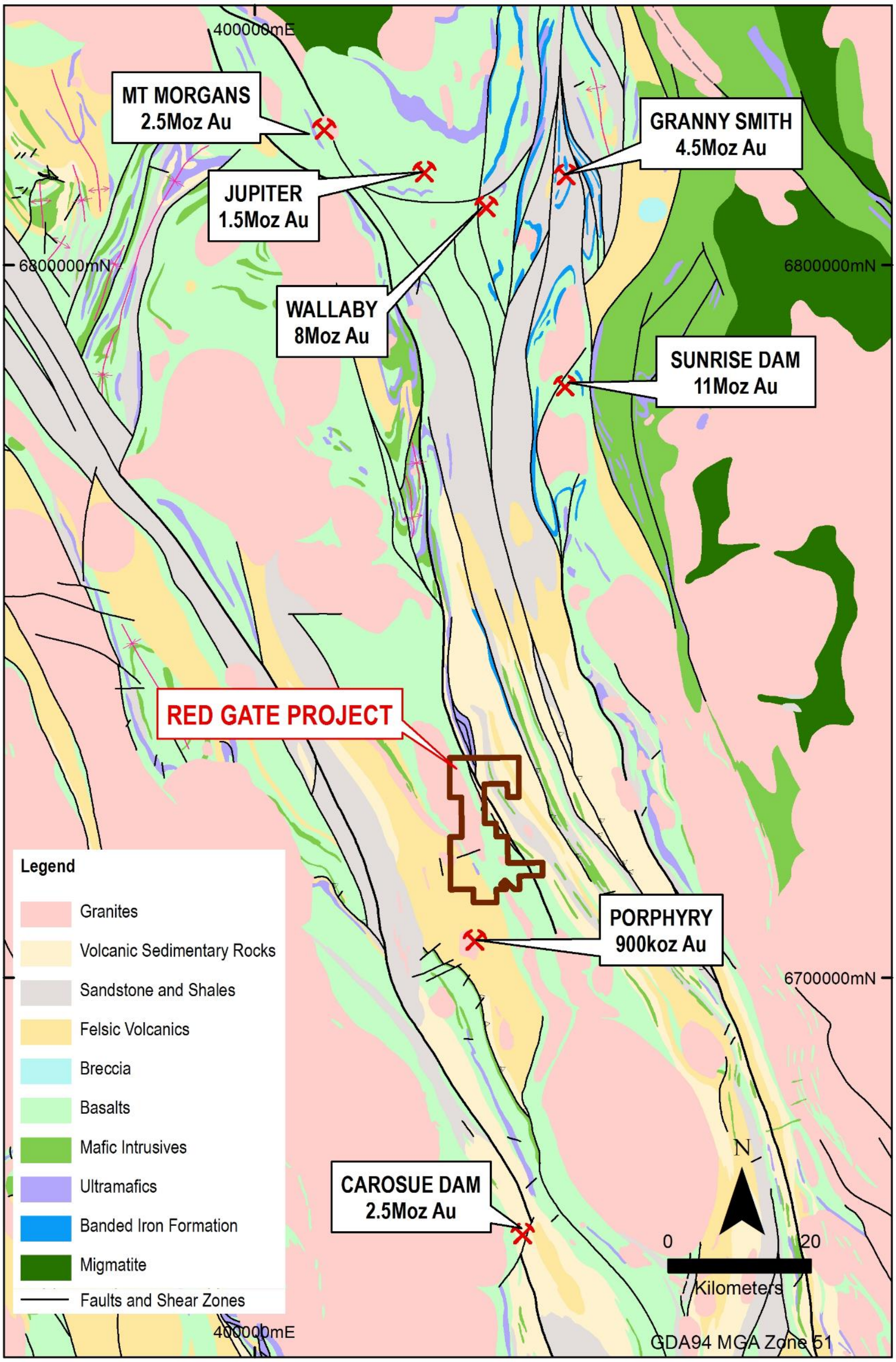
The Company is looking to further develop this mineralised corridor concept with further surface sampling before finalising priority targets for drill testing in the coming months.

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

* Riedel Resources Website
** Saracen Mineral Holdings Limited Annual Report 2016

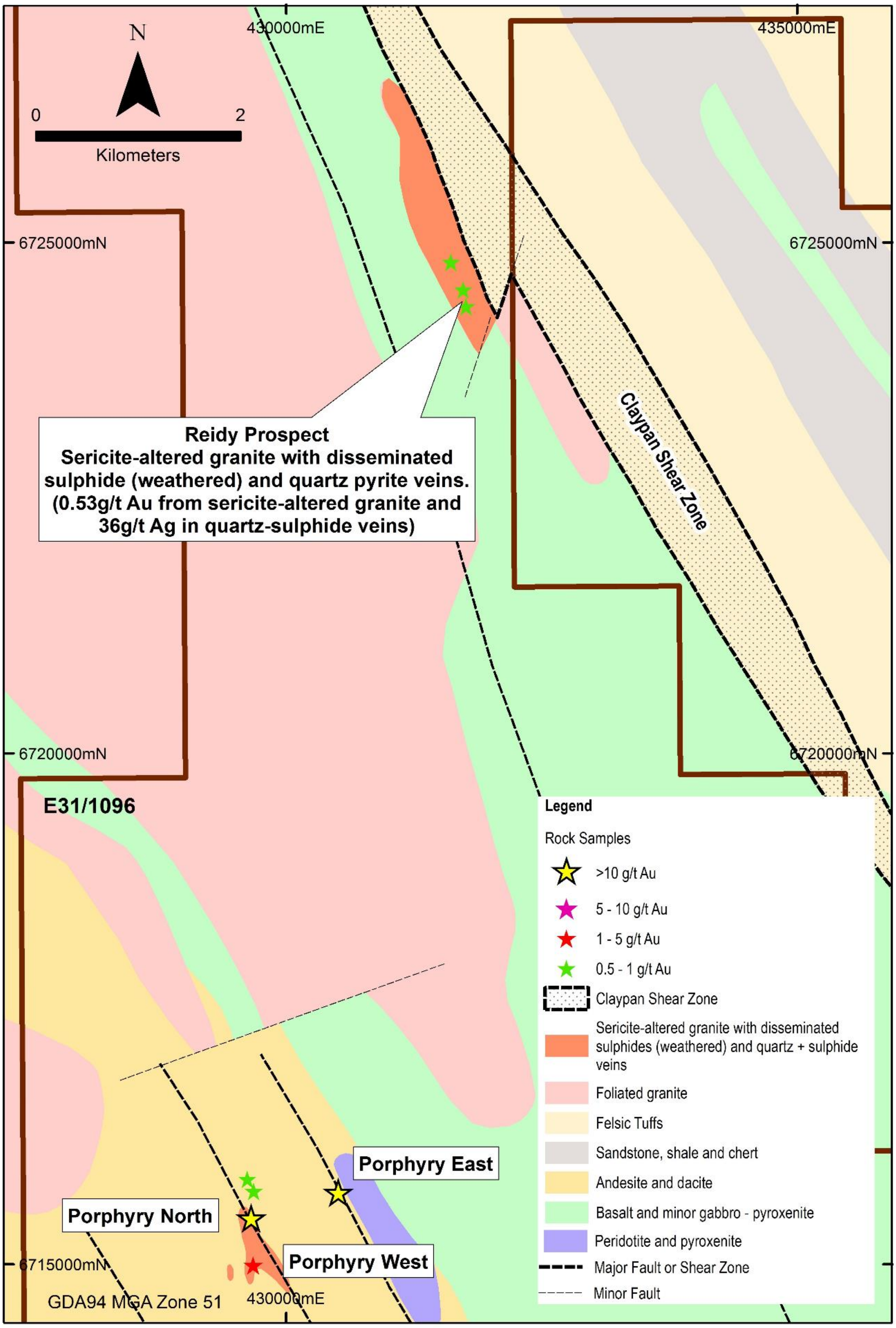
7. Review of Operations (continued)

Figure Two | The locations of the Projects



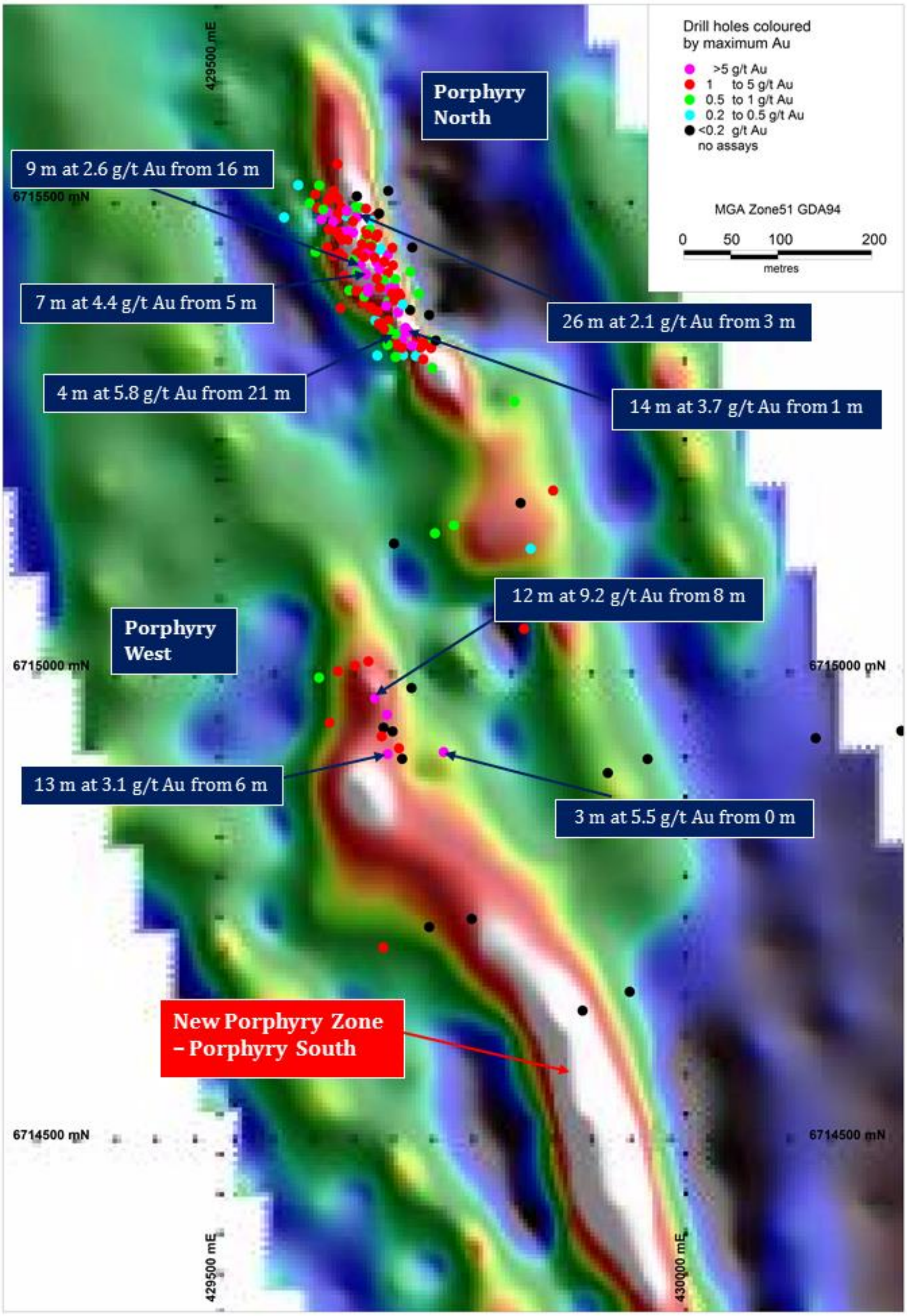
7. Review of Operations (continued)

