BLACKSTONE
MINERALS

# ANNUAL REPORT
# 30 JUNE 2018

ABN 96 614 534 226

**Non-Executive Chairman**
Hamish Halliday

**Managing Director**
Scott Williamson

**Technical Director**
Andrew Radonjic

**Non-Executive Directors**
Stephen Parsons
Michael Konnert

**Joint Company Secretaries**
Jamie Byrde
Michael Naylor

**Principal & Registered Office**
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**Share Registry**
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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 year ended 30 June 2018.

During the year, Blackstone exercised the option to acquire a 100% interest in the High Grade Little Gem Cobalt-Gold Project in British Columbia, Canada and successfully raised $5 million to fund the maiden drilling campaign and the 2018 exploration program. After acquiring Little Gem, the Company quadrupled its target strike zone by acquiring an extensive land holding with a total of 48 km of untested strike of highly prospective geology analogous to the world class Bou-Azzer primary Cobalt district in Morocco.

The maiden drilling campaign at the Little Gem Cobalt-Gold prospect delivered intersections of High Grade Cobalt and Gold mineralisation from drilling near the historic adits. After completing the maiden drilling campaign and subsequent to the end of the year, Blackstone conducted an IP survey which highlighted a number of larger sulfide targets that exist along strike to the east and west of Little Gem. The IP anomalies have been elevated to our highest priority targets to be drill tested at the earliest opportunity.

During the winter season in Canada the Company turned its focus to the Silver Swan South Project near Kalgoorlie. The Silver Swan South project is located 8 km along strike of the interpreted extension of the Fitzroy Shear Zone which hosts the Kanowna Belle Gold Mine (+5 Moz gold endowment). The project is also located 10km south of the Silver Swan Nickel Mine and within a similar ultramafic package that is also prospective for Nickel Sulfide mineralisation. Blackstone's second phase aircore drilling program at Silver Swan South intersected gold mineralisation and extensive basement geochemical anomalism with results indicating an emerging gold discovery to be drill tested over the coming months.

The 2018 field program at Little Gem has incorporated over 700 regional soil, rock chip and stream sediment samples throughout the entire 335 km$^2$ of tenure. The initial geochemical and geophysical results give the Company confidence that the Little Gem Cobalt-Gold Project could host a belt-scale opportunity similar to the Bou-Azzer district in Morocco. This will appeal to Cobalt end-users looking for a long term supply of the key ingredient in the cathode chemistry of the Lithium Ion battery. The Company continues to see strong fundamentals associated with the supply and demand scenario for Cobalt over the short to medium term. As further data is processed over the coming months the Company will be in a strong position to understand the potential for Little Gem and the Bralorne district to potentially host a world class Cobalt camp.

**Hamish Halliday**
**Non-Executive Chairman**

The Directors of Blackstone Minerals Limited submit herewith the consolidated financial statements of the Company and its controlled entities ("Consolidated Entity" or "Group") for the year ended 30 June 2018 in order to comply with the provisions of the Corporations Act 2001.

## 1. Directors

The following persons were Directors of Blackstone Minerals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

| | |
|---|---|
| Mr Hamish Halliday | Non-Executive Chairman |
| Mr Scott Williamson | Managing Director (Appointed 6 November 2017) |
| Mr Andrew Radonjic | Technical Director |
| Mr Stephen Parsons | Non-Executive Director (Appointed 30 October 2017) |
| Mr Michael Konnert | Non-Executive Director (Appointed 24 October 2017) |
| Mr Bruce McFadzean | Non-Executive Director (Resigned 13 April 2018) |

## 2. Principal Activities

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

## 3. Group Financial Overview

Profit and Loss

The loss attributable to owners of the consolidated entity after providing for income tax amounted to $8,438,991 (2017: $865,159).

Financial Position

The consolidated entity had $3,064,947 in cash and cash equivalents as at 30 June 2018 (2017: $2,616,932). 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 including its Cobalt-Gold Project in British Columbia, Canada and the Gold and Nickel Projects in Western Australia.

Subsequent to year end, the company conducted and is in the process of finalising its IP Survey results which will assist in prioritising the follow up drill targets along strike at Little Gem.

In Western Australia, the Group has six granted prospecting licences and one granted exploration licence at its Silver Swan South Project area, and one granted exploration licence at the Red Gate Project. During the year Licences at the Middle Creek Project were granted with one application still outstanding. Follow up drilling will now focus on further defining the nickel sulfide target at Silver Swan South as well as further testing gold targets.

Material business risks that may impact the results of future operations include further exploration results, future commodity prices and funding.

## 6. Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the during the financial year:

## 6. Significant Changes in the State of Affairs (continued)

On 24 October 2017, the Company finalised the acquisition of the Little Gem Cobalt-Gold project through the acquisition of Cobalt One Energy Corp, British Columbia, Canada. The Company issued 25,000,000 ordinary shares, 8,000,000 performance shares with cash payments (finalised in March 2018) for C$700,000 or A$710,000 to exercise the option agreement upon which the Company now owns 100% of the Little Gem Project.

On 12 December 2017, the Company announced a two-tranche placement raising $5,000,000 issuing a total of 11,904,762 shares at $0.42 with tranche 1 completed on 14 December 2017, issuing 3,620,000 shares at $0.42 and tranche 2 completed on 24 January 2018 issuing 8,284,762 shares at $0.42.

## 7. Review of Operations

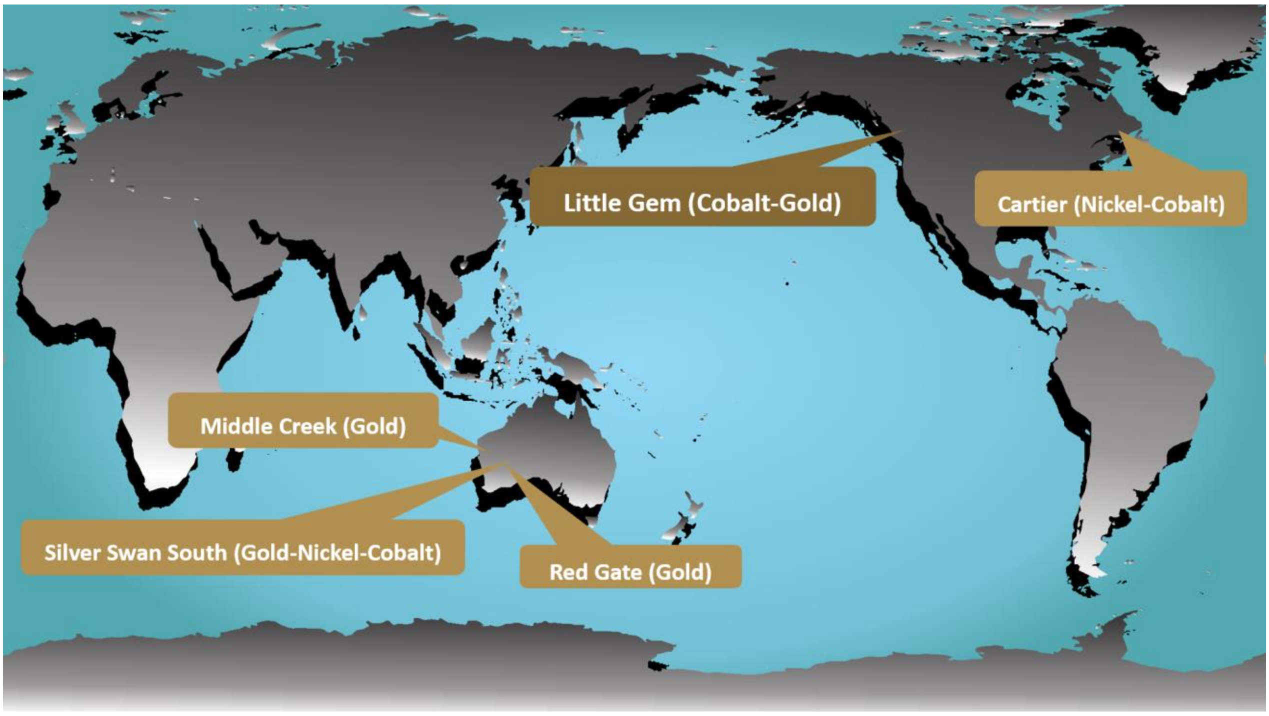
### Introduction

During the year, the Company focused on exploration work at the Little Gem Cobalt-Gold Project in British Columbia, Canada and the Silver Swan South Project located near Kalgoorlie in the Eastern Goldfields of Western Australia. (Refer to Figure One).

Blackstone completed its maiden drilling campaign followed by an extensive IP survey conducted subsequent to year end which confirmed multiple new drill targets along strike at Little Gem. The Company is nearing completion of a detailed soil sampling program over multiple prospects adjacent to Little Gem, as well as regional reconnaissance sampling targeting some 335 km$^2$ of tenure prospective for primary Cobalt and Gold mineralisation.

During the year, the Company announced an emerging Gold discovery at the Silver Swan South Project, located 8 km along strike of the world class Kanowna Belle Gold Mine (+5 Moz gold endowment). The second phase aircore drilling program at Silver Swan South delivered significant drilling results and extensive basement geochemical anomalism.

**Figure One | The Locations of the Projects**



## 7. Review of Operations (continued)

### Canadian Projects

### Little Gem Project (100% interest)

During the year, Blackstone completed the maiden drilling program at the very high grade Little Gem Cobalt-Gold Project in British Columbia, Canada. The drilling program started late in the 2017 field season and drilling re-commenced in late April for the 2018 field season. The Company completed the initial six diamond drill holes at Little Gem before the drilling program took a short break between seasons during the onset of the freshet (peak snow melt). After the short break Blackstone re-commenced drilling and has assay results pending for the remaining five diamond drill holes from the maiden drilling program at Little Gem.

Drilling intersected the Little Gem structure within metres of the interpreted target. The Little Gem alteration halo is significantly larger than previously estimated, and the 2018 drilling consistently intersected a broad alteration zone, highlighting potential for a significant hydrothermal system at Little Gem.

Blackstone is nearing completion of a major regional exploration program of multi-element stream sediment sampling, soil sampling and prospecting across the 48 km of untested strike potential of geology analogous to the world class Bou-Azzer primary Cobalt district in Morocco. The Company has completed an extensive IP survey which highlighted a number of new targets for high grade Cobalt-Gold along the +1.8km strike target zone at Little Gem.

**Highlights of the Project include:**

- Blackstone's maiden drilling intersected massive, semi-massive and disseminated mineralisation (Refer Figure Two and Three) with the following significant results:

| | |
|---|---|
| **LGD17-001R** | **1.1 m @ 3.0% cobalt and 44 g/t gold;** within<br>**4.3 m @ 1.0% cobalt and 15 g/t gold.**<br>(Refer ASX Announcement 9 January 2018 for full set of results) |
| **LGD18-002** | **1.0 m @ 1.2% cobalt and 5 g/t gold;** within<br>**3.2 m @ 0.8% cobalt and 4 g/t gold.**<br>(Refer ASX Announcement 31 May 2018 for full set of results) |
| **LGD18-003** | **0.4 m @ 1.2% copper, 5 g/t gold & 0.12% cobalt;** within<br>**1.0 m @ 0.5% copper, 4 g/t gold & 0.08% cobalt.** |
| **LGD18-005** | **0.8 m @ 0.6% cobalt and 9 g/t gold;** within<br>**1.6 m @ 0.4% cobalt and 5 g/t gold.** |

- Historic drilling and adit channel sampling results returned average grades of **3% cobalt and 20 g/t gold**;

- Maiden drilling results are similar to historic underground drilling results from adits including:
    - **1.8 m @ 2.4% cobalt & 112 g/t gold;**
    - **3.3 m @ 1.4% cobalt & 80 g/t gold;** and
    - **3.3 m @ 1.4% cobalt & 12.3 g/t gold.**

    (Refer ASX Announcement 9 January 2018)

## 7. Review of Operations (continued)

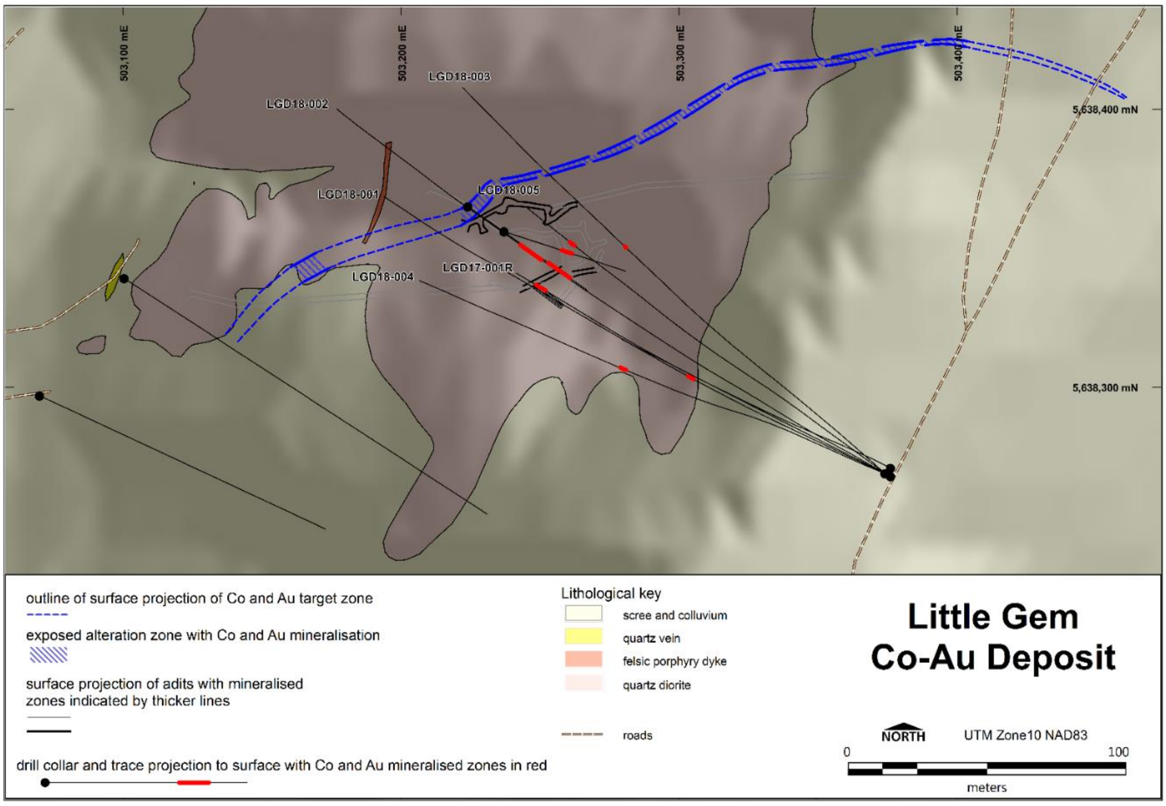
- Results from historic adit channel sampling at Little Gem include:
  - **1.8 m @ 4.4% cobalt & 73 g/t gold;**
  - **2.0 m @ 3.1% cobalt & 76 g/t gold;** and
  - **1.5 m @ 5.4% cobalt & 26 g/t gold.**

