

Surface Sampling Identifies Nickel Sulphides at Silver Swan South, Western Australia

Blackstone Minerals Limited (ASX code: BSX), is pleased to announce that surface sampling of the target ultramafic unit at Silver Swan South, located approximately 40km northeast of Kalgoorlie (Refer Figure One), has confirmed the presence of nickel sulphides (pentlandite). The discovery follows the commencement of air core drilling at the project, designed to further define both the sulphide nickel and gold targets, in preparation for follow up RC drilling.

Highlights at Silver Swan South:

- Surface rock chip sampling and petrographic analysis of target ultramafic unit identifies **nickel sulphides** (pentlandite).
- Assays from historic reconnaissance drilling intersected up to **0.5% nickel and elevated copper and PGE's**.
- Air Core drilling has commenced focussed on targeting the thickening ultramafic sequence in the southern portion of the tenement holding considered highly **prospective for nickel sulphides** and located only 10km from the Silver Swan Nickel Mine (Refer Figure Two).
- **Air Core drilling will also focus on further defining gold targets** associated with the interpreted northern extension of the Fitzroy Shear (controlling host structure at the Kanowna Belle Gold Deposit located 8km along strike) (Refer Figure Two).

Blackstone's first phase of drilling at Silver Swan South has commenced targeting both gold hosted by structural targets along strike from the Kanowna Belle Gold Mine (endowment +5Moz Au), and nickel sulphide mineralization associated with ultramafic units along strike from the Silver Swan and Black Swan Nickel Mines. The program is testing for basement hosted mineralization, using air core drilling, to improve definition of gold and base metal anomalism identified by previous reconnaissance style drilling.

Prior to the commencement of drilling Blackstone completed a surface mapping and sampling program, which identified copper mineralised ultramafic rock at surface (BSX announcement 29th March 2017). Subsequent petrographic analysis also identified disseminated pentlandite (nickel sulphide) within the exposed ultramafic, confirming the presence of sulphur saturated komatiites prospective for nickel sulphide deposits.

Blackstone Fast Facts

Shares on Issue	35.8m
Share Price	\$0.185
Market Cap	\$6.6m
ASX Code	BSX

BOARD & MANAGEMENT

Hamish Halliday
Non-Executive Chairman

Andrew Radonjic
Technical Director

Bruce McFadzean
Non-Executive Director

Jamie Byrde
CFO & Company Secretary

LISTING DATE

Monday 23 January 2017

PROJECTS

Red Gate Project
(right to earn 80% interest)
- Targeting Gold

Middle Creek Project
(95% interest)
- Targeting Gold

Silver Swan South Project
(100% interest)
- Targeting Gold & Nickel

REGISTERED OFFICE

Blackstone Minerals Limited
ACN 614 534 226
288 Churchill Avenue
Subiaco
6008
Western Australia

T: +61 8 6489 0973
F: +61 8 6489 0974
E: admin@blackstoneminerals.com.au

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

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

Blackstone's Technical Director commented *"The identification of Nickel Sulphides at Silver Swan South further enhances the prospectivity of the ultramafic unit which is part of a sequence of komatiites which already hosts two major nickel deposits. The company looks forward to the results from the drill program remembering that it is also testing the interpreted strike extension of the controlling structure from a major gold deposit. This gives Blackstone's shareholders two opportunities for a major mineral discovery near Kalgoorlie for the price of one."*

Silver Swan South Project (100% interest) – Summary

The Silver Swan South Project comprises one exploration licence application E27/545 and six granted prospecting licences, P27/2191 – 2196 covering an area of 47.2km² and are located approximately 40km northeast of Kalgoorlie. The Project is along trend of the massive nickel sulphide 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 8km northeast of the major Kanowna Belle Gold Mine (+5 Moz gold endowment).

The Project area has been explored almost continuously now for 40 years however the majority of this work has been ineffective in terms of exploring for komatiite hosted massive nickel sulphide deposits, and largely focused on shallow gold deposits hosted within paleochannels. It is believed that much of the gold mineralisation encountered in the earlier work on the paleochannels was not alluvial but in fact the result of supergene processes. Numerous intersections of anomalous gold are recorded within the weathered and fresh bedrock, as are descriptions of alteration that suggest there is real potential for the discovery of significant primary gold mineralisation within the tenement area which Blackstone intends to target. Blackstone also plans to test the known komatiite units for sulphide nickel deposits by deep drilling and geophysical techniques.