Figure Three | Red Gate Interpreted Geology and Location of New Rock Samples +0.5g/t Gold



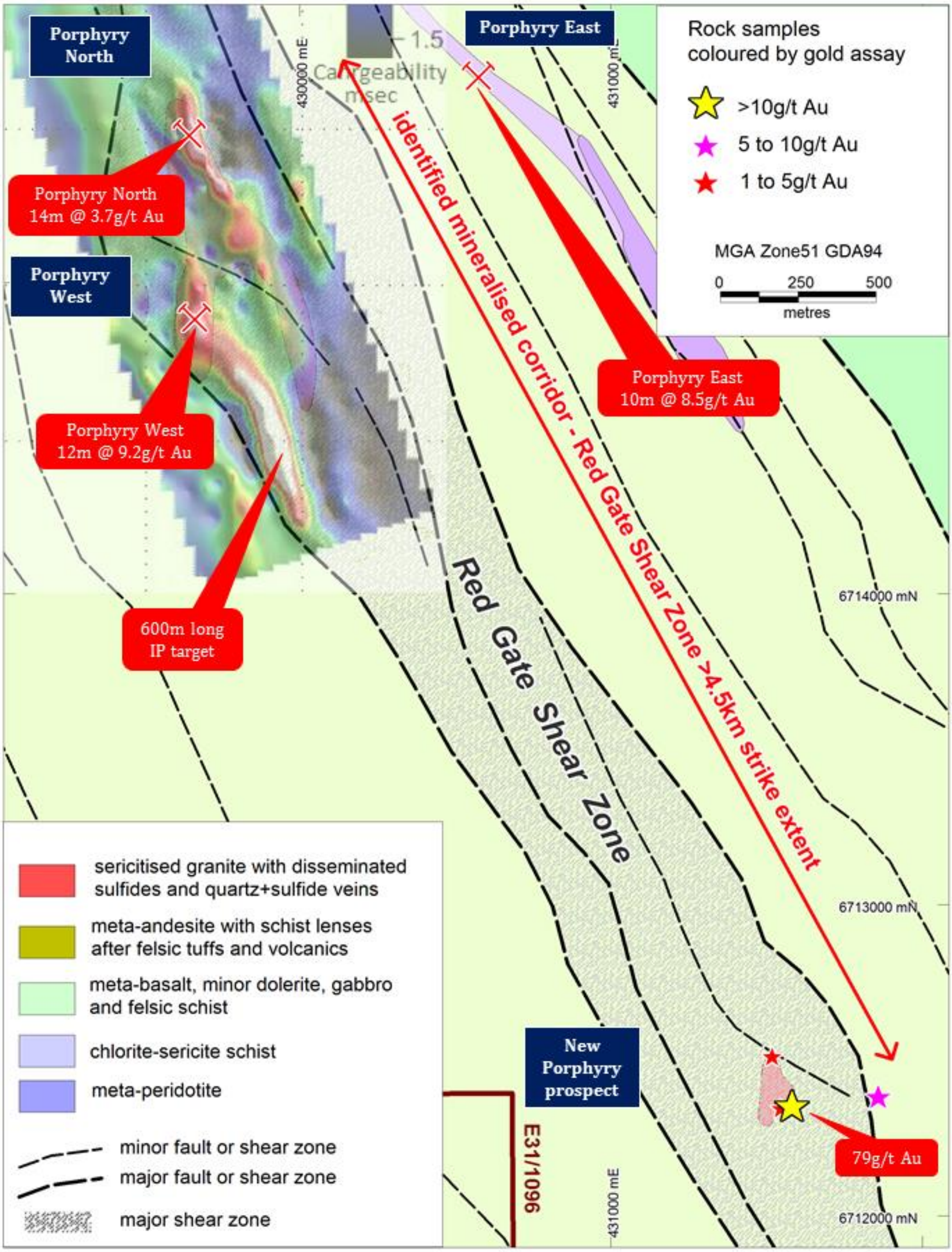
7. Review of Operations (continued)

Figure Four | IP Anomalies over the Porphyry North, Porphyry West & Porphyry South Prospects



7. Review of Operations (continued)

Figure Five | Reconnaissance rock samples >1 g/t gold from the new porphyry prospect within the Red Gate Shear Zone



7. Review of Operations (continued)

Silver Swan South Project (100% interest)

The Silver Swan South Project comprises of one exploration licence application E27/545 and six granted prospecting licences, P27/2191 – 2196 covering an area of 47.2 km^2. The Project is along trend of the massive nickel sulfide Silver Swan Deposit (pre-mining ore reserve of 655 kt at 9.5% Nickel) and associated deposits (pre-mining resource of 10.4 Mt at 1.0% Nickel), and only 8 km northeast of the major Kanowna Belle Gold Mine (+5 Moz gold endowment).

Activities during the Period to 30 June 2017

During the period, Blackstone through surface sampling of the target ultramafic unit at Silver Swan South, had confirmed the presence of nickel sulphides (pentlandite). The discovery followed the commencement of air core drilling at the project, designed to further define both the sulphide nickel and gold targets, in preparation for follow up RC drilling.

Blackstone's first phase of drilling at Silver Swan South commenced targeting both gold hosted by structural targets along strike from the Kanowna Belle Gold Mine (endowment +5Moz Au), and nickel sulphide mineralisation associated with ultramafic units along strike from the Silver Swan and Black Swan Nickel Mines. The program was designed to test for basement hosted mineralisation, using air core drilling, to improve definition of gold and base metal anomalism identified by previous reconnaissance style drilling. As of the end of the financial period the Company is still awaiting final results from the initial phase of drilling.

This initial phase of drilling focused on the following:

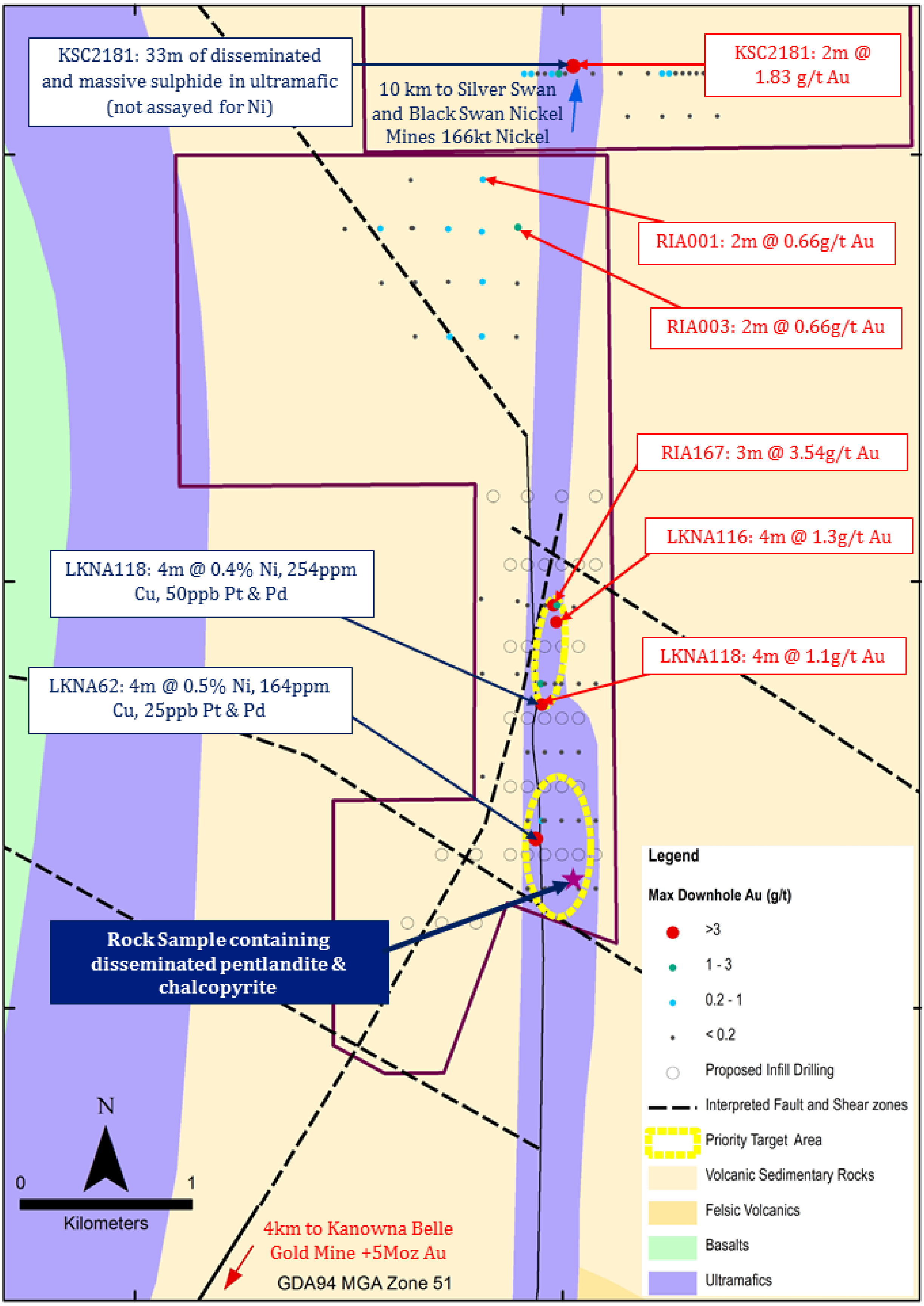
- Further definition of gold targets associated with the interpreted northern extension of the Fitzroy Shear (controlling host structure at the Kanowna Belle Gold deposit) located 8 km along strike (Refer Figure Six);
- Infill historical, broad spaced, reconnaissance drilling which intersected up to 3.5 g/t gold (Refer Blackstone Minerals Limited – Prospectus, released 15 December 2016);
- Target thickening of the ultramafic sequence considered highly prospective for nickel sulphides and located only 10 km from the Silver Swan Nickel Mine (Refer Figure Six);
- Prioritise both gold and nickel targets for follow up RC drilling.