  (Refer ASX Announcement 26 July 2017)

- The Little Gem Project covers a large land holding with **48 km of untested strike potential** of geology **analogous to the world class Bou-Azzer primary Cobalt district in Morocco** (Refer Figure Four);

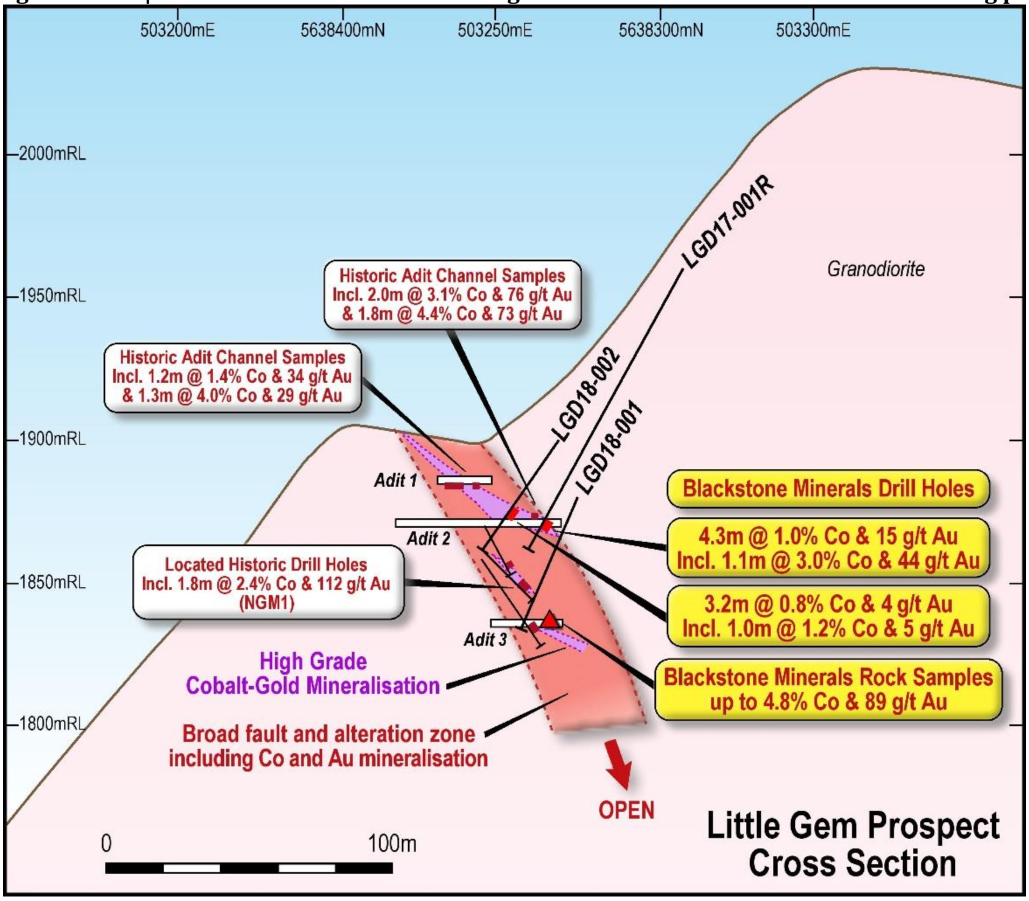
- Little Gem is favourably located **less than 15 km along strike from the Bralorne-Pioneer** mining complex **(endowment of 4.4 Moz at 17 g/t Au).**

**Figure Two | Plan view showing Underground workings and Drill Holes**



## 7. Review of Operations (continued)

**Figure Three | Little Gem Cross Section showing initial three holes from the maiden drilling program**




Refer to ASX Announcement 31 May 2018 for full table of results

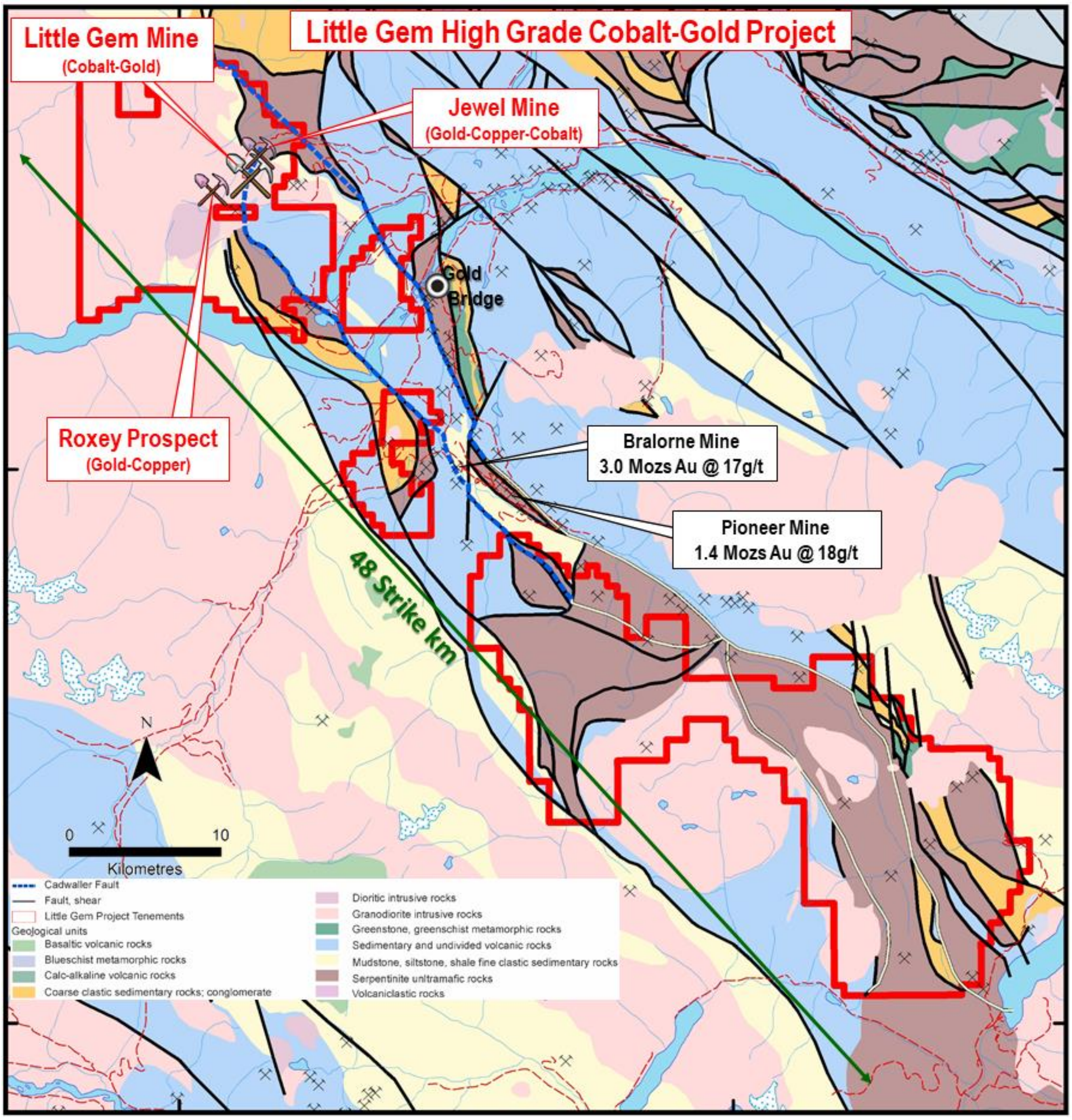
The Little Gem Project was discovered in the 1930's by prospectors identifying a pink cobalt-bloom on weathered mineralisation that led to three adits being developed. A total of 1,268 m of drilling was completed from underground and detailed channel sampling was taken from the adits. Results from this work generated some exceptional Cobalt and Gold assays (Refer to ASX Announcement 26 July 2017) including:

| | |
|---|---|
| **Historic drilling** | **1.8 m @ 2.4% cobalt & 112 g/t gold;**<br>**3.3 m @ 1.4% cobalt & 12 g/t gold;** and<br>**4.1 m @ 1.4% cobalt & 11 g/t gold.** |
| **Underground channel sampling** | **1.8 m @ 4.4% cobalt & 73 g/t gold;** and<br>**2.0 m @ 3.1% cobalt & 76 g/t gold.** |
| **Surface channel sampling** | **0.4 m @ 5.7% cobalt & 1,574 g/t gold;** and<br>**0.1 m @ 4.6% cobalt & 800 g/t gold.** |

## 7. Review of Operations (continued)

Little Gem is mostly underlain by granite of the Coast Plutonic Complex and ultramafic rocks on what is interpreted to be the northern extension of the Cadwallader fault zone (Refer Figure Four). These are the major geological units and structures important to the mineral deposits either as the host rocks or sources of the mineralising fluids that gave rise to the Bridge River mining camp. The camp has 60 mineral localities including the Bralorne-Pioneer mining complex **(endowment of 4.4 Moz at 17 g/t Au)** which retains the status of the foremost gold producer in British Columbia and the sixth largest in Canada. Little Gem is only 15 km along strike to the north of the Bralorne-Pioneer mining complex.

**Figure Four | Little Gem Geological Setting**




Refer to ASX Announcement 26 July 2017 and 6 September 2017

There has been very little modern day exploration at Little Gem with the main activities being airborne geophysical surveys (including magnetic, radiometric and electromagnetic ("EM") surveys) in the 1970's and a further two drill holes completed in 1986.

## 7. Review of Operations (continued)

The second mineral occurrence at the Little Gem Project is the historic Jewel Gold-Copper-Cobalt Prospect which supported some gold production from 1938 to 1940 and is located only 1.1 km north-northeast of the Little Gem Mine. Since Blackstone began working on the Little Gem Cobalt-Gold Project it has verified the mineralisation identified historically at the Little Gem Cobalt-Gold Prospect and the Jewel Gold-Copper-Cobalt Prospect. Blackstone has also discovered a new high grade Gold-Copper prospect named Roxey and the recent Erebor discovery subsequent to the end of year which is the first discovery of Cobalt-Gold in the region since Little Gem was discovered by prospectors in the 1930's.

The Roxey Gold-Copper prospect is located 1.5 km west-southwest of the Little Gem Cobalt-Gold prospect and is along strike of the cobalt–gold mineralisation at Little Gem. Blackstone visually identified Roxey during the due diligence site visit and took rock chip samples within the target area which assayed up to **24 g/t gold, 1.9% copper & 24 g/t silver** (Refer ASX Announcement 6 September 2017). Mineralisation at Roxey is associated with quartz-pyrite altered diorite containing chalcopyrite.

Surface rock chip samples taken to verify the mineralisation at the Jewel prospect returned up to **98 g/t gold** and **3.2% copper** (Refer ASX Announcement 6 September 2017 for full set of results). These results confirm what Blackstone's recent investigation has revealed with historical samples of up to **0.6 m @ 75 g/t gold and 0.45m @ 153 g/t gold** from underground and surface channel sampling, and up to **6.9 g/t gold, 19.25% copper & 137 g/t silver** from underground rock chip sampling (Refer ASX Announcement 6 September 2017 for full set of results). Mineralisation at Jewel sits in an ultramafic near the easterly trending/steep south dipping contact with the quartz diorite/granodiorite that hosts the Little Gem Prospect.

### Cartier Project (100% interest)

The Cartier Cobalt-Nickel Project (9 km$^2$ of tenure) is located 440 km north-east of Quebec City. Historic exploration (1990's) on the project for Voisey's Bay Style Nickel and Copper has identified Cobalt within two prospects named Lac St Pierre Zones 1 & 2. During the period the Company completed a field work program of mapping, prospecting and sampling to further understand the full potential of the Cartier Project.

### Australian Projects

Blackstone has three Australian projects (Silver Swan South, Red Gate and Middle Creek), which are all located in Western Australia and are prospective for gold, with the Silver Swan South project also prospective for nickel sulfides. (Refer Figures Five and Six).