Yours sincerely



Andrew Radonjic
Technical Director

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

Figure One | Location of the Silver Swan Project

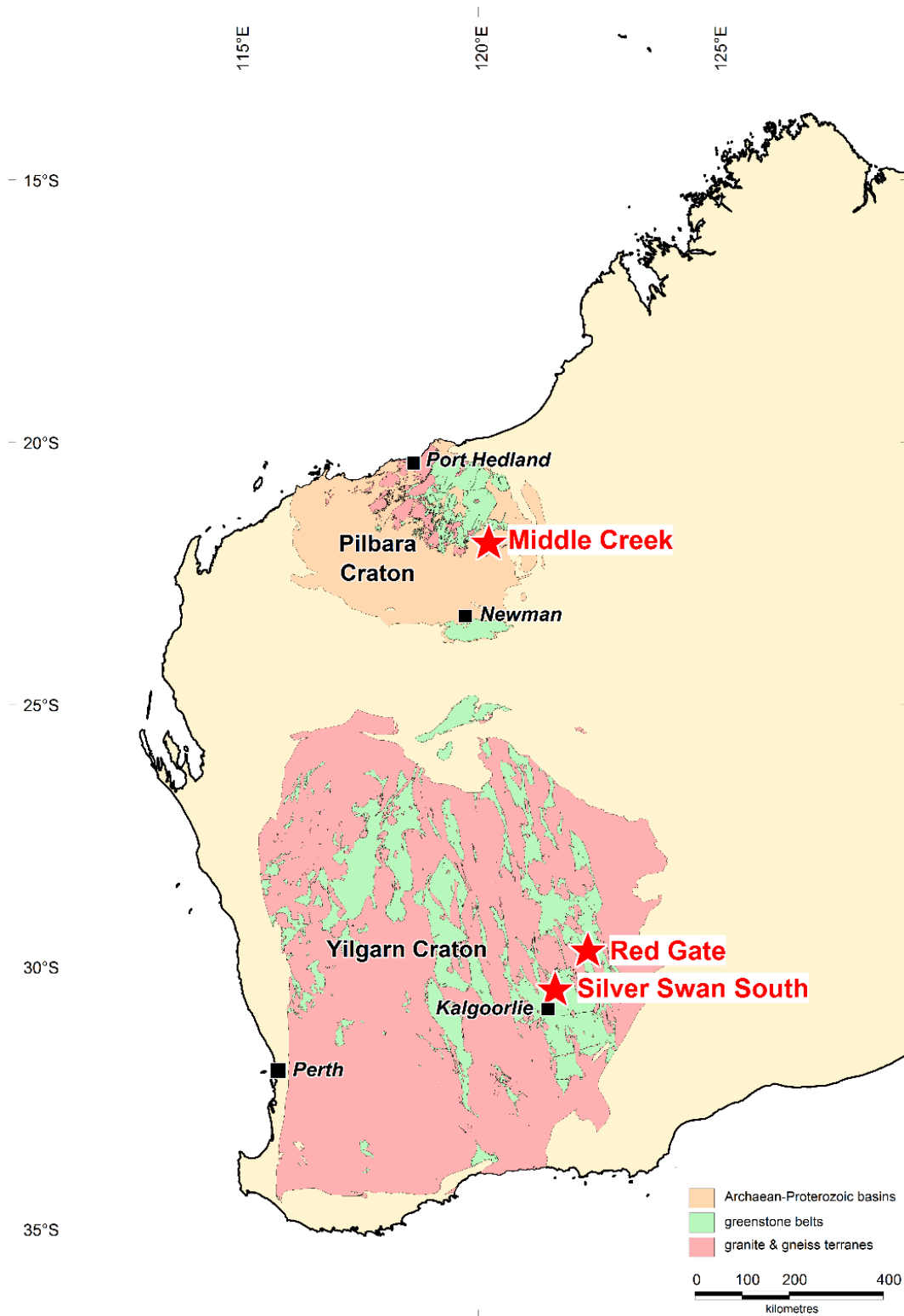


Figure Two | Silver Swan South Bedrock Geology Plan