The discovery during the period further highlights the potential of the ultramafic unit which is part of a sequence of komatiites that already hosts both the Silver Swan and Black Swan nickel deposits only a few kilometres to the north. Air Core drilling will now focus on further defining the nickel sulphide target and will provide access for downhole EM surveying.

In addition to the nickel targets the Company is also testing gold targets associated with the interpreted northern extension of the Fitzroy Shear Zone, the controlling structure for mineralisation at Kanowna Belle. Previous vertical reconnaissance drilling has intersected up to 3 m @ 3.5 g/t gold and 4 m @ 1.3 g/t gold under transported lake clays. Blackstone's initial phase of the Air Core drill program has focused on further defining the gold target in anticipation of follow up RC drilling.

7. Review of Operations (continued)

Figure Six | Silver Swan South Bedrock Geology Plan



7. Review of Operations (continued)

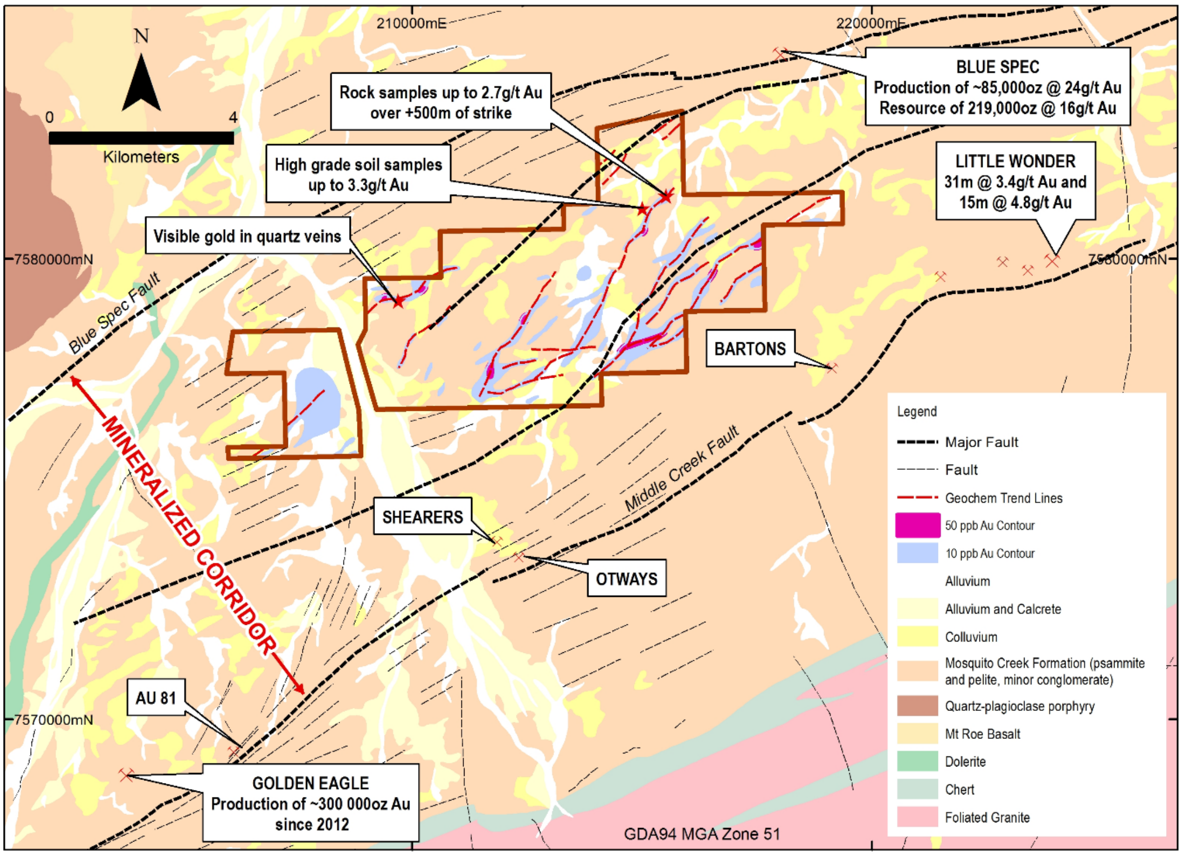
Middle Creek Project

The Middle Creek Project is adjacent to Millennium Minerals Limited's Nullagine Gold Project (where the Golden Eagle operations have produced ~300 kozs gold since 2012) (Refer Figure Seven), in the Pilbara region of Western Australia (Refer Figure One) and consists of 21 prospecting licence applications covering 39.6 km^2 within the Mosquito Creek belt.

Activities during the Period to 30 June 2017

During the period, the tenement applications for the project were advertised under Section 29 of the Native Title Act, as of the end of the financial period the company had only received an objection for only one of the prospecting licences. The company is still finalising access agreements with neighbouring mining companies.

Figure Seven | Geology of the Middle Creek Project area



8. Matters Subsequent to the End of the Financial Period

Since, 30 June 2017 the company entered into a Binding Heads of Agreement on 26 July 2017 for the acquisition of Cobalt One Energy Corp (Canada) including the Little Gem Project and the Cartier Project. The Execution of the Definitive Agreement was finalised on 24 August 2017, subject to a shareholder meeting held on 12 October 2017 and other compliance matters with the final date for completion of the transaction to be no later than 31 October 2017.

The acquisition consists of 25 million ordinary shares to be issued to Cobalt One Energy Corp (Canada) shareholders and a condition of the acquisition is Mr Michael Konnert of Cobalt One Energy Corp will be appointed to the Board of Directors following completion of the acquisition.

8. Matters Subsequent to the End of the Financial Period (continued)

The material terms of the Definitive Agreement are in accordance with the previously announced Binding Heads of Agreement as follows:

(a) the consideration for the Acquisition will be satisfied by the issue of 25,000,000 fully paid ordinary shares subject to Shareholder approval in the Company to the Cobalt One shareholders;
(b) the Company shall assume Cobalt One's obligations under the Goldbridge Option Agreement for C$700,000 (being the equivalent of approximately A$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 on or before 3 months after completion and a final payment of C$250,000 due on or before 6 months from the date of completion, upon payment of which, Cobalt One will become the 100% owner of the Little Gem Project;
(c) 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 (NSR) royalty shall be payable to the current owner of the Little Gem Gold-Cobalt Project; and
   (ii) a NSR royalty equal to 2.5% thereafter (over 10,000 tonnes) shall be payable to the current owner of the Little Gem Gold-Cobalt Project.

Further to this announcement the company is seeking shareholder approval to issue 8,000,000 performance shares each convertible into one fully paid ordinary share to certain Cobalt One shareholders in association with the Acquisition, as well as 8,000,000 performance shares to Directors and Management of Blackstone Minerals.

There were no further events that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

9. Likely Developments and Expected Results of Operations

The Company will continue its mineral exploration activity at and around its exploration projects in Western Australia and Canada with the object of identifying commercial resources.

Further information on likely developments in the operations of the group and the expected results of operations have not been included in the Annual Report because the Directors believe it would be likely to result in unreasonable prejudice to the group.

10. Information on Directors and Company Secretaries

Mr Hamish Halliday	Independent Non-Executive Chairman - *appointed 30 August 2016*
Qualifications	BSc (Geology), MAusIMM
Experience	Mr Halliday is a Geologist with a Bachelor of Science from the University of Canterbury and has over 20 years of corporate and technical experience in the mining industry. Mr Halliday co-founded Blackstone Minerals and was instrumental in the acquisition of its Company's current tenement portfolio. Mr Halliday has been involved in the discovery and acquisition of numerous projects over a range of commodities throughout four continents. Mr Halliday has founded and held executive and non-executive directorships with a number of successful listed exploration companies including Adamus Resources Ltd ('Adamus'). He was CEO of Adamus from its inception through to successful completion of a feasibility study on its gold project in Ghana which is now in production.

10. Information on Directors and Company Secretaries (continued)

Interest in Securities	Fully Paid Ordinary Shares	2,831,383
	Performance Shares – Tranche A	1,000,000
	Performance Shares – Tranche B	1,000,000
Other Directorships	Venture Minerals Limited (since 30 January 2008) Comet Resources Limited (since 16 December 2014) Alicanto Minerals Limited (since 17 March 2016) Renaissance Minerals Limited (25 February 2016 to 28 September 2016)	

Mr Andrew Radonjic Technical Director - *appointed 30 August 2016*

Qualifications BAppSc (Mining Geology), MSc (Mineral Economics), MAusIMM

Experience Mr Radonjic is a geologist and mineral economist with over 25 years of experience in mining and exploration, with a specific focus on gold and nickel in the Eastern Goldfields of Western Australia. Mr Radonjic began his career at the Agnew Nickel Mine before spending over 15 years in the Paddington, Mount Pleasant and Lady Bountiful Extended gold operations north of Kalgoorlie, where he has fulfilled a variety of senior roles which gave rise to three gold discoveries, totalling in excess of 3 million ounces in resources and in the development of over 1 million ounces.