### Silver Swan South Project (100% interest)

The Silver Swan South Project comprises of one granted exploration licence E27/545 and six granted prospecting licences, P27/2191 – 2196 covering an area of 38.5 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).

During the year, Blackstone announced an emerging gold discovery with significant results from the second phase aircore drilling program which intersected gold mineralisation and extensive basement geochemical anomalism at the Black Eagle prospect.

## 7. Review of Operations (continued)

**Highlights of the Project include:**

- Blackstone's second phase aircore drilling program at Silver Swan South intersected gold mineralisation and extensive basement geochemical anomalism at the **Black Eagle** prospect (refer to ASX Announcement 1 March 2018 for full results) with the following result:

    - **10 m @ 3.2 g/t Au from 68 m** within;
    - **15 m @ 2.2 g/t Au from 64 m to EOH** (Refer Figures Five and Six).

- These results significantly upgraded the Black Eagle prospect and when combined with previous reconnaissance results of **3m @ 3.5g/t Au from 60m** saw Black Eagle elevated to a priority drill target.

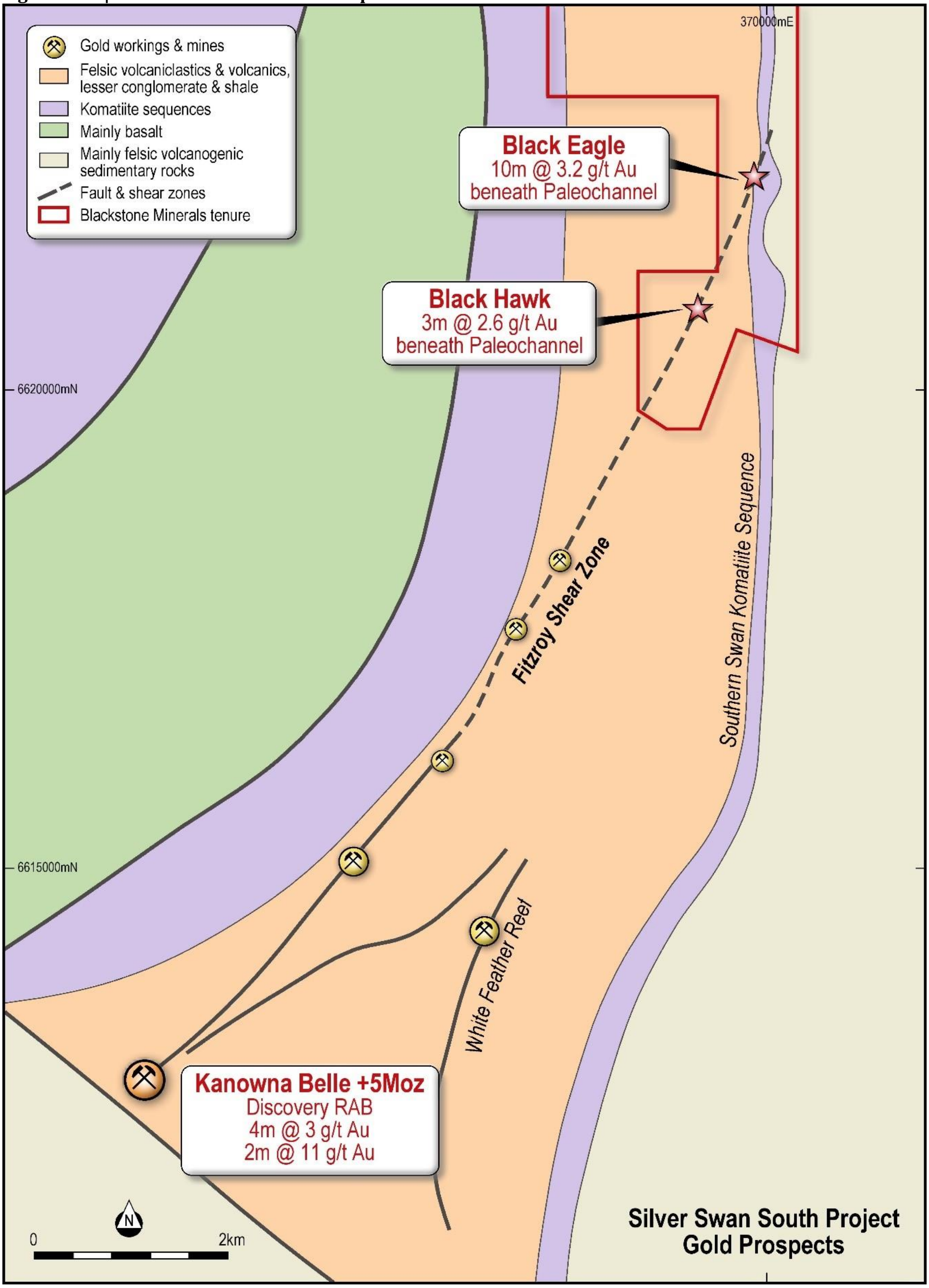
- The Silver Swan South project is located 8 km along strike and encompasses the interpreted extension of the Fitzroy Shear Zone which hosts the Kanowna Belle Gold Mine (+5 Moz gold endowment);

- Aircore drilling will also target the **Black Hawk** prospect following up on an initial **3 m @ 2.6 g/t Au from 52 m** intersected in the first phase of drilling at Silver Swan South;

Blackstone's initial drilling at Silver Swan South is targeting both gold hosted by structural targets along strike from the Kanowna Belle Gold Mine (+5Moz gold endowment), and nickel sulfide mineralisation associated with ultramafic units along strike from the Silver Swan and Black Swan Nickel Mines (endowment 166kt Ni metal). The initial programs are 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.

## 7. Review of Operations (continued)

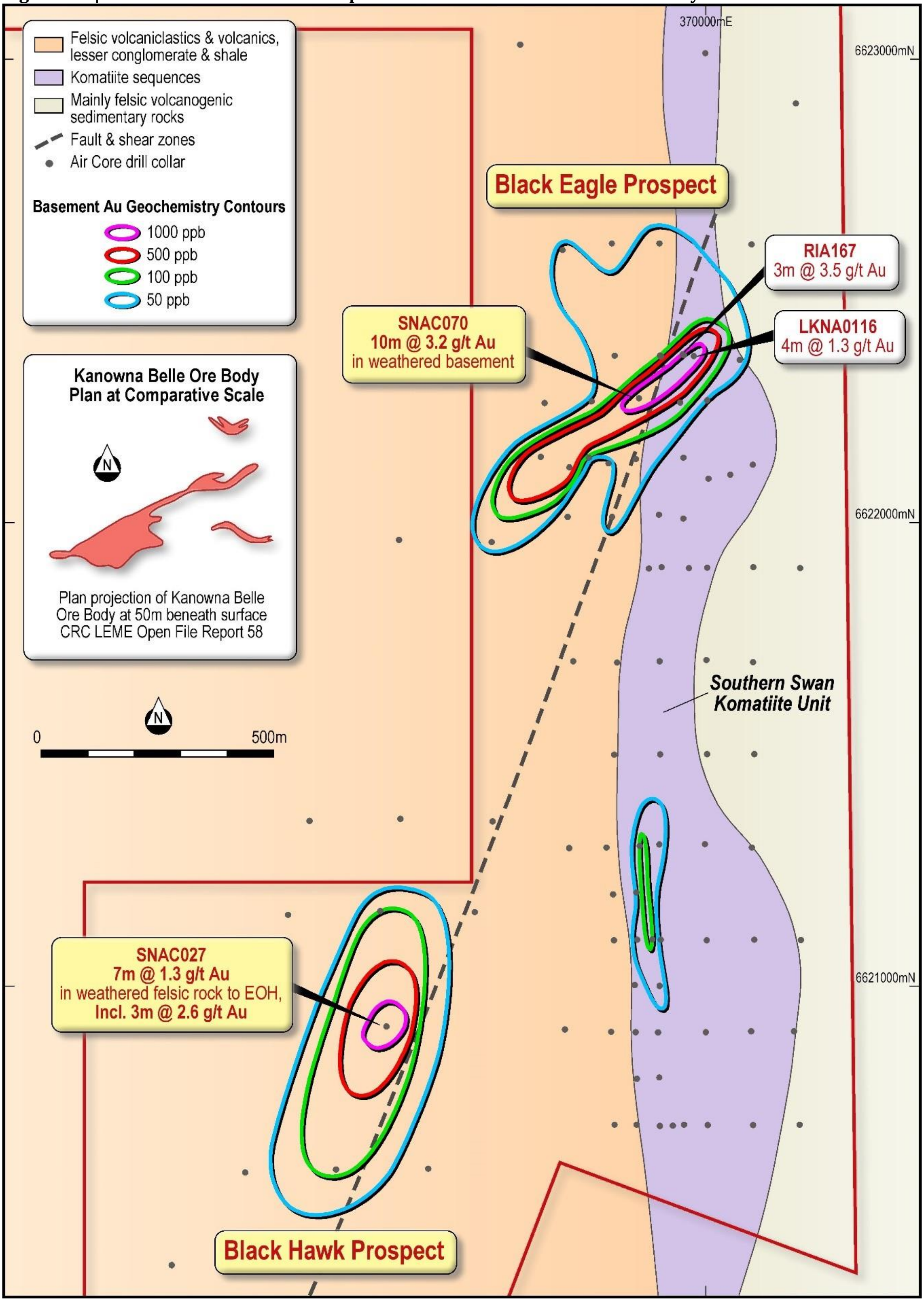
**Figure Five | Silver Swan South Gold Prospects**




Refer to ASX Announcement 1 March 2018

## 7. Review of Operations (continued)

**Figure Six | Silver Swan South Gold Prospects with Basement Gold Geochemistry Contours**




Refer to ASX Announcement 1 March 2018

## 7. Review of Operations (continued)

### Red Gate Project (100% interest)

The Red Gate Project consists of 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 Seven), 140 km northeast of Kalgoorlie. Historical exploration work has mostly targeted the Porphyry North Prospect where shallow, outcropping mineralisation has been defined. There is the potential to discover further mineralisation at Porphyry North and several other prospects nearby.

**Highlights of the Project include:**

- The Red Gate project hosts porphyries with high grade gold mineralisation including 10 m @ 8.5 g/t from 9 m at Porphyry East, 14 m @ 3.7 g/t from 1 m at Porphyry North & 12 m @ 9.2 g/t from 8 m at Porphyry West (refer to ASX Announcement 11 July 2017);

- The Porphyry North and Porphyry West prospects have shallow gold mineralisation coincidental with IP anomalies whilst the new porphyry zone at Porphyry South has a substantially larger IP anomaly that has yet to be drill tested;

- Red Gate Shear Zone already hosts mineralised porphyries at Porphyry North and Porphyry West and contains the recently identified Porphyry South Prospect which is a large untested IP anomaly;

- The Reidy Prospect is interpreted to be within or immediately adjacent to the **Claypan Shear Zone**, host to recent significant gold discoveries such as Breaker Resources, Lake Roe Project (Indicated and Inferred Resources of 1.1 Moz for the Bombora Prospect, Breaker Resources NL (refer to ASX Announcement 6 September 2018);

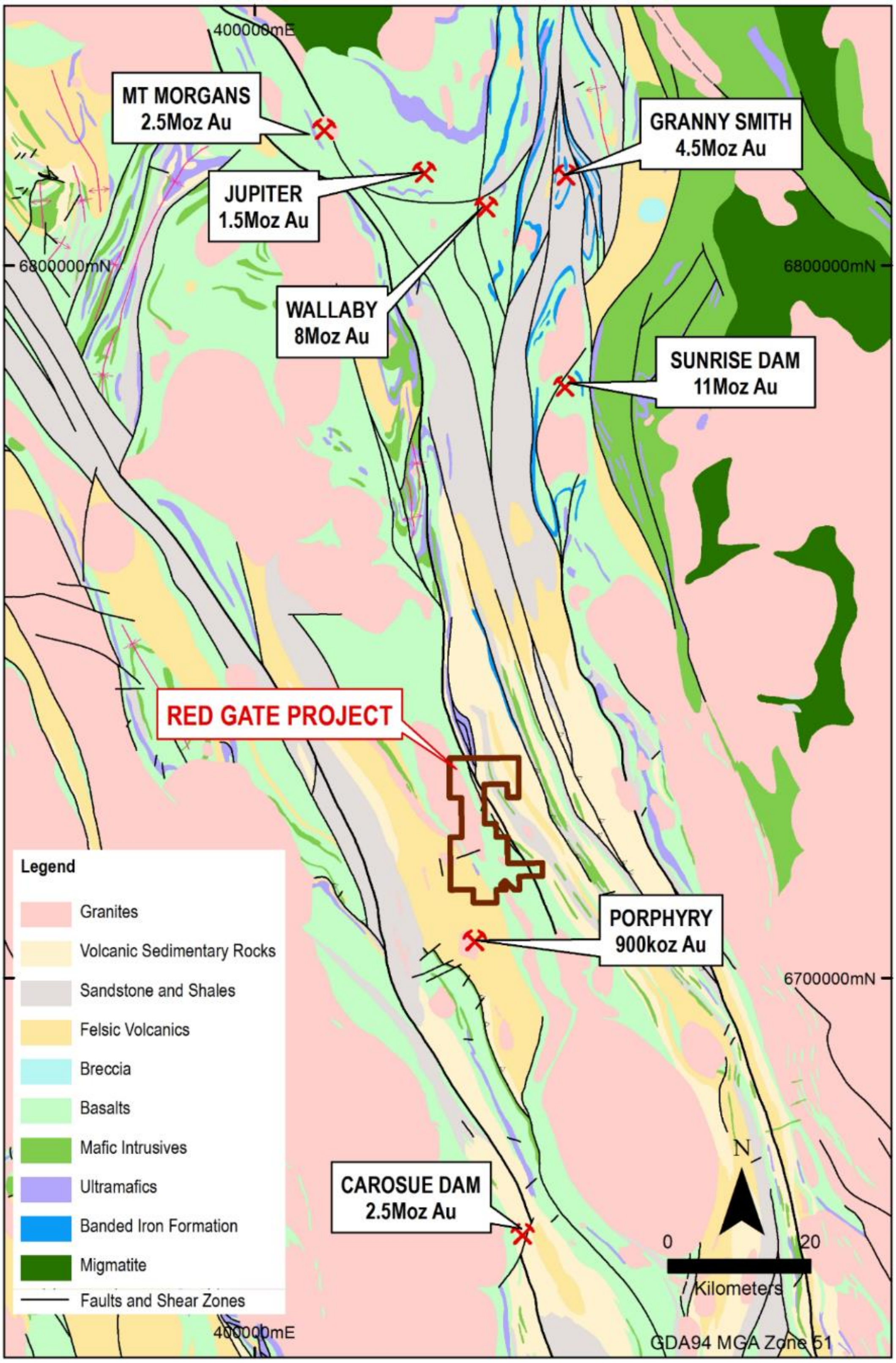
- The new prospect is within the Red Gate Shear Zone and was identified through a recent reconnaissance surface sampling program that returned rock chips results of up to 79 g/t gold;