Interest in Securities	Fully Paid Ordinary Shares	2,658,751
	Performance Shares – Tranche A	1,000,000
	Performance Shares – Tranche B	1,000,000
Other Directorships	Venture Minerals Limited (since 12 May 2006)	

Mr Bruce McFadzean Independent Non-Executive Director – *appointed 30 August 2016*

Qualifications Dip. Mining

Experience Mr McFadzean has 30 years of senior management, mining and processing experience which included significant stints at BHP Billiton and Rio Tinto, the "start up" of 5 new mining operations, and covers a broad range of commodities including Iron Ore, Diamonds, Gold and Nickel. Mr McFadzean is currently the Managing Director of Sheffield Resources Limited and previously held the role of Managing Director of Mawson West Ltd, Catalpa Resources Limited and Evolution Mining Limited following the merger with Conquest Mining Limited. Prior to that role he was General Manager Operations and then Operations Director with Territory Resources where he was instrumental in the start up of the 1.5 Mtpa Francis Creek Iron Ore operations in the Northern Territory.

Interest in Securities	Fully Paid Ordinary Shares	550,000
Other Directorships	Sheffield Resources Limited (since 26 October 2015) Gryphon Minerals Limited (since 19 June 2014 to 13 October 2016) IMX Resources Limited (since 30 March 2015)	

Company Secretary

Jamie Byrde - BCom, CA.
Appointed - 15 March 2017
Mr Byrde is a Chartered Accountant with over 13 years' experience in corporate, audit and company secretarial matters. Previously Mr Byrde has held positions providing corporate advisory services, financial accounting/reporting and ASX/ASIC compliance management. Mr Byrde is also currently Company Secretary for Venture Minerals Limited and Alicanto Minerals Limited.

11. Remuneration Report (audited)

The Directors of Blackstone Minerals Limited are pleased to present your Company's 2017 remuneration report which sets out remuneration information for the Non-Executive Directors, Executive Directors and other key management personnel ("KMP").

The following sections are included with this report:

A. Directors and key management personnel disclosed in this report
B. Remuneration governance
C. Use of remuneration consultants
D. Executive remuneration policy and framework
E. Relationship between remuneration and Blackstone Minerals Limited's performance
F. Non-Executive Director remuneration policy
G. Executive Policy and Framework
H. Details of remuneration
I. Details of share based payments and bonuses
J. Service Agreements
K. Equity instruments held by key management personnel
L. Loans to key management personnel
M. Other transactions with key management personnel

A. Directors and key management personnel disclosed in this report

Non-Executive Directors	
Mr H Halliday	Non-Executive Chairman (appointed 30 August 2016)
Mr B McFadzean	Non-Executive Director (appointed 30 August 2016)
Executive Directors	
Mr A Radonjic	Technical Director (appointed 30 August 2016)
Other key management personnel	
Mr B Dunnachie	Company Secretary (until 15 March 2017)
Mr J Byrde	Company Secretary (from 16 March 2017)

All of the key management personnel held their positions since incorporation on 30 August 2016 and up to the date of this report unless otherwise disclosed.

B. Remuneration governance

The Company has established a Remuneration Committee under a formal charter. The Remuneration Committee comprises of four Directors, the majority of which are independent.

The Remuneration Committee is responsible for reviewing and recommending the remuneration arrangements for the Executive and Non-Executive Directors and KMP each year in accordance with the Company's remuneration policy approved by the Board. This includes an annual remuneration review and performance appraisal for the Executive Directors and other executives, including their base salary, short-term incentives ("STI") and long-term incentives ("LTI"), bonuses, superannuation, termination payments and service contracts.

Further information relating to the role of the Remuneration Committee can be found within the Corporate Governance Report on the Company's website, refer to
http://www.blackstoneminerals.com.au/index.php/profile/corporate-governance

11. Remuneration Report (audited) (continued)

C. Use of remuneration consultants

The Company has not engaged or contracted remuneration consultants during the financial period.

D. Executive remuneration policy and framework

Remuneration Policy

The Remuneration Committee has established a remuneration policy and framework to appropriately align Executive Directors and KMP incentives with the goals and achievements of the Company.

The remuneration framework provides a mix of fixed and variable "at risk" remuneration and a blend of short and long-term incentives. The remuneration for executives has three components:

- Fixed remuneration, inclusive of superannuation and allowances;
- STIs under a performance based cash bonus incentive plan; and
- LTIs which includes participation in the Company's shareholder approved equity incentive plans.

The Group has undertaken a peer analysis of remuneration levels and frameworks to ensure that it conformed to general market practice and against a comparative group of similar companies.

The Board endeavours to ensure that the mix of executive compensation between fixed, variable, long-term, short-term and cash versus equity is appropriate. The group reduces cash expenditure by providing a greater proportion of compensation in the form of equity instruments. This allows cash-flows to be directed towards exploration programs with a view to improving the quality of our projects.

During the current period, long term incentives have been issued as a cost effective means of incentivizing the Board, management and staff during the period of voluntary salary reductions. The company intends to complete a remuneration review in accordance with its current remuneration policy during the June 2017/18 financial year.

The Board endeavours to ensure that the mix of executive compensation between fixed, variable, long-term, short-term and cash versus equity is appropriate. The group reduces cash expenditure by providing a greater proportion of compensation in the form of equity instruments. This allows cash-flows to be directed towards exploration programs with a view to improving the quality of our projects.

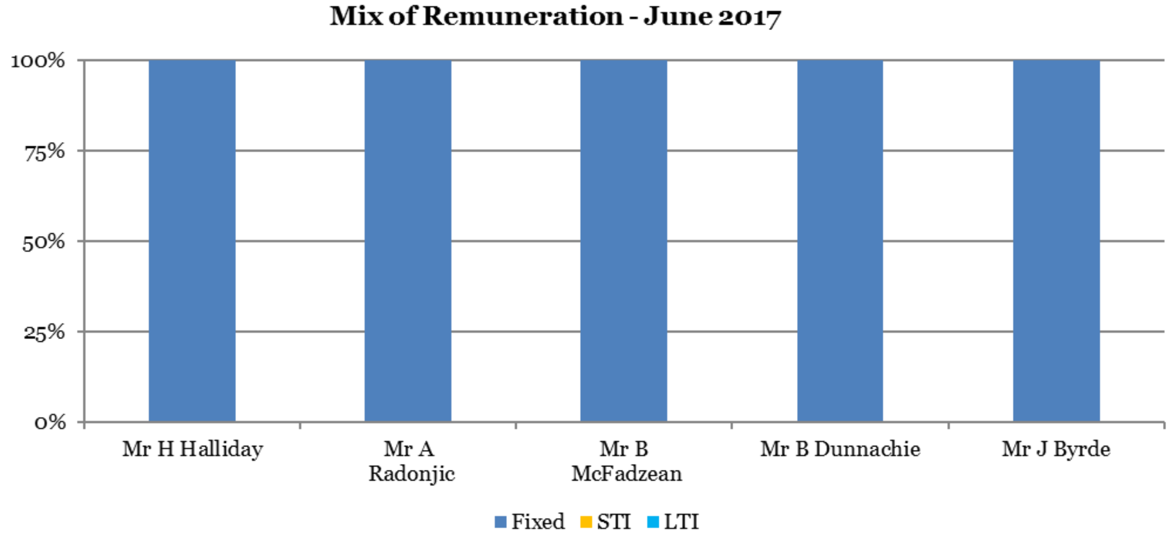
During the current period, long term incentives have not been issued other than for consideration for the acquisition of Black Eagle (WA) Pty Ltd or options issued to consultants with respect to the Initial Public Offering. The company regularly reviews it's remuneration policy to insure the optimal mix of long term incentives is identified.

Executive remuneration mix

The following table sets out the mix of remuneration for all key management personnel between fixed, short-term incentives and long-term incentives for the 2017 financial period.

11. Remuneration Report (audited) (continued)

D. Executive remuneration policy and framework (continued)



D. Executive remuneration policy and framework (continued)

Fixed Remuneration

The Executive receives a base cash salary which is based on factors such as length of service and experience. The Executive also receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

Short-term Incentives (STI)

Under the group's current remuneration policy, executives can from time to time receive short-term incentives in the form of cash bonuses. These bonuses are based on relevant qualitative objectives to be determined and approved by the Board at a suitable time. The Board believes that the criteria of eligibility for short-term incentives appropriately aligns shareholder wealth and executive remuneration as the completion of key operation milestones have the potential to increase share price growth.

There are currently no short-term incentives in place and there were no cash bonuses paid out in the current financial period. The company intends to complete a remuneration review in accordance with its current remuneration policy during the June 2018 financial year.

Long-term Incentives (LTI)

Executives are encouraged by the Board to hold shares in the company and it is therefore the objective of the Group's option scheme to provide an incentive for participants to partake in the future growth of the group and, upon becoming shareholders in the Company, to participate in the group's profits and dividends that may be realised in future years.

The Board considers that this equity performance linked remuneration structure is effective in aligning the long-term interests of group executives and shareholders as there exists a direct correlation between shareholder wealth and executive remuneration.

11. Remuneration Report (audited) (continued)

E. Relationship between remuneration and Blackstone Minerals Limited performance

Company Performance, Shareholder Wealth & Executive Remuneration

The remuneration policy and framework has been tailored to increase goal congruence between shareholders and executives. This has been achieved by the issue of short-term and long-term incentives. This structure rewards executives for both short-term and long-term shareholder wealth development.

As this is the first annual report of Blackstone Minerals Limited, since incorporation on 30 August 2016 to 30 June 2017, the Company had not issued any incentive options other than those issued under the prospectus. The company intends to review it's remuneration policy during financial year to 30 June 2018 to ensure goal congruence between shareholders and directors and executives.

F. Non-executive director remuneration policy

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the group.

In determining competitive remuneration rates, the Board review local and international trends among comparative companies and industry generally.

Typically, Blackstone will compare Non-Executive Remuneration to companies with similar market capitalisations in the exploration and resource development business group. These ongoing reviews are performed to confirm that non-executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Further to ongoing reviews, the maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

G. Executive remuneration policy and framework

The Group will hold it's first Annual General Meeting of Shareholders in November 2017 and has not yet receive any specific feedback throughout the period on its remuneration practices.

H. Details of Remuneration

Details of the remuneration of the Directors and key management personnel of the group of Blackstone Minerals Limited are set out in the following table for the period ending 30 June 2017. There have been no changes to the below named key management personnel since the end of the reporting period unless otherwise noted.

11. Remuneration Report (audited) (continued)

	Short Term Benefits							
	Cash Salary & Fees	Incentives	Consulting Fees	Other Amounts	Super-annuation	Eligible Termination Payments	Non-Cash Long Term Incentives[A]	Total $
2017								
Non-Executive Directors								
Mr H Halliday	31,586	-	-	1,273	-	-	-	32,859
Mr B McFadzean	18,154	-	-	1,273	1,725	-	-	21,152
Executive Directors								
Mr A Radonjic	57,692	-	-	1,273	5,481	-	-	64,446
Other key management personnel								
Mr B Dunnachie[A]	9,055	-	-	955	-	-	-	10,010
Mr J Byrde[B]	14,615	-	-	318	1,388	-	-	16,321
Total Remuneration	**131,102**	**-**	**-**	**5,092**	**8,594**	**-**	**-**	**144,788**

A Mr B Dunnachie resigned 15 March 2017.

B Mr J Byrde appointed 16 March 2017. Mr Byrde's salary paid to date is currently split between three related entities totalling $48,010 (pro-rata).

I. Details of Share Based Payments and Bonuses

There were no bonuses issued or paid during the period.

During the period, the Company did not grant any options to Key Management Personnel or Directors.

Further information on the options is set out in the note 23 to the financial statements.

During the current financial period, there were no incentive options granted as remuneration, with the performance shares granted under the acquisition of Black Eagle (WA) Pty Ltd issued as consideration. Further details of options issued to Directors and key management personnel are as follows:

J. Service Agreements

Remuneration and other key terms of employment for the Executives, Non-Executives and Other Group Executives of Blackstone Minerals Limited are formalised in executive service agreements. Termination benefits are within the limits set by the Corporations Act 2001. Major provisions of the agreements relating to remuneration are set out below:

11. Remuneration Report (audited) (continued)

Name	Term of Agreement	Base salary[A] (per Agreement)	Termination benefit
Mr H Halliday Non-Executive Chairman	No fixed term	$54,750	No termination benefits
Mr B McFadzean Non-Executive Director	No fixed term	$43,800	No termination benefits
Mr A Radonjic Technical Director	No fixed term	$109,500	No termination benefits
Mr J Byrde[B] Company Secretary	No fixed term	$54,750	3 months payable on termination

A Includes superannuation
B Mr Byrde's agreement is for $164,250 including super split evenly across 3 related entities.

K. Equity instruments held by key management personnel

The tables below show the number of:

(i) options over ordinary shares in the Company, and
(ii) shares held in the Company

that were held during the period by key management personnel of the group, including their close family members and entities related to them.

There were no shares granted during the reporting period as compensation.

(iii) Option holdings

	Balance at start of the period	Granted as remuneration	Exercised	Other changes	Balance at end of the period	Vested and exercisable
30 June 2017						
Directors of Blackstone Minerals Limited						
Mr H Halliday	-	-	-	-	-	-
Mr A Radonjic	-	-	-	-	-	-
Mr B McFadzean	-	-	-	-	-	-
Other key management personnel						
Mr B Dunnachie[A]	-	-	-	-	-	-
Mr J Byrde[B]	-	-	-	-	-	-

A Mr B Dunnachie resigned 15 March 2017.
B Mr J Byrde appointed 16 March 2017.

11. Remuneration Report (audited) (continued)

K. Equity instruments held by key management personnel (continued)

(iv) Performance Shares

	Balance at start of the period	Granted as remuneration	Exercised	Other changes[C]	Balance at end of the period	Vested and exercisable
30 June 2017						
Directors of Blackstone Minerals Limited						
Mr H Halliday	-	-	-	2,000,000	2,000,000	-
Mr A Radonjic	-	-	-	2,000,000	2,000,000	-
Mr B McFadzean	-	-	-	-	-	-
Other key management personnel						
Mr B Dunnachie[A]	-	-	-	-	-	-
Mr J Byrde[B]	-	-	-	-	-	-

A Mr B Dunnachie resigned 15 March 2017.
B Mr J Byrde appointed 16 March 2017.
C Issued to the vendors of Black Eagle (WA) Pty Ltd as part of consideration for the acquisition.

The performance shares are divided equally between Class A and Class B convertible into a fully paid ordinary share in the capital of the Company subject to the Company achieving the following applicable milestone:

	Milestone
Class A	All prospecting licence applications comprising the Middle Creek Project being granted (with or without conditions) under the Mining Act.
Class B	On any Tenement, the Company obtaining a drill result representing a 30 gram per metre gold intersection, or metal equivalents (as that term is used in paragraph 50 JORC code 2012).

At the date of this report, no milestones have been met.

(v) Share holdings

The number of shares in the Company held during the financial period by each Director of Blackstone Minerals Limited and other key management personnel of the group, including their personally related parties, are set out below. There were no shares granted during the period as compensation.

11. Remuneration Report (audited) (continued)

K. Equity instruments held by key management personnel (continued)

2017	Balance at the start of the period	Received on exercise of options	Other changes	Balance at the end of the period
Directors of Blackstone Minerals Limited				
Mr H Halliday	-	-	2,783,751	2,783,751
Mr A Radonjic	-	-	2,658,751	2,658,751
Mr B McFadzean	-	-	525,000	525,000
Other key management personnel				
Mr B Dunnachie[A]	-	-	-	-
Mr J Byrde[B]	-	-	-	-

A Mr B Dunnachie resigned 15 March 2017
B Mr J Byrde appointed 16 March 2017

L. Loans to key management personnel

There were no loans made to Directors and other key management personnel of the group, including their close family members.

M. Other transactions with key management personnel

Directors, Mr A Radonjic and Mr H Halliday are both Non-Executive Directors of Venture Minerals Limited which share office and administration service costs on normal commercial terms and conditions. Mr H Halliday is a Non-Executive Director of Alicanto Minerals Limited which share either office and/or administration service costs on normal commercial terms and conditions. Mr A Radonjic, is a Director Onedin Enterprises which provides geological mapping services on normal commercial terms and conditions.

Also, on the 23 January 2017, in accordance with the Initial Public Offering and Prospectus documents, the Company acquired Black Eagle (WA) Pty Ltd from Mr Andrew Radonjic and Mr H Halliday. Refer to note 17 for further details.

Aggregate amounts of each of the above types of other transactions with key management personnel of Blackstone minerals Limited:

		2017 $
(i)	Recharges to KMP related entities	
	Recharge of rent and shared office costs	
	Recharges to Venture Minerals Limited	39,008
	Recharges to Alicanto Minerals Limited	16,004
(ii)	Purchases from KMP related entities	
	Rent of office building and shared office costs	
	Payments to Venture Minerals Limited	103,679
	Payments to Onedin Enterprises	2012

End of remuneration report

12. Shares under Option

Unissued ordinary shares of Blackstone Minerals Limited under option at the date of this report are as follows:

Date options granted	Expiry Date	Exercise Price	Number under Option
23 January 2017	12 January 2020	$0.20	2,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

There were no shares issued on conversion of options during the period ending 30 June 2017.

13. Insurance of Officers

During the financial period, Blackstone Minerals Limited paid a premium of $5,092 to insure the Directors and secretary of the Company and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The tables below show the number of:

(i) options over ordinary shares in the Company, and
(ii) shares held in the Company

that were held during the financial period by key management personnel of the group, including their close family members and entities related to them.

There were no shares granted during the reporting period as compensation.

14. Meetings of Directors

The number of Directors' meetings (including committees) held during the period that each Director who held office during the financial period were eligible to attend and the number of meetings attended by each Director are:

	Full meetings of Directors		Remuneration Committee meetings	
Director	Number Eligible to Attend	Meetings Attended	Number Eligible to Attend	Meetings Attended
Mr H Halliday	2	2	-	-
Mr A Radonjic	2	2	-	-
Mr B McFadzean	2	2	-	-

The company does not have a formally constituted audit committee as the Board considers that the Company's size and type of operation do not warrant such a committee as all members of the Board are involved in audit agenda items and discussions thereon.

15. Environmental Regulation

The Group's activities are subject to the relevant environmental protection legislation (Commonwealth and State) in relation to its exploration activities. The group believes that sound environmental practice is not only a management obligation but the responsibility of every employee and contractor.

No fines were imposed and no prosecutions were instituted by a regulatory body during the period in relation to Environmental Regulations.

16. Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of these proceedings. The Company was not a party to any such proceedings during the period.

17. Auditor's Independence Declaration & Non-Assurance Services

The lead auditor's independence declaration for the period ended 30 June 2017 has been received and can be found on page 25 of the Directors' report. $8,304 of fees were paid to the auditors for non-assurance services relating to the Investigating Accountants Report for the Prospectus issued during the period ended 30 June 2017.

Signed in accordance with a resolution of the Board of Directors.

Andrew Radonjic
Technical Director

Perth, Western Australia, 28 September 2017

Competent Persons Statement
The information in this report 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 Schwertfeger consents to their inclusion in the report of the matters based on his information in the form and context in which it appears.

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

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

28 September 2017

The Directors
Blackstone Minerals Limited
Level 3, 24 Outram Street
WEST PERTH WA 6005

Dear Sirs

RE: BLACKSTONE MINERALS LIMITED

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

As Audit Director for the audit of the financial statements of Blackstone Minerals Limited for the period ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Martin Michalik
Director

Contents

Blackstone Minerals was incorporated on 30 August 2016 and accordingly, these financial statements cover the period from incorporation date to 30 June 2017 ("the period" or "period").

These financial statements cover Blackstone Minerals Limited as a consolidated entity consisting of Blackstone Minerals Limited and the entities it controlled from time to time during the period ('group' or 'consolidated entity'). The financial statements are presented in the Australian currency.

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

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 4 to 12 in the Directors' report, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 28 September 2017. The Company has the power to amend and reissue the financial statements.