- 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 Seven| Location of the Red Gate Project**



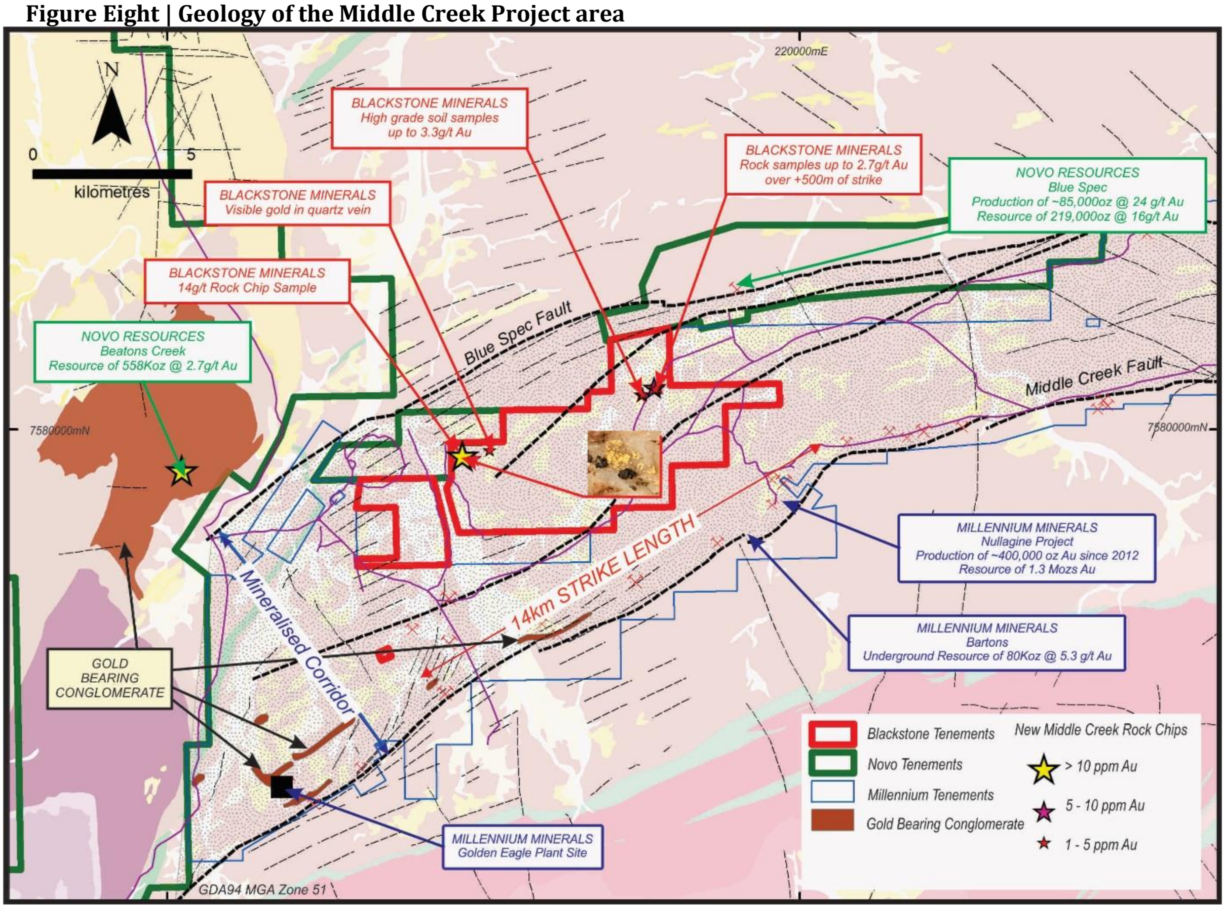

Refer to Prospectus 15 December 2016

## 7. Review of Operations (continued)

### Middle Creek Project (95% interest)

The Middle Creek Project is adjacent to Millennium Minerals Limited's Nullagine Gold Project (where the Golden Eagle operations have produced >400 kozs gold since 2012 and a 1.12Moz resource inventory), in the Pilbara region of Western Australia (Refer Figure Eight) and consists of 22 prospecting licence applications covering 39.7 km² within the Mosquito Creek belt. During the period, Blackstone advanced the tenement applications for the Middle Creek project and has been granted a majority of the Middle Creek tenement package.

**Figure Eight | Geology of the Middle Creek Project area**




Refer to Prospectus 15 December 2016 and Investor Presentation 5 April 2018

## 8. Matters Subsequent to the End of the Financial Year

Since, 30 June 2018 the Company entered into a Binding Option Agreement with Golden Pacific Resources Limited (now Expose Resources Limited) to divest 100% of the Red Gate Project.

Key terms of the agreement include:

- Irrevocable option to purchase until 21 December 2018 with a $5,000 sign on fee plus a non-refundable option fee of $30,000.
- Upon Expose Resources achieving an ASX listing, the option to purchase will be deemed to be exercised by Expose Resources and the purchase price will consist of $500,000 cash and $500,000 worth of Expose Resources ASX listed shares.

There are no further subsequent events.

## 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 *since 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. | |
| Interest in Securities | Fully Paid Ordinary Shares | 6,081,383 |
| | Performance Shares – Class A | 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 Scott Williamson** | Managing Director – *appointed 6 November 2017* | |
| Qualifications | BEng(Mining) BCom, MAusImm | |
| Experience | Mr Williamson is a mining engineer with a Bachelor of Commerce degree from the West Australian School of Mines (WASM). Mr Williamson has over 10 years experience in the mining and finance sectors across a variety of technical and corporate roles, recently Investor Relations Manager at Resolute Mining Ltd and a senior Analyst at Hartley's. | |
| Interest in Securities | Fully Paid Ordinary Shares | 100,000 |
| | Performance Options | 1,500,000 |
| Other Directorships | Nil. | |

## 10. Information on Directors and Company Secretaries (continued)

| | | |
|---|---|---|
| **Mr Andrew Radonjic** | Technical Director – *since 30 August 2016* | |
| Qualifications | BAppSc (Mining Geology), MSc (Mineral Economics), MAusIMM | |
| Experience | Mr Radonjic is a geologist and mineral economist with over 30 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 | 5,158,751 |
| | Performance Shares – Class A | 1,000,000 |
| Other Directorships | Venture Minerals Limited (since 12 May 2006)<br>Fin Resources Limited (appointed 14 May 2018) | |
| **Mr Stephen Parsons** | Non-Executive Director – *appointed 30 October 2017* | |
| Qualifications | BSc(Hons) Geology, AusIMM | |
| Experience | Mr Parsons is a geologist with over 20 years' experience in the mining sector. He was formerly the managing director of Gryphon Minerals Ltd, which he founded and listed on the ASX and grew it to an ASX-200 company with a multimillion ounce gold discovery in West Africa. Mr Parsons is currently Executive Director of Bellevue Gold Ltd and Non-Executive Director of Centaurus. | |
| Interest in Securities | Fully Paid Ordinary Shares | 6,447,421 |
| | Performance Shares – Class A | 1,000,000 |
| Other Directorships | Bellevue Gold Ltd (appointed 31 March 2017) – Executive Director<br>Centaurus Metals Ltd (appointed 31 March 2017) – Non-Executive Director | |
| **Mr Michael Konnert** | Non-Executive Director – *appointed 24 October 2017* | |
| Qualifications | BCom and Dip (Entrepreneurship). | |
| Experience | Mr Konnert is the founder and CEO of Cobalt One Energy Corp which held the option agreements over the Little Gem project in British Columbia, Canada. He has nearly a decade of experience in the natural resources industry, specifically in executing successful corporate strategies for leading mining companies. Mr Konnert started his career with Pretium Resources (TSX-PVG) following their C$265 million IPO. Following that he spent three years with Riverside Resources (TSX.V-RRI) where he managed corporate development and investor relations. Since then, he has assisted both public and provide enterprise. | |
| Interest in Securities | Fully Paid Ordinary Shares | 2,262,084 |
| Other Directorships | Nil | |

## 10. Information on Directors and Company Secretaries (continued)

**Joint Company Secretaries**
Jamie Byrde – BCom, CA.
Since - 15 March 2017
Mr Byrde is a Chartered Accountant with over 14 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.

Michael Naylor - BCom, CA.
Appointed 30 October 2017
Mr Naylor, has over 20 years' experience in corporate advisor and public company management since commencing his career and qualifying as a Chartered Accountant with Ernst & Young. Mr Naylor has held senior executive management and board positions for several mineral resource companies, focusing on advancing and developing mineral project and business development. Mr Naylor is currently Non-Executive Director and Company Secretary of Bellevue Gold Limited and Cygnus Gold Limited.

## 11. Remuneration Report (audited)

The Directors of Blackstone Minerals Limited are pleased to present your Company's 2018 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. Voting and comments made at the company's 2017 Annual General Meeting
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

## 11. Remuneration Report (audited) (continued)

### A. Directors and key management personnel disclosed in this report

Non-Executive Directors

| | |
|---|---|
| Mr H Halliday | Non-Executive Chairman |
| Mr S Parsons | Non-Executive Director (appointed 30 October 2017) |
| Mr M Konnert | Non-Executive Director (appointed 24 October 2017) |
| Mr B McFadzean | Non-Executive Director (resigned 13 April 2018) |

Executive Directors

| | |
|---|---|
| Mr S Williamson | Managing Director (appointed 6 November 2017) |
| Mr A Radonjic | Technical Director |

Other key management personnel

| | |
|---|---|
| Mr J Byrde | CFO/Joint Company Secretary |

All of the key management personnel held their positions during the year ended 30 June 2018 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

### C. Use of remuneration consultants

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

### D. Executive remuneration policy and framework

The remuneration policy of Blackstone Minerals Limited has been designed to align executives' objectives with shareholder and business objectives by providing both fixed and discretionary remuneration components which are assessed on an annual basis in line with market rates. By providing components of remuneration that are indirectly linked to share price appreciation (in the form of options), executive, business and shareholder objectives are indirectly aligned. The board of Blackstone Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create goal congruence between Directors and Shareholders.

## 11. Remuneration Report (audited) (continued)

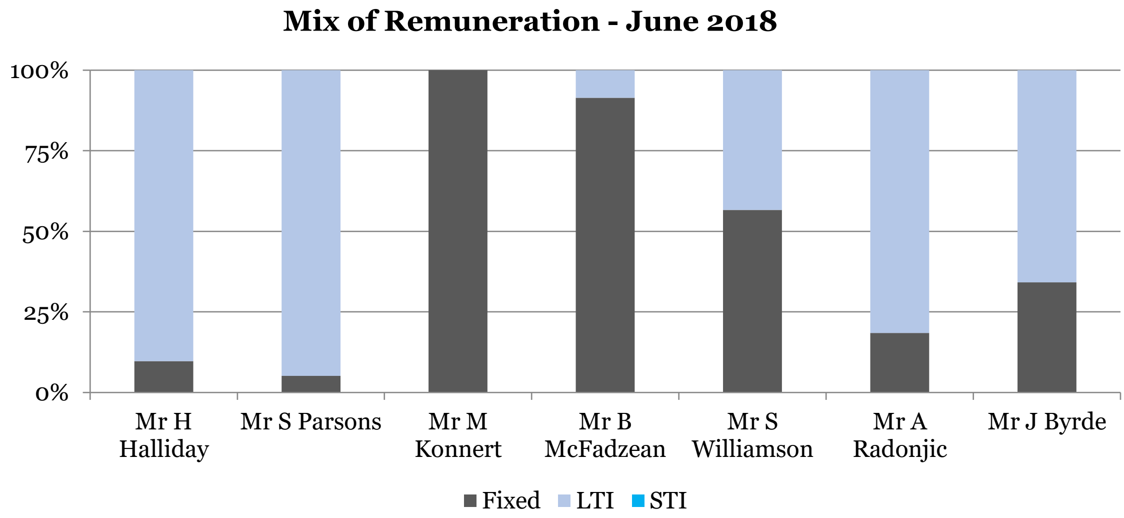
### D. Executive remuneration policy and framework (continued)

In determining competitive remuneration rates, the Board review local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent data is sourced to ensure that the company's remuneration levels fall within the 50th to 75th percentile of companies in a similar industry group and with a similar market capitalisation. These ongoing reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board also ensures that the mix of executive compensation between fixed, variable, long-term, short-term and cash versus equity is appropriate. The Company endeavours to reduce 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.

*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 2018 financial year.




*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 year. The company intends to complete a remuneration review in accordance with its current remuneration policy during the June 2019 financial year.

## 11. Remuneration Report (audited) (continued)

### D. Executive remuneration policy and framework (continued)

*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.

### 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.

Blackstone Minerals continued to outperform the market during year until recently due to macro-economic impacts outside of the Board's control. During the year share price appreciation increased almost 300% due to the efforts of Board and Management and in particularly the acquisition of the Little Gem Cobalt-Gold Project which the Class C Performance shares were linked. These returns maintain the importance of equity incentives and the long-term return for shareholders.

**Blackstone Minerals Limited v Small Cap Resources Since Listing 23 January 2018**

## 11. Remuneration Report (audited) (continued)

### 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 capitalizations 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. Voting and comments made at the Company's 2017 Annual General Meeting

The Company received 100% of "yes" votes on its first remuneration report since listing on the ASX in January 2017. The company did not receive any specific feedback at the AGM or through the year 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 year ending 30 June 2018. There have been no changes to the below named key management personnel since the end of the reporting year unless otherwise noted.

| | Short Term Benefits | | | | | | |
|---|---|---|---|---|---|---|---|
| | Cash Salary & Fees | Incentives | Consulting Fees | Other Amounts | Super-annuation | Non-Cash Long Term Incentives[A] | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **2018** | | | | | | | |
| *Non-Executive Directors* | | | | | | | |
| Mr H Halliday | 25,000 | - | 53,966 | 1,043 | - | 933,750 | 1,013,759 |
| Mr S Parsons[A] | 26,667 | | 13,333 | 1,043 | 3,800 | 933,750 | 978,593 |
| Mr M Konnert[B] | 29,161 | - | - | 1,043 | - | - | 30,204 |
| Mr B McFadzean[C] | 31,846 | - | - | 1,043 | 3,069 | - | 35,958 |
| *Executive Directors* | | | | | | | |
| Mr S Williamson[D] | 145,385 | - | - | 1,043 | 13,812 | 98,416 | 258,656 |
| Mr A Radonjic | 122,115 | - | - | 1,043 | 11,601 | 662,500 | 797,259 |
| *Other key management personnel* | | | | | | | |
| Mr J Byrde | 50,000 | - | - | 1,043 | 4,750 | 153,065 | 208,858 |
| **Total Remuneration** | **430,174** | **-** | **67,299** | **7,301** | **37,032** | **2,781,481** | **3,323,287** |

A Mr S Parsons appointed 30 October 2017.
B Mr M Konnert appointed 24 October 2017
C Mr B McFadzean resigned 13 April 2018
D Mr S Williamson appointed 6 November 2017

### 11. Remuneration Report (audited) (continued)

#### H. Details of Remuneration (continued)

| | Short Term Benefits | | | | | | |
|---|---|---|---|---|---|---|---|
| | Cash Salary & Fees | Incentives | Consulting Fees | Other Amounts | Super-annuation | Non-Cash Long Term Incentives[A] | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **2017** | | | | | | | |
| *Non-Executive Directors* | | | | | | | |
| Mr H Halliday | 31,586 | - | - | 1,273 | - | - | 32,859 |
| Mr B McFadzean[A] | 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[B] | 9,055 | - | - | 955 | - | - | 10,010 |
| Mr J Byrde[C] | 14,615 | - | - | 318 | 1,388 | - | 16,321 |
| **Total Remuneration** | **131,102** | **-** | **-** | **5,092** | **8,594** | **-** | **144,788** |

A Mr B McFadzean resigned 13 April 2018
B Mr B Dunnachie resigned 15 March 2017.
C Mr J Byrde appointed 16 March 2017.

#### I. Details of Share Based Payments and Bonuses

There were no bonuses issued or paid during the year.

Options are issued to directors, executives and other key management personnel of Blackstone Minerals Limited as part of their remuneration. The options are issued based on performance criteria set by the Board to increase goal congruence between executives, directors, other key management personnel and shareholders.

During the year, the Company granted any options to the Managing Director and Other Key Management Personnel as follows:

**Options issued – 30 June 2018**

A) There were 1,500,000 performance options issued to the Managing Director as part of his employment contract as follows:

The options vest upon achievement of performance-based milestones as follows:

i) expiring 3 years to 6 November 2020 subject to achieving a market capitalisation of A$50 Million for a consecutive period of greater than 30 days. On satisfaction of the performance condition outlined above, should this occur within 12 months of the Commencement Date then the Managing Director agrees not to exercise any Tranche 1 options until he has completed 12 months' employment with the Company; and

ii) 50% of options exercisable at $0.001 expiring 3 years to 6 November 2020 subject to completing 18 months of service.

## 11. Remuneration Report (audited) (continued)

### I. Details of Share Based Payments and Bonuses (continued)

The Managing Director options did not vest during the year ended 30 June 2018.

B) There were options issued to 350,000 options issued to other key management exercisable at $0.001, subject to same terms as the Class C Performance Shares issued. These options fully vested during the year ended 30 June 2018.

C) There were 250,000 options issued to other key management under the employee incentive scheme on the following terms:

i) Tranche 1 – vest on successfully achieving a market capitalisation of $75 million for a period of 30 days (1 month) with an exercise price of $0.001 expiring 26 March 2023.
ii) Tranche 2 – vest after 18 months of continuous service by the Employee or Contractor with an exercise price of $0.001 expiring 26 March 2023.

The options issued under the employee incentive scheme did not vest during the year ended 30 June 2018.

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

**Performance Shares Issued – 30 June 2018**

During the year Class C performance shares were issued to the Non-Executive Chairman, Non-Executive Director's and Technical Director for remuneration for their services during the Cobalt One Energy Corp acquisition which included the Little Gem Acquisition. Mr Konnert's Performance shares were issued and capitalized as part of the acquisition costs of Little Gem as a vendor of the project.

The performance shares vest upon achievement of performance-based milestones as follows:

i) The Performance Shares shall convert into an equal number of fully paid ordinary shares upon the Company achieving a drill result representing a 2% cobalt equivalent-metres intersection (reported in accordance with clause 50 of the JORC Code 2012).

The Class C performance shares fully vested during the year ended 30 June 2018.

Further details of options issued to Directors and key management personnel are as follows:

## 11. Remuneration Report (audited) (continued)

### I. Details of Share Based Payments and Bonuses (continued)

Further details of options issued to Directors and key management personnel are as follows:

| | Granted No. | Options and Performance Shares Granted as Part of Remuneration $ | Total Remuneration Represented by Options and Performance Shares | Exercised No. | Other changes No. | Lapsed No. |
|---|---|---|---|---|---|---|
| **2018** | | | | | | |
| Non-Executive Directors | | | | | | |
| Mr H Halliday | 2,250,000[G] | 933,750 | 92% | (2,250,000) | - | - |
| Mr S Parsons[A] | 2,250,000[G] | 933,750 | 95% | (2,250,000) | - | - |
| Mr M Konnert[B] | - | - | - | - | - | - |
| Mr B McFadzean[C] | - | - | - | - | - | - |
| Executive Director | | | | | | |
| Mr S Williamson[D] | 1,500,000 | 98,416 | 38% | - | - | - |
| Mr A Radonjic | 1,500,000[G] | 662,500 | 83% | (1,500,000) | | |
| Other Key Management Personnel | | | | | | |
| Mr J Byrde | 600,000 | 153,065 | 73% | (350,000) | - | - |
| **2017** | | | | | | |
| Non-Executive Directors | | | | | | |
| Mr H Halliday | - | - | - | - | - | - |
| Mr B McFadzean | - | - | - | - | - | - |
| Executive Director | | | | | | |
| Mr A Radonjic | - | - | - | - | - | - |
| Other Key Management Personnel | | | | | | |
| Mr J Byrde[F] | - | - | - | - | - | - |
| Mr B Dunnachie[E] | - | - | - | - | - | - |

A Mr S Parsons appointed 30 October 2017.
B Mr M Konnert appointed 24 October 2017
C Mr B McFadzean resigned 13 April 2018
D Mr S Williamson appointed 6 November 2017
E Mr B Dunnachie resigned 15 March 2017.
F Mr J Byrde appointed 16 March 2017.
G Class C Performance Shares Issued.

## 11. Remuneration Report (audited) (continued)

### J. Service Agreements

| Name | Term of Agreement | Base salary[A] (per Agreement) | Termination benefit |
|---|---|---|---|
| Mr H Halliday<br>Non-Executive Chairman | No fixed term | $75,000 | No termination benefits |
| Mr S Williamson<br>Managing Director | No fixed term | $246,375 | 3 months payable on termination |
| Mr A Radonjic<br>Technical Director | No fixed term | $136,875 | No termination benefits |
| Mr S Parsons<br>Non-Executive Director | No fixed term | $43,800 | No termination benefits |
| Mr M Konnert<br>Non-Executive Director | No fixed term | $40,000 | No termination benefits |
| Mr J Byrde[B]<br>CFO/Joint 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 and performance shares over ordinary shares in the Company, and
(ii) shares held in the Company that were held during the year 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 year as compensation.

(iii) Option holdings

| | Balance at start of the year | Granted as remuneration | Exercised | Other changes | Balance at end of the year | Vested and exercisable |
|---|---|---|---|---|---|---|
| **30 June 2018** | | | | | | |
| *Directors of Blackstone Minerals Limited* | | | | | | |
| Mr H Halliday | - | - | - | - | - | - |
| Mr S Williamson[D] | - | 1,500,000 | - | - | 1,500,000 | - |
| Mr A Radonjic | - | - | - | - | - | - |
| Mr S Parsons[A] | - | - | - | - | - | - |
| Mr M Konnert[B] | - | - | - | - | - | - |
| Mr B McFadzean[C] | - | - | - | - | - | - |
| *Other key management personnel* | | | | | | |
| Mr J Byrde[F] | - | 600,000 | (350,000) | - | 250,000 | - |
| **30 June 2017** | | | | | | |
| *Directors of Blackstone Minerals Limited* | | | | | | |
| Mr H Halliday | - | - | - | - | - | - |
| Mr A Radonjic | - | - | - | - | - | - |
| Mr B McFadzean | - | - | - | - | - | - |
| *Other key management personnel* | | | | | | |
| Mr B Dunnachie[E] | - | - | - | - | - | - |
| Mr J Byrde[F] | - | - | - | - | - | - |

A Mr S Parsons appointed 30 October 2017.
B Mr M Konnert appointed 24 October 2017
C Mr B McFadzean resigned 13 April 2018
D Mr S Williamson appointed 6 November 2017
E Mr B Dunnachie resigned 15 March 2017.
F Mr J Byrde appointed 16 March 2017. The options exercised during the year had a market value of $122,500 and an exercise price of $0.001.

## 11. Remuneration Report (audited) (continued)

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

(iv) Performance Shares

| | Balance at start of the year or on appointment | Granted as remuneration | Exercised[H] | Other changes[G] | Balance at end of the year | Vested and exercisable |
|---|---|---|---|---|---|---|
| **30 June 2018** | | | | | | |
| *Directors of Blackstone Minerals Limited* | | | | | | |
| Mr H Halliday | 2,000,000 | 2,250,000 | (3,250,000) | | 1,000,000 | - |
| Mr S Williamson[D] | - | - | - | - | - | - |
| Mr A Radonjic | 2,000,000 | 1,500,000 | (2,500,000) | - | 1,000,000 | - |
| Mr S Parsons[A] | 2,000,000[I] | 2,250,000 | (3,250,000) | - | 1,000,000 | - |
| Mr M Konnert[B] | - | - | - | - | - | - |
| Mr B McFadzean[C] | - | - | - | - | - | - |
| *Other key management personnel* | | | | | | |
| Mr J Byrde | - | - | - | - | - | - |
| **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[E] | - | - | - | - | - | - |
| Mr J Byrde[F] | - | - | - | - | - | - |

A Mr S Parsons appointed 30 October 2017.
B Mr M Konnert appointed 24 October 2017
C Mr B McFadzean resigned 13 April 2018
D Mr S Williamson appointed 6 November 2017
E Mr B Dunnachie resigned 15 March 2017.
F Mr J Byrde appointed 16 March 2017.
G Issued to the vendors of Black Eagle (WA) Pty Ltd as part of consideration for the acquisition.
H Conversion of Class B and C Milestones to ordinary shares.
I Class A and B Performance Shares were held on appointment of Mr S Parsons.

(iv) Performance Shares

The remaining performance shares relate to 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. |

At the date of this report, Class B and C milestones were met and converted to ordinary shares.

## 11. Remuneration Report (audited) (continued)

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

(v) Share holdings

The number of shares in the Company held during the financial year 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 year as compensation.

| | Balance at the start of the year or on appointment | Received on exercise of options and performance shares | Other changes | Balance at the end of the year |
|---|---|---|---|---|
| **30 June 2018** | | | | |
| *Directors of Blackstone Minerals Limited* | | | | |
| Mr H Halliday | 2,783,751 | 3,250,000 | 47,632 | 6,081,383 |
| Mr S Williamson[D] | - | - | 100,000 | 100,000 |
| Mr A Radonjic | 2,658,751 | 2,500,000 | - | 5,158,751 |
| Mr S Parsons[A] | 3,197,421[G] | 3,250,000 | - | 6,447,421 |
| Mr M Konnert[B] | 1,062,084 | 1,600,000 | (400,000) | 2,262,084 |
| Mr B McFadzean[C] | 525,000 | - | (525,000) | - |
| *Other key management personnel* | | | | |
| Mr J Byrde | - | 350,000 | - | 350,000 |
| **30 June 2017** | | | | |
| *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[E] | - | - | - | - |
| Mr J Byrde[F] | - | - | - | - |

A Mr S Parsons appointed 30 October 2017.
B Mr M Konnert appointed 24 October 2017
C Mr B McFadzean resigned 13 April 2018
D Mr S Williamson appointed 6 November 2017. Ordinary shares purchased on market.
E Mr B Dunnachie resigned 15 March 2017.
F Mr J Byrde appointed 16 March 2017.
G Shares held by Mr Parsons at date of appointment.