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

For the Period Ended 30 June 2017

	Notes	Consolidated 2017 $
Revenue from continuing operations	3	14,504
Administrative costs		(38,261)
Consultancy expenses		(31,658)
Employee benefits expense	4(a)	(129,686)
Share based payment expenses	15	(84,140)
Occupancy expenses	4(b)	(37,696)
Compliance and regulatory expenses		(26,307)
Insurance expenses		(13,214)
Exploration Expenditure	10	(517,182)
Depreciation Expense	4(c)	(471)
Finance and Interest Costs	4(d)	(1,048)
(Loss) before income tax		**(865,159)**
Income tax (expense)/benefit	6	-
(Loss) attributable to owners		**(865,159)**
Other comprehensive income:		
Items that may be reclassified to profit or loss		-
Items that will not be classified to profit or loss		-
Total comprehensive (loss) attributable to owners		**(865,159)**
Basic (loss) per share (cents per share)	18	(4.7)
Diluted (loss) per share (cents per share)	18	N/A

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

As at 30 June 2017

	Notes	Consolidated 30 June 2017 $
Current Assets		
Cash and cash equivalents	7	2,616,932
Trade and other receivables	8	37,912
Total Current Assets		**2,654,844**
Non-Current Assets		
Trade and other receivables	8	30,000
Property, plant and equipment	9	34,569
Exploration and evaluation expenditure	10	1,600,000
Total Non-Current Assets		**1,664,569**
Total Assets		**4,319,413**
Current Liabilities		
Trade and other payables	11	152,337
Provisions	12	5,738
Total Current Liabilities		**158,075**
Total Liabilities		**158,075**
Net Assets		**4,161,338**
Equity		
Issued capital	13	4,342,357
Reserves	15	684,140
Accumulated losses		(865,159)
Total Equity		**4,161,338**

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

For the Period Ended 30 June 2017

Consolidated	Contributed Equity $	Accumulated Losses $	Option Reserve $	Total $
Balance at 30 August 2016	-	-	-	-
Total comprehensive income for the period:				
Loss for the period	-	(865,159)	-	(865,159)
	-	(865,159)	-	(865,159)
Transactions with owners in their capacity as owners:				
Contributions of equity (net of transaction costs)	3,342,357	-	-	3,342,357
Equity settled share based payment transactions	1,000,000	-	684,140	1,684,140
Balance at 30 June 2017	**4,342,357**	**(865,159)**	**684,140**	**4,161,338**

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

For the Period Ended 30 June 2017

	Notes	Consolidated 30 June 2017 $
Cash Flows from Operating Activities		
Payments to suppliers and employees		(236,399)
Interest received		14,504
Payments for exploration and evaluation		(438,490)
Net cash (outflow) from operating activities	19	**(660,385)**
Cash Flows from Investing Activities		
Purchase of property, plant and equipment		(35,040)
Security deposits paid		(30,000)
Net cash (outflow) from investing activities		**(65,040)**
Cash Flows from Financing Activities		
Proceeds from issue of shares and other equity securities		3,706,304
Share issue transaction costs		(363,947)
Net cash inflow from financing activities		**3,342,357**
Net increase in cash and cash equivalents		**2,616,932**
Cash and cash equivalents at the start of the period		-
Cash and cash equivalents at the end of the period	7	**2,616,932**

Amounts relating to payments to suppliers and employees as set out above are inclusive of goods and services tax. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of Significant Accounting Policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied from incorporation date to 30 June 2017, unless otherwise stated. The financial statements cover Blackstone Minerals Limited as a consolidated entity consisting of Blackstone Minerals Limited and its subsidiaries ('group' or consolidated entity').

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

(i) Compliance with IFRS

The consolidated financial statements of Blackstone Minerals Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets.

(iii) Going Concern

The financial report has been prepared on the going concern basis.
The directors believe there are sufficient grounds to believe that the business will be able to continue to pay its debts as and when they fall due. This is based on future cash forecasts, existing cash reserves and the ability to significantly reduce activity and preserve cash if necessary. Furthermore, the Directors are also of the opinion that a capital raising could be achieved to raise additional funds if required.

(b) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the consolidated entity as at 30 June 2017 and the results of the parent and all subsidiaries for the period then ended.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and balance sheet respectively.

A list of controlled entities is contained in Note 26 to the financial statements. All controlled entities have a 30 June financial year-end.

1. Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation (continued)

(iii) **Joint operations**

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Blackstone Minerals Limited has joint operations.

Blackstone Minerals Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

(c) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

(d) **Foreign currency translation**

(i) **Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Blackstone Minerals Limited's and it's subsidiaries functional and presentation currency.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges, qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

(iii) **Group companies**

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for the statement of comprehensive income are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

1. Summary of Significant Accounting Policies (continued)

(e) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the business activities as follows:

(i) **Interest income**

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(f) **Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1. Summary of Significant Accounting Policies (continued)

(g) Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(h) Impairment of assets

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date or more frequently if events or changes in circumstances indicate that they might be impaired.

(i) Cash and cash equivalents

For the purposes of presentation of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Trade and other receivables

Trade and other receivables are initially recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Amounts that are known to be uncollectible are written off by reducing the carrying amount directly.

(k) Exploration and evaluation expenditure

The new exploration and evaluation expenditure accounting policy is to expense expenditure as incurred other than for the capitalisation of acquisition costs.

1. Summary of Significant Accounting Policies (continued)

(l) **Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on assets is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment - office	40.0%
Furniture and equipment - office	20.0%
Plant and equipment - field	40.0%
Motor vehicles	40.0%
Leasehold improvements	25.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(m) **Investments and Other Financial Assets**

(i) Classification

The company classifies its financial assets as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting date

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(iii) Measurement

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

(m) **Investments and Other Financial Assets (continued)**

(iv) Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(n) **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) **Provisions**

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) **Employee benefits**

(i) **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as other payables.

1. Summary of Significant Accounting Policies (continued)

(ii) **Other long-term employee benefit obligations**

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) **Share-based payments**

The company provides benefits to employees (including directors) of the group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). There is currently an Employee Incentive Scheme (IOS), which provides benefits to directors and senior executives. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of Blackstone Minerals Limited ('market conditions'). The number of shares expected to vest is estimated based on the non-market vesting conditions and the probability the option will be exercised.

(q) **Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(r) **Earnings per share**

(i) **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

1. Summary of Significant Accounting Policies (continued)

(ii) **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) **Goods and services tax ('GST')**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(t) **New and amended standards and interpretations**

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the group are set out below. The group does not plan to adopt these standards early.

(i) **AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)**

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

(ii) **AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019)**

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures.

1. Summary of Significant Accounting Policies (continued)

(iii) **AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's Financial Statements.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to reporting periods commencing on or after 1 January 2018).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: Business Combinations to an associate or joint venture and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The directors anticipate that the adoption of AASB 2014-10 will not have a material impact on the Group's Financial Statements.

(iv) **Other standards not yet applicable**

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.
The group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Capitalisation of acquisition costs on exploration projects

Acquisition costs incurred in acquiring exploration assets are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

(ii) Deferred Tax Assets

Deferred tax assets for unrealised losses have not been recognised on the Statement of Financial Position as the Company has considered it not probable at balance sheet date there to be future taxable profits.

		Notes	Consolidated 30 June 2017 $
3.	**Revenue**		
(a)	From continuing operations		
	Interest received		14,504
	Total revenue from continuing operations		14,504
4.	**Expenses**		
	Profit before income tax includes the following specific expenses:		
(a)	Employee benefits expense		
	Salary and wages expense		116,335
	Defined contribution superannuation expense		13,351
	Total employee benefits expense		129,686
(b)	Occupancy expense		
	Operating lease expense		37,696
	Other occupancy costs		-
	Total occupancy expense		37,696
(c)	Depreciation of non-current assets		
	Plant and equipment - office		471
	Total depreciation of non-current assets		471
(d)	Finance costs in respect of finance leases		
	Other bank and finance charges		1,048
	Total finance costs in respect of finance leases		1,048
5.	**Auditor's Remuneration**		
	Remuneration of the auditor of the group		
	Auditing or reviewing the financial statements		20,800
	Other non-assurance services		8,304
	Total auditor remuneration		29,104

	Notes	Consolidated 30 June 2017 $
6. Income Tax Expense		
(a) Income tax expense		
Current tax		-
Deferred tax		-
Total income tax (expense)/benefit		-
Deferred income tax expense included in income tax expense comprises:		
(Increase) in deferred tax assets (Note 6(c))		-
Increase in deferred tax liabilities (Note 6(d))		-
		-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense		(865,159)
Tax (tax benefit) at the tax rate of 27.5%		(237,919)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments		23,139
Other non-deductible amounts		91
Unrecognised tax losses		214,689
Income tax expense		-
(c) Deferred tax assets		
Tax losses		-
Employee benefits		-
Other accruals		-
Total deferred tax assets		-
Set-off deferred tax liabilities (Note 6(d))		-
Net deferred tax assets		-
(d) Deferred tax liabilities		
Exploration expenditure		-
Other		-
Total deferred tax liabilities		-
Set-off deferred tax assets (Note 6(c))		-
Net deferred tax liabilities		-
(e) Tax losses		
Unused tax losses for which no DTA has been recognized		832,740
Potential tax benefit at 27.5%		229,004
(f) Unrecognised temporary differences		
Unrecognised deferred tax asset relating to capital raising costs		72,789

		Notes	Consolidated 30 June 2017 $
7.	**Cash & Cash Equivalents**		
(a)	Cash & cash equivalents		
	Cash at bank and in hand		616,932
	Deposits at call		2,000,000
	Total cash and cash equivalents		2,616,932
(b)	Cash at bank and on hand Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.00% and 1.00%		
(c)	Deposits at call Deposits at call are bearing interest rates between 2.10% and 2.46%		
8.	**Trade & Other Receivables**		
(a)	Current		
	Other receivables		37,912
	Total current trade and other receivables		37,912
(b)	Non-Current		
	Deposits[1]		30,000
	Total non-current trade and other receivables		30,000
	[1] Deposits include cash of $30,000 to secure a bank guarantee facility to provide a corporate credit card facility.		
(c)	Past due and impaired receivables As at 30 June 2017, there were no other receivables that were past due or impaired.		
(d)	Effective interest rates and credit risk Information concerning effective interest rates and credit risk of both current and non-current trade and other receivables is set out in Note 16.		