### 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. Mr S Parsons is a Director of Bellevue Gold Limited which share office costs on normal commercial terms and conditions.

## 11. Remuneration Report (audited) (continued)

### M. Other transactions with key management personnel (continued)

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

| | | 2018<br>$ | 2017<br>$ |
|---|---|---|---|
| (i) | Recharges to KMP related entities | | |
| | *Recharge of rent and shared office costs* | | |
| | Recharges to Venture Minerals Limited | 272,117 | 39,008 |
| | Recharges to Alicanto Minerals Limited | 155,481 | 16,004 |
| | Recharges to Bellevue Gold Limited | 109,632 | - |
| (ii) | *Purchases from KMP related entities* | | |
| | Rent of office building and shared office costs | | |
| | Payments to Venture Minerals Limited | 119,018 | 103,679 |
| | Payments to Onedin Enterprises | 9,253 | 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 |
| 6 November 2017 | 6 November 2020 | $0.001 | 1,500,000 |
| 29 March 2018 | 26 March 2023 | $0.001 | 1,700,000 |

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 5,500,000 shares issued on conversion of options during the year ending 30 June 2018.

## 13. Insurance of Officers

During the financial year, Blackstone Minerals Limited paid a premium of $7,301 (2017: $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.

## 14. Meetings of Directors

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

| Director | Full meetings of Directors | | Remuneration Committee meetings | |
|---|---|---|---|---|
| | Number Eligible to Attend | Meetings Attended | Number Eligible to Attend | Meetings Attended |
| Mr H Halliday | 7 | 7 | - | - |
| Mr S Williamson | 5 | 5 | - | - |
| Mr A Radonjic | 7 | 7 | - | - |
| Mr S Parsons^ | 5 | 4 | - | - |
| Mr M Konnert | 6 | 5 | - | - |
| Mr B McFadzean | 5 | 5 | - | - |

^ Note invitations in their capacity as consultant prior to becoming a Director, not included above.

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 year 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 year.

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

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 32 of the Directors' report. Nil (2017: $8,304) fees were paid to the auditors for non-assurance services relating to the Investigating Accountants Report for the Prospectus issued during the year ended 30 June 2018.

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

**Scott Williamson**
**Managing Director**

Perth, Western Australia, 28 September 2018

**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.

**No New Information or Data**
This annual report contains references to Exploration Results and Exploration Targets, all of which have been cross referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially effects the information in the said announcement. In the case of estimates of Mineral Resources all assumptions and technical parameters underpinning the estimates have not materially changed.

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

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28 September 2018

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 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully,

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

**Martin Michalik**
**Director**

# Contents



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 year ('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 15 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 2018. 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 Year Ended 30 June 2018

| | | Consolidated | |
|---|---|---|---|
| | Notes | 30 June 2018<br>$ | Period to<br>30 June 2017<br>$ |
| Revenue from continuing operations | 3 | 46,469 | 14,504 |
| Administrative costs | | (580,706) | (38,261) |
| Consultancy expenses | | (135,240) | (31,658) |
| Employee benefits expense | 4(a) | (560,546) | (129,686) |
| Share based payment expenses | 23 | (4,504,934) | (84,140) |
| Occupancy expenses | 4(b) | (65,117) | (37,696) |
| Compliance and regulatory expenses | | (75,994) | (26,307) |
| Insurance expenses | | (20,900) | (13,214) |
| Exploration Expenditure | 10 | (2,511,782) | (517,182) |
| Depreciation Expense | 4(c) | (22,331) | (471) |
| Finance and Interest Costs | 4(d) | (7,910) | (1,048) |
| **(Loss) before income tax** | | **(8,438,991)** | **(865,159)** |
| Income tax (expense)/benefit | 6 | - | - |
| **(Loss) attributable to owners** | | **(8,438,991)** | **(865,159)** |
| Other comprehensive income: | | | |
| Items that may be reclassified to profit or loss | | (77,366) | - |
| Items that will not be classified to profit or loss | | - | - |
| **Total comprehensive (loss) attributable to owners** | | **(8,516,357)** | **(865,159)** |
| Basic and Diluted (loss) per share (cents per share) | 17 | (12.6) | (4.7) |

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

As at 30 June 2018

| | Notes | Consolidated 2018 $ | 2017 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 7 | 3,064,947 | 2,616,932 |
| Trade and other receivables | 8 | 241,285 | 37,912 |
| **Total Current Assets** | | **3,306,232** | **2,654,844** |
| **Non-Current Assets** | | | |
| Trade and other receivables | 8 | 96,183 | 30,000 |
| Property, plant and equipment | 9 | 29,095 | 34,569 |
| Exploration and evaluation expenditure | 10 | 10,127,010 | 1,600,000 |
| **Total Non-Current Assets** | | **10,252,288** | **1,664,569** |
| **Total Assets** | | **13,558,520** | **4,319,413** |
| **Current Liabilities** | | | |
| Trade and other payables | 11 | 911,703 | 152,337 |
| Provisions | 12 | 53,811 | 5,738 |
| **Total Current Liabilities** | | **965,514** | **158,075** |
| **Total Liabilities** | | **965,514** | **158,075** |
| **Net Assets** | | **12,593,006** | **4,161,338** |
| **Equity** | | | |
| Issued capital | 13 | 21,338,801 | 4,342,357 |
| Reserves | 15 | 558,355 | 684,140 |
| Accumulated losses | | (9,304,150) | (865,159) |
| **Total Equity** | | **12,593,006** | **4,161,338** |

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

For the Year Ended 30 June 2018

| Consolidated | Contributed Equity | Accumulated Losses | Foreign Currency Reserve | 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** |
| Balance at 1 July 2017 | 4,342,357 | (865,159) | - | 684,140 | 4,161,338 |
| Total comprehensive income for the year: | | | | | |
| Loss for the year | - | (8,438,991) | - | - | (8,438,991) |
| Foreign Exchange Differences | - | - | (77,366) | - | (77,366) |
| | - | (8,438,991) | (77,366) | - | (8,516,357) |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of equity (net of transaction costs) | 4,617,591 | - | - | - | 4,617,591 |
| Equity settled share based payment transactions | 12,378,853 | - | - | (48,419) | 12,330,434 |
| **Balance at 30 June 2018** | **21,338,801** | **(9,304,150)** | **(77,366)** | **635,721** | **12,593,006** |

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

For the Year Ended 30 June 2018

| | Notes | Consolidated 30 June 2018 $ | Period to 30 June 2017 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Payments to suppliers and employees | | (1,438,264) | (236,399) |
| Interest received | | 42,200 | 14,504 |
| Payments for exploration and evaluation | | (1,988,962) | (438,490) |
| **Net cash (outflow) from operating activities** | 18 | **(3,385,026)** | **(660,385)** |
| **Cash Flows from Investing Activities** | | | |
| Purchase of Mineral Tenements | 10 | (707,010) | - |
| Purchase of property, plant and equipment | | (16,857) | (35,040) |
| Security deposits paid | | (66,183) | (30,000) |
| **Net cash (outflow) from investing activities** | | **(790,050)** | **(65,040)** |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issue of shares and other equity securities | | 5,005,500 | 3,706,304 |
| Share issue transaction costs | | (382,409) | (363,947) |
| **Net cash inflow from financing activities** | | **4,623,091** | **3,342,357** |
| **Net increase in cash and cash equivalents** | | **448,015** | **2,616,932** |
| Cash and cash equivalents at the start of the year/period | | 2,616,932 | - |
| **Cash and cash equivalents at the end of the year/period** | 7 | **3,064,947** | **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 to the financial year presented, 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'). Where applicable, comparative information is for the period from incorporation date of 30 August 2016 to 30 June 2017.

### (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 a 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 2018 and the results of the parent and all subsidiaries for the year 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 profit or loss, statement of changes in equity and balance sheet respectively.

A list of controlled entities is contained in Note 25 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.

**1. Summary of Significant Accounting Policies (continued)**

**(d) Foreign currency translation (continued)**

(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.
- 

**(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 exploration and evaluation expenditure accounting policy is to expense expenditure as incurred other than for the capitalisation of acquisition costs. Acquired Mineral Rights comprise exploration and evaluation assets which are acquired as part of asset acquisitions recognised at cost. These costs are assessed for recoverability in accordance with AASB 6.

**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.

## 1. Summary of Significant Accounting Policies (continued)

### (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.

(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.

**1. Summary of Significant Accounting Policies (continued)**

**(p) Employee benefits (continued)**

(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.

(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.

## 1. Summary of Significant Accounting Policies (continued)

### (t) New amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2017 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

(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.

(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.

## 1. Summary of Significant Accounting Policies (continued)

### (t) New amended standards adopted by the Group (continued)

(iii) 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.

(iv) **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.

(v) **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 2018 $ | Period to 30 June 2017 $ |
|---|---|---|---|---|
| **3.** | **Revenue** | | | |
| | From continuing operations | | | |
| | Interest received | | 46,469 | 14,504 |
| | Total revenue from continuing operations | | 46,469 | 14,504 |
| | | | | |
| **4.** | **Expenses** | | | |
| | Profit before income tax includes the following specific expenses: | | | |
| (a) | Employee benefits expense | | | |
| | Salary and wages expense | | 457,070 | 116,335 |
| | Defined contribution superannuation expense | | 44,284 | 13,351 |
| | Other employee costs | | 59,192 | - |
| | Total employee benefits expense | | 560,546 | 129,686 |
| | | | | |
| (b) | Occupancy expense | | | |
| | Operating lease expense | | 35,990 | 37,696 |
| | Other occupancy costs | | 29,127 | - |
| | Total occupancy expense | | 65,117 | 37,696 |
| | | | | |
| (c) | Depreciation of non-current assets | | | |
| | Plant and equipment – office | | 5,908 | 471 |
| | Leasehold Improvements | | 16,423 | - |
| | Total depreciation of non-current assets | | 22,331 | 471 |
| | | | | |
| (d) | Finance costs in respect of finance leases | | | |
| | Other bank and finance charges | | 7,910 | 1,048 |
| | Total finance costs in respect of finance leases | | 7,910 | 1,048 |

| | | Notes | Consolidated 30 June 2018 $ | Period to 30 June 2017 $ |
|---|---|---|---|---|
| **5.** | **Auditor's Remuneration** | | | |
| | Remuneration of the auditor of the group | | | |
| | Auditing or reviewing the financial statements | | 36,959 | 20,800 |
| | Other non-assurance services | | - | 8,304 |
| | Total auditor remuneration | | 36,959 | 29,104 |
| **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 | | | |
| | Loss from continuing operations before income tax expense | | (8,438,991) | (865,159) |
| | Tax (tax benefit) at the tax rate of 27.5% (2017: 27.5%) | | (2,320,723) | (237,919) |
| | Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | | |
| | Share based payments | | 1,238,857 | 23,139 |
| | Other non-deductible amounts | | 581,752 | 91 |
| | Unrecognised tax losses | | 500,114 | 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 | | 2,651,336 | 832,740 |
| | Potential tax benefit at 27.5% (2017: 27.5%) | | 729,118 | 229,004 |
| (f) | Unrecognised temporary differences | | | |
| | Unrecognised deferred tax asset relating to capital raising costs | | 447,813 | 291,158 |

| | | Notes | Consolidated 2018 $ | 2017 $ |
|---|---|---|---|---|
| **7.** | **Cash & Cash Equivalents** | | | |
| (a) | Cash & cash equivalents | | | |
| | Cash at bank and in hand | | 1,064,947 | 616,932 |
| | Deposits at call | | 2,000,000 | 2,000,000 |
| | Total cash and cash equivalents | | 3,064,947 | 2,616,932 |
| (b) | Cash at bank and on hand<br>Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.00% and 0.90% (2017: 0.00% and 1.00%) | | | |
| (c) | Deposits at call<br>Deposits at call are bearing interest rates between 2.22% and 2.55% (2017: 2.10% and 2.46%) | | | |
| **8.** | **Trade & Other Receivables** | | | |
| (a) | Current | | | |
| | Other receivables | | 241,285 | 37,912 |
| | Total current trade and other receivables | | 241,285 | 37,912 |
| (b) | Non-Current | | | |
| | Deposits[1] | | 96,183 | 30,000 |
| | Total non-current trade and other receivables | | 96,183 | 30,000 |
| (c) | Past due and impaired receivables<br>As at 30 June 2018, there were no other receivables that were past due or impaired. (2017: Nil) | | | |
| (d) | Effective interest rates and credit risk<br>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<br>$ | Leasehold Improvements<br>$ | Total<br>$ |
|---|---|---|---|
| **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 |
| | | | |
| Year ended 30 June 2018 | | | |
| Opening net book amount | 4,624 | 29,945 | 34,569 |
| Additions | 19,187 | 2,215 | 21,402 |
| Reimbursement from shared tenancy[1] | - | (4,545) | (4,545) |
| Depreciation charge | (5,908) | (16,423) | (22,331) |
| Closing net book amount | 17,903 | 11,192 | 29,095 |
| | | | |
| At 30 June 2018 | | | |
| Cost or fair value | 24,282 | 27,615 | 51,897 |
| Accumulated depreciation | (6,379) | (16,423) | (22,802) |
| Net book amount | 17,903 | 11,192 | 29,095 |

[1] The leasehold improvements capitalised at 30 June 2017, included $4,545 of assets reimbursed from shared tenants in relation to the office fit-out costs at Level 3, 24 Outram Street, West Perth.

| | | Consolidated 2018<br>$ | 2017<br>$ |
|---|---|---|---|
| **10.** | **Exploration & Evaluation Expenditure** | | |
| (a) | Non-current | | |
| | Opening balance | 1,600,000 | - |
| | Acquisition of Assets (see details below) | 8,527,010 | 1,600,000 |
| | Exploration and acquisition expenditure at cost | 2,511,782 | 517,182 |
| | Write offs/provisions | (2,511,782) | (517,182) |
| | Total non-current exploration and evaluation expenditure | 10,127,010 | 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 for Australian Assets and First Nations People for its Canadian Assets. 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.