Consolidated	Plant & Equipment $	Assets Under Construction[1] $	Total $
9. Property, Plant & Equipment			
Period ended 30 June 2017			
Opening net book amount	-	-	-
Additions	5,095	29,945	35,040
Impairment	-	-	-
Depreciation charge	(471)	-	(471)
Closing net book amount	4,624	29,945	34,569
At 30 June 2017			
Cost or fair value	5,095	29,945	35,040
Accumulated depreciation	(471)	-	(471)
Net book amount	4,624	29,945	34,569

1 Assets under construction represent part-payment for the office fit-out costs at Level 3, 24 Outram Street, West Perth.

		Consolidated 2017 $
10.	**Exploration & Evaluation Expenditure**	
(a)	Non-current	
	Opening balance	-
	Exploration and acquisition costs	2,117,182
	Write offs/provisions	(517,182)
	Total non-current exploration and evaluation expenditure	1,600,000

(b) The value of the group's interest in exploration expenditure is dependent upon:

- the continuance of the group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

11.	**Trade & Other Payables**	
	Current	
	Trade Payables	24,970
	Other Payables	127,367
	Total current trade & other payables	152,337

No trade or other payables are considered past due and are generally settled within 30 days.

12.	**Provisions**	
	Current	
	Employee entitlements	5,738
	Total current provisions	5,738

		Consolidated 2017 Shares	Consolidated 2017 $
13.	**Contributed Equity**		
(a)	Issued capital		
	Ordinary shares - fully paid	35,800,004	4,342,357
	Total issued capital	35,800,004	4,342,357

(b) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

(c) Options

Information relating to options including details of options issued, exercised and lapsed during the financial period and options outstanding at the end of the financial period, is set out in Note 14.

		Date	Number of Shares	Issue Price $	Total $
13.	**Contributed Equity**				
(d)	Movements in issued capital				
	Opening Balance		-		-
	Share issue	30 Aug 2016	4	$1.000	4
	Share issue	13 Sept 2016	2,600,000	$0.001	2,600
	Share issue	30 Sept 2016	3,700,000	$0.001	3,700
	Share issue	05 Oct 2016	2,000,000	$0.10	200,000
	Share issue – Black Eagle (WA) Pty Ltd	23 Jan 2017	10,000,000	$0.10	1,000,000
	Share issue – Initial Public Offering	23 Jan 2017	17,500,000		3,500,000
	Less: Transaction costs				(363,947)
	Closing Balance at 30 June 2017		35,800,004		4,342,357

	Expiry date	Exercise price	Balance at start of period	Granted during the period	Issued/ (Exercised) during the period	Cancelled/ lapsed during the period	Balance at end of the period
14.	**Issued Share Options**						
(a)	2017 unlisted share option details						
	12 January 2012	$0.20 cents	-	2,000,000	-	-	2,000,000
			-	2,000,000	-	-	2,000,000

	Expiry date	Balance at start of period	Granted during the period	Issued/ (Exercised) during the period	Cancelled/ lapsed during the period	Balance at end of the period
14.	**Performance Shares**					
(b)	Performance Share Details					
	22 January 2022	-	8,000,000	-	-	8,000,000
		-	8,000,000	-	-	8,000,000

Performance Shares are divided equally between the following milestones:

	Milestone
Class A	All prospecting licence applications comprising the Middle Creek Project being granted (with or without conditions) under the Mining Act.
Class B	On any Tenement, the Company obtaining a drill result representing a 30 gram per metre gold intersection, or metal equivalents (as that term is used in paragraph 50 JORC code 2012).

At the date of this report, no milestones have been met.

		Consolidated 2017 $
15.	**Reserves**	
(a)	Unlisted option reserve	
	Opening balance	-
	Unlisted options issued as part remuneration during the period	-
	Unlisted options issued to consultants	84,140
	Exercise of options	-
	Total unlisted option reserve	84,140
	The unlisted option reserve records items recognised on valuation of director, employee and contractor share options. Information relating to options issued, exercised and lapsed during the financial period and options outstanding at the end of the financial period, is set out in Note 14(a).	
(b)	Performance Shares Reserve	
	Opening balance	-
	Performance Shares issued as part of consideration for acquisition of Black Eagle (WA) Pty Ltd	600,000
	Closing Balance	600,000
	The performance share reserve records items recognised on valuations of vendor performance shares. Information relating to performance shares issued at the end of the financial period, is set out in Note 14(b)	
(c)	Total reserves	
	Unlisted option reserve	84,140
	Performance Shares	600,000
	Closing Balance	684,140

16. Financial Instruments, Risk Management Objectives and Policies

The Consolidated Entity's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the group. The Consolidated Entity also has other financial instruments such as trade and other receivables and trade and other payables which arise directly from its operations. For the period under review, it has been the Consolidated Entity's policy not to trade in financial instruments.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

Consolidated	Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest $	Non-interest bearing $	Total $
2017					
Financial Assets					
Cash and cash equivalents	2.05%	580,536	2,000,000	36,396	2,616,932
Trade & other receivables - current	0.00%	-	-	37,912	37,912
Trade & other receivables - non-current	2.10%	-	30,000	-	30,000
		580,536	2,030,000	74,308	2,684,844
Financial Liabilities					
Trade & other payables - current	0.00%	-	-	152,337	152,337
		-	-	152,337	152,337

The maturity date for all cash, current receivables and trade and other payable financial instruments included in the above tables is one year or less from balance date. The maturity for the non-current trade and other receivables is between 1 and 2 years from balance date.

(b) Group sensitivity analysis

The entity's main interest rate risk arises from cash and cash equivalents with variable and fixed interest rates. At 30 June 2017, the group's exposure to interest rate risk is not considered material.

(c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the group's maximum exposure to credit risk.

16. Financial Instruments, Risk Management Objectives and Policies (continued)

(d) Liquidity risk

The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the group aims at ensuring flexibility in its liquidity profile by maintaining the ability to undertake capital raisings. Funds in excess of short term operational cash requirements are generally only invested in short term bank bills.

(e) Net fair value

The carrying value and net fair values of financial assets and liabilities at balance date are:

	2017 Carrying Amount $	Net fair Value $
Financial assets		
Cash and cash equivalents	2,616,932	2,616,932
Trade & other receivables - current	37,912	37,912
Trade & other receivables - non-current	30,000	30,000
	2,684,844	2,684,844
Financial Liabilities		
Trade and other payables - current	152,337	152,337
	152,337	152,337

17. Business Combination

(a) Summary of acquisition

On 23 January 2017 Blackstone Minerals Limited, acquired 100% of the issued capital of Black Eagle (WA) Pty Ltd. The acquired business contributed a loss of $517,182 to the group for the period 23 January 2017 and 30 June 2017

Details of the purchase consideration, the net assets acquire and goodwill are as follows:

	$
Purchase consideration:	
Cash paid (refer to (b) below)	-
Performance Shares Issued	600,000
Shares Issued to Vendors	1,000,000
Total purchase consideration	**1,600,000**

17. Business Combination (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $
Cash	-
Mineral rights acquired	1,600,000
Total purchase consideration	**1,600,000**
Goodwill	-

(b) Purchase consideration – cash outflow

	2017 $
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	-
Less: cash acquired	-
Outflow of cash	-

Acquisition-related costs

There are nil costs to acquire the subsidiary. The acquisition-related costs of $103,461 for reimbursement to the vendors for previous incurred costs relating the project tenements of Black Eagle (WA) Pty Ltd are included in profit or loss and in operating cash flows in the statement of cash flows.

		Consolidated 2017 $
18.	**Earnings per Share**	
(a)	Earnings/(Loss)	
	Earnings/(loss) used in the calculation of basic EPS	(865,159)
(b)	Weighted average number of ordinary shares ('WANOS')	
	WANOS used in the calculation of basic earnings per share:	18,313,059
19.	**Cash Flow Information**	
(a)	Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:	
	(Loss) from ordinary activities after income tax	(865,159)
	Depreciation	471
	Share based payments	84,140
	Changes in assets and liabilities:	
	(Increase)/Decrease in operating receivables & prepayments	(37,912)
	Increase/(decrease) in trade and other payables	152,337
	Increase/(decrease) in employee provisions	5,738
	Net cash (outflows) from Operating Activities	660,385
(b)	Non-cash investing and financing	
	Acquisition of Black Eagle (WA) Pty Ltd – Issue of Ordinary Shares and Options. Refer to Note 17.	1,600,000
20.	**Commitments**	
(a)	Exploration commitments	
	Not longer than one year	115,102
	Longer than one year, but not longer than five years	460,410
	Longer than five years	-
		575,512

In order to maintain rights of tenure to mining tenements subject to these agreements, the group would have the above discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable per the above maturities. If the company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

(b)	Lease commitments: group as lessee	
	Non-cancellable operating leases	
	Not longer than one year	137,250
	Longer than one year, but not longer than five years	274,500
	Longer than five years	-
		411,750

The company, as either joint or sole tenant, has entered into a non-cancellable operating lease for the head office. The lease is for an initial 3 year period with an option to extend for a further 3 years each as requested by the tenants.

21. Events Occurring After Balance Date

Since, 30 June 2017 the company entered into a Binding Heads of Agreement on 26 July 2017 for the acquisition of Cobalt One Energy Corp (Canada) including the Little Gem Project and the Cartier Project. The Execution of the Definitive Agreement was finalised on 24 August 2017, subject to a shareholder meeting held on 6 October 2017 and other compliance matters with the final date for completion of the transaction to be no later than 31 October 2017.

The acquisition consists of 25 million ordinary shares to be issued to Cobalt One Energy Corp (Canada) shareholders and a condition of the acquisition is Mr Michael Konnert of Cobalt One Energy Corp will be appointed to the Board of Directors following completion of the acquisition.

The material terms of the Definitive Agreement are in accordance with the previously announced Binding Heads of Agreement as follows:

(a) the consideration for the Acquisition will be satisfied by the issue of 25,000,000 fully paid ordinary shares subject to Shareholder approval in the Company to the Cobalt One shareholders;

(b) the Company shall assume Cobalt One's obligations under the Goldbridge Option Agreement for C$700,000 (being the equivalent of approximately A$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 on or before 3 months after completion and a final payment of C$250,000 due on or before 6 months from the date of completion, upon payment of which, Cobalt One will become the 100% owner of the Little Gem Project:

(c) 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 (NSR) royalty shall be payable to the current owner of the Little Gem Gold-Cobalt Project; and

   ii. a NSR royalty equal to 2.5% thereafter (over 10,000 tonnes) shall be payable to the current owner of the Little Gem Gold-Cobalt Project.

Further to this announcement the company is seeking shareholder approval to issue 8,000,000 performance shares each convertible into one fully paid ordinary share to certain Cobalt One shareholders in association with the Acquisition, as well as 8,000,000 performance shares to Directors and Management of Blackstone Minerals.

There were no further events that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

22. Segment Information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the board of directors. The amounts provided to the board of directors with respect to total assets and profit or loss is measured in a manner consistent with that of the financial statements. Assets are allocated to a segment based on the operations of the segment and the physical location of the asset.

The board monitors the entity primarily from a geographical perspective, and has identified two operating segments, being exploration for mineral reserves within Australia and the corporate/head office function.

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments is as follows:

	Exploration Australia $	Corporate $	Total $
2017			
Total segment revenue	-	14,504	14,504
Interest revenue	-	14,504	14,504
Depreciation and amortisation expense	-	471	471
Total segment loss before income tax	(517,182)	(347,977)	(865,159)
Total segment assets			
30 June 2017	1,600,000	2,719,413	4,319,413
Total segment liabilities			
30 June 2017	14,246	143,829	158,075

(c) **Measurement of segment information**

All information presented in part (b) above is measured in a manner consistent with that in the financial statements.

(d) **Segment revenue**

No inter-segment sales occurred during the current period. The entity is domiciled in Australia. No revenue was derived from external customers in countries other than the country of domicile. Revenues of $14,504 were derived from one Australian financial institution during the period. These revenues are attributable to the corporate segment.

(e) **Reconciliation of segment information**

Total segment revenue, total segment profit/(loss) before income tax, total segment assets and total segment liabilities as presented in part (b) above, equal total entity revenue, total entity profit/(loss) before income tax, total entity assets and total entity liabilities respectively, as reported within the financial statements.

23. Related Party Transactions

(a) **Parent entity**
The ultimate parent entity within the group is Blackstone Minerals Limited.

(b) **Subsidiaries**
Interests in subsidiaries are set out in Note 26.

(c) **Key management personnel compensations**

	Consolidated 2017 $
Key Management Personnel Compensation	
Short-term employee benefits	136,194
Post-employment benefits	8,594
Eligible termination payments	-
Share-based payments	-
Total key management personnel compensation	144,788

(d) **Transactions with other related parties**
The following transactions occurred with related parties:

		2017 $
(i)	Recharges to KMP related entities	
	Recharge of rent and shared office costs	
	Recharges to Venture Minerals Limited	39,008
	Recharges to Alicanto Minerals Limited	16,004
(ii)	Purchases from KMP related entities	
	Rent of office building and shared office costs	
	Payments to Venture Minerals Limited	103,679
	Payments to Onedin Enterprises	2012

(e) **Terms and conditions of related party transactions**
Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

24. Share Based Payments

(a) **Fair value of listed options granted**
There are no listed options on issue.

24. Share Based Payments (continued)

(b) **Fair value of unlisted options granted**

30 June 2017

The weighted average fair value of the 2,000,000 options granted in current year was $0.042. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2017
Weighted average exercise price (cents)	$0.20
Weighted average life of the option (years)	4.2
Weighted average underlying share price (cents)	$0.10
Expected share price volatility	90.0%
Weighted average risk free interest rate of	1.8%

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

Total share-based payment transactions recognised during the period are set out below. Details of other options movements are set out in Note 14.

	2017 $
Unlisted options	
Options issued to directors, employees and consultants	84,140

25. Contingent Liabilities

There are no contingent liabilities outstanding at the end of the period.

26. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of Shares	Equity Holding[A] 2017 %
Black Eagle (WA) Pty Ltd	Australia	Ordinary	100

[A] The proportion of ownership interest is equal to the proportion of voting power held.

		Parent 2017 $
27.	**Parent Entity Information**	
(a)	Assets	
	Current assets	2,654,844
	Non-current assets	1,664,569
	Total assets	4,319,413
(b)	Liabilities	
	Current liabilities	158,075
	Non current liabilities	-
	Total liabilities	158,075
(c)	Equity	
	Contributed equity	4,342,357
	Reserves	684,140
	Accumulated losses	(865,159)
	Total equity	4,161,338
(d)	Total Comprehensive loss for the period	
	Loss for the period after income tax	(865,159)
	Other comprehensive income for the period	-
	Total comprehensive loss for the period	(865,159)
(e)	The parent entity has not guaranteed any loans for any entity during the period.	
(f)	The parent entity has no contingent liabilities at the end of the financial year.	
(g)	Lease commitments: Parent as Lessee	
	Non-cancellable operating leases	
	Not longer than one year	137,250
	Longer than one year, but not longer than five years	274,500
	Longer than five years	-
	Total Lease Commitments - Parent	411,750

In the Directors' opinion

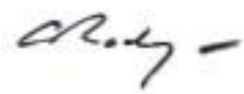
(a) the financial statements and notes set out on pages 26 to 54 are in accordance with the *Corporations Act 2001*, including:
    (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
    (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the 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; and

(c) the audited remuneration disclosures set out on pages 15 to 22 of the directors' report comply with section 300A of the *Corporations Act 2001*; and

(d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.
This declaration is made in accordance with a resolution of the Board of Directors.



Andrew Radonjic
Technical Director

Perth, Western Australia, 28 September 2017

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

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Blackstone Minerals Limited, the Company and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from the date of incorporation (30 August 2016) to 30 June 2017, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the period from 30 August 2016 to 30 June 2017; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

We have defined the matters described below to be key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Exploration and Evaluation Expenditure As at 30 June 2017, Capitalised Exploration and Evaluation Expenditure totals $1,600,000 (refer to Note 10 of the financial report). The carrying value of Capitalised Exploration and Evaluation Expenditure is a key audit matter due to: • The significance of the total balance (37% of total assets); • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the Capitalised Exploration and Evaluation Expenditure.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; ii. Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring the veracity of the data presented and that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6; iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in certain areas of interest and corroborated with interviews with management. The documents we evaluated included: ▪ Minutes of the board and management; ▪ Announcements made by the Group to the Australian Securities Exchange; ▪ Cash flow forecasts and iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report**.**

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 22 of the directors' report for the period ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Blackstone Minerals Limited for the period ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

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
28 September 2017

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3 the company's Corporate Governance Statement can be found on the company's website, refer to http://www.blackstoneminerals.com.au/index.php/profile/corporate-governance

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding as at 20 September 2017 were as follows:

Holding	Number of Shareholders Fully Paid Ordinary Shares
1- 1,000	4
1,001 - 5,000	23
5,001 - 10,000	59
10,001 - 100,000	202
100,001 and over	58
	346

Holders of less than a marketable parcel: 7

Substantial Shareholders

The names of the substantial shareholders as at 20 September 2017:

Shareholder	Number
Lenore Radonjic	2,658,751
Hamish Halliday	2,831,383
Stephen Parsons	2,500,000
Kiri Dorji	2,500,001

Voting Rights - Ordinary Shares

In accordance with the holding company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Restricted Securities

There are 17,300,000 ordinary shares subject to a 24 month escrow from the date of listing, plus 8,000,000 performance shares and 1,000,000 options exercisable at $0.20 on or before 12 January 2020 subject to 12 month escrow period.

Unquoted Securities

	Exercise price	Vesting conditions	Expiry date	Number of options	Number of holders
Unlisted options	$0.20	Nil	12 Jan 2020	2,000,000	2

Performance Shares are divided equally between the following milestones:

Class	Milestone
A – 4,000,000	All prospecting licence applications comprising the Middle Creek Project being granted (with or without conditions) under the Mining Act.
B – 4,000,000	On any Tenement, the Company obtaining a drill result representing a 30 gram per metre gold intersection, or metal equivalents (as that term is used in paragraph 50 JORC code 2012).

Equity security holders

The names of the twenty largest ordinary fully paid shareholders as at 19 September 2017 are as follows:

Shareholder	Number	% Held of Issued Ordinary Capital
DORJI KIRI MARGUERITE	2,550,001	7.12%
PARSONS STEPHEN ANDREW	2,500,001	6.98%
RADONJIC LENORE THERESA	2,500,001	6.98%
HALLIDAY HAMISH PETER	2,500,000	6.98%
J & J BANDY NOM PL	1,575,000	4.40%
SEVENTY THREE PL	1,150,000	3.21%
DUNNACHIE ALICIA	1,000,000	2.79%
RATDOG PL	850,000	2.37%
KOBIA HLDGS PL	650,000	1.82%
OMONDALI PL	600,000	1.68%
TARDIS FORME PL	500,000	1.40%
BROWN PAUL GREGORY + J O	450,000	1.26%
SYMORGH INV PL	386,118	1.08%
BANDY GREGORY JOHN	350,000	0.98%
RIDGE STREET INV PL	320,000	0.89%
SMITH MERLE + KATHRYN	300,000	0.84%
BAHEN MARK JOHN + M P	300,000	0.84%
O'NEILL STACEY	300,000	0.84%
WILLSTREET PL	250,830	0.70%
CAUTIOUS PL	250,000	0.70%
	19,281,951	53.86%

ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration.

As at 20 September 2017

Project	Location	Tenement	Interest
Red Gate	Western Australia	E31/1096	100%
Silver Swan South	Western Australia	P27/2191	100%
Silver Swan South	Western Australia	P27/2192	100%
Silver Swan South	Western Australia	P27/2193	100%
Silver Swan South	Western Australia	P27/2194	100%
Silver Swan South	Western Australia	P27/2195	100%
Silver Swan South	Western Australia	P27/2196	100%
Silver Swan South	Western Australia	E27/545	100%

Key

E: Exploration Licence

P Prospecting Licence