**10. Exploration & Evaluation Expenditure (continued)**
**Acquisition of Exploration Assets – 30 June 2018**

On 24 October 2017 Blackstone Minerals Limited, finalised the acquisition of 100% of the issued capital of Cobalt One Energy Corp, British Columbia Canada for the issue of 25,000,000 ordinary shares and 8,000,000 performance shares. The acquisition of Cobalt One Energy Corp has been assessed and it was determined this was an acquisition of mineral tenements.

The acquisition of Cobalt One Energy Corp, included the Little Gem Project (British Columbia, Canada) and Cartier Project (Quebec, Canada).

Details of the acquisition are as follows:

| | 2018<br>$ |
|---|---|
| Shares Issued to vendors of Cobalt One Energy Corp | 4,500,000 |
| Option payments to vendor | 707,010 |
| Performance shares issued – see note 14 | 3,320,000 |
| Total purchase consideration | **8,527,010** |

| | Consolidated<br>2018<br>$ | <br>2017<br>$ |
|---|---|---|
| **11. Trade & Other Payables** | | |
| Current | | |
| Trade Payables | 613,169 | 24,970 |
| Other Payables | 298,534 | 127,367 |
| Total current trade & other payables | 911,703 | 152,337 |
| No trade or other payables are considered past due and are generally settled within 30 days. | | |
| **12. Provisions** | | |
| Current | | |
| Employee entitlements | 53,811 | 5,738 |
| Total current provisions | 53,811 | 5,738 |

| | Consolidated<br>2018<br>Shares | <br>2018<br>$ | Consolidated<br>2018<br>Shares | <br>2017<br>$ |
|---|---|---|---|---|
| **13. Contributed Equity** | | | | |
| (a) Issued capital | | | | |
| Ordinary shares - fully paid | 96,204,766 | 21,338,801 | 35,800,004 | 4,342,357 |
| Total issued capital | 96,204,766 | 21,338,801 | 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 (continued)** | | | | |
| (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 |
| | Shares issue – Acquisition of Cobalt One Energy Corp | 24 Oct 17 | 25,000,000 | $0.18 | 4,500,000 |
| | Share issue | 14 Dec 17 | 3,620,000 | $0.42 | 1,520,400 |
| | Share issue | 23 Jan 18 | 8,284,762 | $0.42 | 3,479,600 |
| | Conversion of Class C Performance Shares | 12 Feb 18 | 14,000,000 | $0.42 | 5,810,000 |
| | Conversion of Options | 21 Feb 18 | 3,500,000 | $0.30 | 1,036,871 |
| | Conversion of Options | 21 Feb 18 | 2,000,000 | $0.42 | 831,982 |
| | Conversion of Class B Performance Shares | 9 Mar 18 | 4,000,000 | $0.05 | $200,000 |
| | Less: Transaction costs | | | | (382,409) |
| | Closing Balance at 30 June 2018 | | 96,204,766 | | 21,338,801 |

| | Expiry date | Exercise price | Balance at start of year | Granted during the year | Issued/ (Exercised) during the year | Cancelled/ lapsed during the year | Balance at end of the year |
|---|---|---|---|---|---|---|---|
| **14.** | **Issued Share Options** | | | | | | |
| (a) | 2018 unlisted share option details | | | | | | |
| | 12 January 2022 | $0.20 | 2,000,000 | - | - | - | 2,000,000 |
| | 23 October 2020 | $0.001 | - | 3,500,000 | (3,500,000) | - | - |
| | 23 October 2022 | $0.001 | - | 2,000,000 | (2,000,000) | - | - |
| | 6 November 2020 | $0.001 | - | 1,500,000 | - | - | 1,500,000 |
| | 26 March 2023 | $0.001 | - | 1,700,000 | - | - | 1,700,000 |
| | | | 2,000,000 | 8,700,000 | (5,500,000) | - | 5,200,000 |
| (b) | Performance Share Details | | | | | | |
| | 22 January 2022[A] | | 8,000,000 | - | (4,000,000) | - | 4,000,000 |
| | 23 October 2022[B] | | - | 14,000,000 | (14,000,000) | - | - |
| | | | 8,000,000 | 14,000,000 | (18,000,000) | - | 4,000,000 |

Refer to Notes A and B, below.

## 14. Issued Share Options (continued)
(b) Performance Share (continued)

Note A: During the year 4,000,000 Class B performance options were exercised and converted into ordinary shares on 9 March 2018 upon satisfaction of the Class B performance milestone by Directors and Management.

Note B: 24 October 2017 14,000,000 Class C performance shares issued and were converted to ordinary shares on 10 January 2017 upon satisfaction of the Class C Performance milestone. These included 8,000,000 issued on acquisition of Cobalt One Energy Corp and 6,000,000 to directors. The of the 8,000,000 of $3,320,000 were included in the acquisition costs.

The current performance shares on issue which the milestones have not been met are detailed as follows:

| | **Milestone** |
|---|---|
| Class A | All prospecting licence applications comprising the Middle Creek Project being granted (with or without conditions) under the Mining Act. |

| | | Consolidated 2018 $ | 2017 $ |
|---|---|---|---|
| **15.** | **Reserves** | | |
| (a) | Unlisted option reserve | | |
| | Opening balance | 84,140 | - |
| | Unlisted options issued as part remuneration during the period | 981,563 | - |
| | Unlisted options issued to consultants | 1,033,371 | 84,140 |
| | Exercise of options | (1,863,353) | - |
| | Total unlisted option reserve | 235,721 | 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 year and options outstanding at the end of the financial year, is set out in Note 14(a).

| | | 2018 $ | 2017 $ |
|---|---|---|---|
| (b) | Performance Shares Reserve | | |
| | Opening balance | 600,000 | - |
| | Performance Shares issued as part of consideration for acquisition of Black Eagle (WA) Pty Ltd | - | 600,000 |
| | Performance Shares – Class C – to Vendors, Directors, Management associated with the Cobalt One Energy Corp Acquisition. | 5,810,000 | - |
| | Conversion of Performance Shares | (6,010,000) | - |
| | Closing Balance | 400,000 | 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)

| | | 2018 $ | 2017 $ |
|---|---|---|---|
| (c) | Total Option Premium Reserve | | |
| | Unlisted Option Reserve | 235,721 | 84,140 |
| | Performance Shares Reserve | 400,000 | 600,000 |
| | Closing Balance | 635,721 | 684,140 |

| | | 2018 $ | 2017 $ |
|---|---|---|---|
| **15.** | **Reserves** | | |
| (d) | Foreign Currency Translation Reserve | | |
| | Opening balance | - | - |
| | Exchange differences arising on translation of foreign operations | (77,366) | - |
| | Closing Balance | (77,366) | - |
| | | | |
| (e) | Total reserves | | |
| | Option Premium Reserve | 635,721 | 684,140 |
| | Foreign Currency Translation Reserve | (77,366) | - |
| | Closing Balance | 558,355 | 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 |

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

| Consolidated | Weighted Average Interest Rate | Floating Interest Rate | Fixed Interest | Non-interest bearing | Total |
|---|---|---|---|---|---|
| | % | $ | $ | $ | $ |
| **2018** | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 1.70% | 124,557 | 2,000,000 | 940,390 | 3,064,947 |
| Trade & other receivables - current | 0.00% | - | - | 241,285 | 241,285 |
| Trade & other receivables - non-current | 2.05% | - | 96,183 | - | 96,183 |
| | | 124,557 | 2,096,183 | 1,181,675 | 3,402,415 |
| Financial Liabilities | | | | | |
| Trade & other payables - current | 0.00% | - | - | 911,703 | 911,703 |
| | | - | - | 911,703 | 911,703 |

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 2018, 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.

(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.

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

### (e) Net fair value

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

| | 2017 Carrying Amount $ | 2017 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 |

| | 2018 Carrying Amount $ | 2018 Net fair Value $ |
|---|---|---|
| Financial assets | | |
| Cash and cash equivalents | 3,064,947 | 3,064,947 |
| Trade & other receivables - current | 241,285 | 241,285 |
| Trade & other receivables - non-current | 96,183 | 96,183 |
| | 3,402,415 | 3,402,415 |
| Financial Liabilities | | |
| Trade and other payables - current | 911,703 | 911,703 |
| | 911,703 | 911,703 |

| | | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|
| **17.** | **Earnings per Share** | | |
| (a) | Loss | | |
| | Loss used in the calculation of basic EPS | (8,438,991) | (865,159) |
| (b) | Weighted average number of ordinary shares ('WANOS') | | |
| | WANOS used in the calculation of basic earnings per share: | 67,038,136 | 18,313,059 |
| (c) | Diluted loss per share is considered to be the same as the basic loss per share, as the potential ordinary shares on issue are anti-dilutive and have not been applied inf calculating dilutive loss per share. | | |

| | | Consolidated 2018 $ | 2017 $ |
|---|---|---|---|
| **18.** | **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 | (8,438,991) | (865,159) |
| | Depreciation | 22,331 | 471 |
| | Share based payments | 4,504,934 | 84,140 |
| | Foreign currency differences | (77,366) | |
| | Changes in assets and liabilities: | | |
| | (Increase) in operating receivables & prepayments | (203,373) | (37,912) |
| | Increase in trade and other payables | 759,366 | 152,337 |
| | Increase in employee provisions | 48,073 | 5,738 |
| | Net cash (used in) Operating Activities | (3,385,026) | (660,385) |
| (b) | Non-cash investing and financing | | |
| | Acquisition of Black Eagle (WA) Pty Ltd – Issue of Ordinary Shares and Options. | - | 1,600,000 |
| | Acquisition of Cobalt One Energy Corp – Issue of Ordinary Shares and performance shares. | 8,527,010 | - |
| **19.** | **Commitments** | | |
| (a) | Exploration commitments | | |
| | Not longer than one year | 494,453 | 115,102 |
| | Longer than one year, but not longer than five years | 1,977,813 | 460,410 |
| | Longer than five years | - | - |
| | | 2,472,267 | 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.

| | | 2018 $ | 2017 $ |
|---|---|---|---|
| (b) | Lease commitments: group as lessee | | |
| | Non-cancellable operating leases | | |
| | Not longer than one year | 197,784 | 137,250 |
| | Longer than one year, but not longer than five years | 201,925 | 274,500 |
| | Longer than five years | - | - |
| | | 399,709 | 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.

## 19. Commitments (continued)

The Company has the following contingent liabilities and commitments as part of the consideration payable for the acquisition of the Little Gem Gold-Cobalt Project, the Company will be required to pay the following royalties upon commencement of mining:

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. an 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.

Under the Cartier Option Agreement acquired as part of Cobalt One Energy Corp acquisition is a Net Smelter Royalty of 2% and Net Smelter Returns Royalty on the Mineral Claims.
Following the acquisition of Cobalt One Energy Corp, the following changes to the exploration commitments reported at 30 June 2018 are as follows:

- Not longer than one year – increase of $186,203.
- Longer than one year – increase of $744,814.

## 20. Events Occurring After Balance Date

Since, 30 June 2018 the company entered into a Binding Option Agreement with Golden Pacific Resources Limited (now Expose Resources Limited) to divest 100% of the Red Gate Project.

Key terms of the agreement include:

- Irrevocable option to purchase until 21 December 2018 with a non-refundable option fee of $35,000.
- Upon Expose Resources achieving an ASX listing, the option to purchase will be deemed to be exercised by Expose Resources and the purchase price will consist of $500,000 cash and $500,000 worth of Expose Resources ASX listed shares.

There are no further post balance date events.

## 21. 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 three operating segments, being exploration for mineral reserves within Australia, Canada and the corporate/head office function.

## 21. Segment Information (continued)

(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:

| | Canada $ | Exploration Australia $ | Corporate $ | Total $ |
|---|---|---|---|---|
| **2018** | | | | |
| Total segment revenue | - | - | 46,469 | 46,469 |
| Interest revenue | - | - | 46,469 | 46,469 |
| Depreciation and amortisation expense | - | - | 22,331 | 22,331 |
| Total segment loss before income tax | (1,981,778) | (530,004) | (5,927,209) | (8,438,991) |
| Total segment assets | 8,622,275 | 1,600,000 | 3,336,245 | 13,558,520 |
| Total segment liabilities | - | - | (965,514) | (965,514) |
| **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 | - | 1,600,000 | 2,719,413 | 4,319,413 |
| Total segment liabilities | - | 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 $46,469 were derived from one Australian financial institution during the year. 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.

## 22. 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 25.

## 22. Related Party Transactions (continued)

### (c) Key management personnel compensations

| | Consolidated 2018 $ | 2017 $ |
|---|---|---|
| Key Management Personnel Compensation | | |
| Short-term employee benefits | 504,774 | 136,194 |
| Post-employment benefits | 37,032 | 8,594 |
| Eligible termination payments | - | - |
| Share-based payments | 2,781,481 | - |
| Total key management personnel compensation | 3,323,287 | 144,788 |

### (d) Transactions with other related parties

The following transactions occurred with related parties:

| | | Consolidated 2018 $ | 2017 $ |
|---|---|---|---|
| (i) | Recharges to KMP related entities | | |
| | Recharge of rent and shared office costs | | |
| | Recharges to Venture Minerals Limited | 272,117 | 39,008 |
| | Recharges to Alicanto Minerals Limited | 155,481 | 16,004 |
| | Recharges to Bellevue Gold Limited | 109,632 | - |
| (ii) | Purchases from KMP related entities | | |
| | Rent of office building and shared office costs | | |
| | Payments to Venture Minerals Limited | 119,018 | 103,679 |
| | Payments to Onedin Enterprises | 9,253 | 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.

## 23. Share Based Payments

### (a) Fair value of listed options granted

There are no listed options on issue.

## 23. Share Based Payments (continued)

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

**30 June 2018**

The weighted average fair value of the 8,700,000 unlisted options granted in current year was $0.31 (2017: $0.042). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

| | **2018** | **2017** |
|---|---|---|
| Weighted average exercise price (cents) | $0.001 | $0.20 |
| Weighted average life of the option (years) | 3.8 | 4.2 |
| Weighted average underlying share price (cents) | $0.39 | $0.10 |
| Expected share price volatility | 85.0% | 90.0% |
| Weighted average risk free interest rate of | 2.1% | 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.

### c) Fair value of performance shares granted

During the year 14,000,000 performance shares were granted and valued at issue date with the share price at the date of issue on 24 October 2017 being 41.5 cents.

Included in performance shares were 8,000,000 issued in respect of the acquisition costs of Cobalt One Energy Corp assets. The fair value of these performance shares of $3,320,000 has been capitalised to Acquisition Costs.

| | 30 June 2018<br>$ | Period to<br>30 June 2017<br>$ |
|---|---|---|
| **Share based payments expense** | | |
| Options issued to directors, employees and consultants | 2,014,934 | 84,140 |
| Performance shares issued to directors and employees | 2,490,000 | - |
| **Total Share based payments expense** | **4,504,934** | **84,140** |
| | | |
| | $ | $ |
| **Share based payments shares – Acquisition costs** | | |
| Performance shares issued to former directors and vendor | 3,320,000 | 600,000 |
| Ordinary shares | 4,500,000 | 1,000,000 |
| **Total share based payments capitalised** | **7,820,000** | **1,600,000** |

See note 10 for payments for acquisitions of exploration assets.

## 24. Contingent Liabilities

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

## 25. 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] 2018 % | 2017 % |
|---|---|---|---|---|
| Black Eagle (WA) Pty Ltd | Australia | Ordinary | 100 | 100 |
| Blackstone Minerals (Canada) Pty Ltd | Australia | Ordinary | 100 | - |
| Cobalt One Energy Corp | Canada | Ordinary | 100 | - |

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

| | | Company 2018 $ | 2017 $ |
|---|---|---|---|
| **26.** | **Parent Entity Information** | | |
| (a) | Assets | | |
| | Current assets | 3,214,982 | 2,654,844 |
| | Non-current assets | 10,252,288 | 1,664,569 |
| | Total assets | 13,467,270 | 4,319,413 |
| (b) | Liabilities | | |
| | Current liabilities | 965,514 | 158,075 |
| | Non-current liabilities | - | - |
| | Total liabilities | 965,514 | 158,075 |
| (c) | Equity | | |
| | Contributed equity | 21,338,801 | 4,342,357 |
| | Reserves | 635,721 | 684,140 |
| | Accumulated losses | (9,472,766) | (865,159) |
| | Total equity | 12,501,756 | 4,161,338 |
| (d) | Total Comprehensive loss for the year | | |
| | Loss for the period after income tax | (8,607,607) | (865,159) |
| | Other comprehensive income for the year | - | - |
| | Total comprehensive loss for the year | (8,607,607) | (865,159) |
| (e) | The parent entity has not guaranteed any loans for any entity during the year. | | |
| (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 | 197,784 | 137,250 |
| | Longer than one year, but not longer than five years | 201,925 | 274,500 |
| | Longer than five years | - | - |
| | Total Lease Commitments - Parent | 399,709 | 411,750 |

**In the Directors' opinion**

(a) the financial statements and notes set out on pages 33 to 62 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 2018 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 18 to 29 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.

**Scott Williamson**
**Managing Director**

Perth, Western Australia, 28 September 2018

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**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 2018, 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 year then ended, 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 2018 and of its financial performance for the year then ended; 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 following matters described 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 |
|---|---|
| **Acquisition of Mineral Tenements**<br><br>During the year, the Company acquired Tenements owned by Cobalt One Energy Corp, through the issue of ordinary shares and performance shares.<br><br>The acquisition of the Cobalt One Corp tenements was considered to be a key audit matter due to:<br><br>• the significance of the transaction ($8.5 million) representing approximately 63% of total assets; and<br><br>• the judgement required in the determination of whether the acquisition was a business combination (and therefore accounted for under AASB 3 Business Combinations ("AASB 3")) or as an acquisition of Tenements and accounted for under AASB 2 Share-Based Payments ("AASB 2").<br><br>The Company accounted for the acquisition of the tenements under the AASB 2 standard. | Inter alia, our audit procedures included the following:<br><br>i. Examining the acquisition contract to assess whether the acquisition qualified as a business combination (and thus should be accounted for under AASB 3) or whether it was an acquisition of assets (accounted for under AASB 2);<br><br>ii. Reviewing and assessing the determination made by the Group whether the transaction is an asset acquisition or a business combination;<br><br>iii. An assessment of the valuation assumptions used in determining the fair value of the acquired Tenements; and<br><br>iv. Considering the adequacy of the financial report disclosures contained in Note 10. |
| **Carrying Value of Exploration and Evaluation Expenditure**<br><br>As at 30 June 2018, Capitalised Exploration and Evaluation Expenditure totalled $10,127,010 (refer to Note 10 of the financial report).<br><br>The carrying value of Capitalised Exploration and Evaluation Expenditure is a key audit matter due to:<br><br>• The significance of the expenditure capitalised representing 75% of total assets;<br><br>• 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<br><br>• 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:<br><br>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;<br><br>ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6;<br><br>iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included:<br>▪ Minutes of the board and management;<br>▪ Announcements made by the Group to the Australian Securities Exchange;<br>▪ Cash flow forecasts and<br><br>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 2018, 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 18 to 29 of the directors' report for the period ended 30 June 2018. 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 2018 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**
Director

West Perth, Western Australia
28 September 2018

## 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 18 September 2018 were as follows:

| Holding | Number of Shareholders Fully Paid Ordinary Shares |
|---|---|
| 1- 1,000 | 28 |
| 1,001 - 5,000 | 146 |
| 5,001 - 10,000 | 120 |
| 10,001 - 100,000 | 335 |
| 100,001 and over | 99 |
| | 729 |

Holders of less than a marketable parcel: 155

## Substantial Shareholders

The names of the substantial shareholders as at 18 September 2018:

| Shareholder | Number |
|---|---|
| Goldbridge Holdings Ltd | 9,778,530 |
| Colestar Management Corp | 7,341,658 |
| Hamish Halliday | 5,081,383 |
| Stephen Parsons | 6,447,421 |
| Andrew Radonjic | 5,158,751 |

## 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 21,300,000 ordinary shares subject to a 24 month escrow from the date of listing and 4,000,000 performance shares.

## 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 |
| Director options | $0.001 | 50% vest subject to achieving a market capitalisation of A$50 Million for a consecutive period of greater than 30 days.; and<br>50% vest subject to completing 18 months of service | 6 Nov 2020 | 1,500,000 | 1 |

| | Exercise price | Vesting conditions | Expiry date | Number of options | Number of holders |
|---|---|---|---|---|---|
| Employee Options | $0.001 | Tranche 1 - vest on delivery of a maiden JORC 2012 compliant resource estimate. | 26 Mar 2023 | 400,000 | 6 |
| | $0.001 | Tranche 2 – vest on successfully achieving a market capitalisation of $75 million for a period of 30 days (1 month). | 26 Mar 2023 | 450,000 | 6 |
| | $0.001 | Tranche 3 – vest after 18 months of continuous service by the Employee or Contractor with an exercise price of $0.001. | 26 Mar 2023 | 850,000 | 6 |

**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. |

**Equity security holders**

The names of the twenty largest ordinary fully paid shareholders as at 18 September 2018 are as follows:

| Shareholder | Number | % Held of Issued Ordinary Capital |
|---|---|---|
| COLESTAR MGNT CORP | 7,341,658 | 7.63% |
| PARSONS STEPHEN ANDREW | 5,750,001 | 5.98% |
| GOLDBRIDGE MINING LTD | 5,278,530 | 5.49% |
| PARRY CRAIG ANDREW | 3,857,549 | 4.01% |
| DORJI KIRI MARGUERITE | 3,550,001 | 3.69% |
| HALLIDAY HAMISH PETER | 3,500,000 | 3.64% |
| RADONJIC LENORE THERESA | 3,500,000 | 3.64% |
| HSBC CUSTODY NOM AUST LTD | 2,726,657 | 2.83% |
| HALLIDAY HAMISH PETER | 2,297,632 | 2.39% |
| CITICORP NOM PL | 2,102,676 | 2.19% |
| J & J BANDY NOM PL | 2,075,000 | 2.16% |
| AKTIENGESELLSCHAFT D B | 2,000,000 | 2.08% |
| KOBIA HLDGS PL | 1,800,000 | 1.87% |
| RADONJIC LENORE THERESA | 1,625,001 | 1.69% |
| OWEN STUART RICHARD | 1,625,000 | 1.69% |
| KONNERT MICHAEL | 1,600,000 | 1.66% |
| PARRY REBECCA | 1,492,535 | 1.55% |
| SEVENTY THREE PL | 1,350,000 | 1.40% |
| WILLSTREET PL | 1,200,000 | 1.25% |
| AKTIENGESELLSCHAFT D U | 1,150,000 | 1.20% |
| | 55,822,240 | 58.0% |

**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 18 September 2018

| Project | Location | Tenement | Interest |
|---|---|---|---|
| Little Gem | British Columbia, Canada | 501174, 502808 | 100% |
| | British Columbia, Canada | 503409, 564599 | 100% |
| | British Columbia, Canada | 573344, 796483 | 100% |
| | British Columbia, Canada | 844114, 1020030 | 100% |
| | British Columbia, Canada | 1047915, 1055449 | 100% |
| | British Columbia, Canada | 1046246, 1046253 | 100% |
| | British Columbia, Canada | 1050797, 1052563 | 100% |
| | British Columbia, Canada | 1052564, 1052989 | 100% |
| | British Columbia, Canada | 1052990, 1052991 | 100% |
| | British Columbia, Canada | 1052992, 1052993 | 100% |
| | British Columbia, Canada | 1055836, 1055837 | 100% |
| | British Columbia, Canada | 1055838, 1055839 | 100% |
| | British Columbia, Canada | 1055840, 1055859 | 100% |
| | British Columbia, Canada | 1055860, 1055861 | 100% |
| | British Columbia, Canada | 1055862, 1055863 | 100% |
| | British Columbia, Canada | 1055864, 1052630<br>1052893 | 100% |
| Cartier | Quebec, Canada | 2459824, 2459825 | 100% |
| | Quebec, Canada | 2459826, 2459827 | 100% |
| | Quebec, Canada | 2459828, 2459829 | 100% |
| | Quebec, Canada | 2463107, 2463108 | 100% |
| | Quebec, Canada | 2463109, 2463110 | 100% |
| | Quebec, Canada | 2463111, 2463112 | 100% |
| | Quebec, Canada | 2463113, 2463114 | 100% |
| | Quebec, Canada | 2463115, | 100% |
| Silver Swan South | Eastern Goldfields | E27/545 | 100% |
| | Eastern Goldfields | P27/2191 | 100% |
| | Eastern Goldfields | P27/2192 | 100% |
| | Eastern Goldfields | P27/2193 | 100% |
| | Eastern Goldfields | P27/2194 | 100% |
| | Eastern Goldfields | P27/2195 | 100% |
| | Eastern Goldfields | P27/2196 | 100% |
| Red Gate | Eastern Goldfields | E31/1096 | 100% |
| Middle Creek | Western Australia | P46/1900, P46/1901, | 95% |
| | Western Australia | P46/1902, P46/1903, | 95% |
| | Western Australia | P46/1904, P46/1905 | 95% |
| | Western Australia | P46/1906, P46/1907 | 95% |
| | Western Australia | P46/1907, P46/1908 | 95% |
| | Western Australia | P46/1909, P46/1910 | 95% |
| | Western Australia | P46/1911, P46/1912, | 95% |
| | Western Australia | P46/1914, P46/1915, | 95% |
| | Western Australia | P46/1916, P46/1917 | 95% |
| | Western Australia | P46/1918, P46/1919 | 95% |
| | Western Australia | P46/1920, | 95% |
| | Western Australia | P46/1913 | Application |
| Mount Deans South | Western Australia | P63/2032 P63/2033<br>P63/2037 | 100% |

**Key**

| | |
|---|---|
| E: | Exploration Licence |
| P | Prospecting Licence |