



BLACKSTONE
MINERALS

Interim Financial Report
31 December 2021

ABN 96 614 534 226

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Non-Executive Chairman

Hamish Halliday

Managing Director

Scott Williamson

Non-Executive Directors

Hoirim Jung

Alison Gaines

Frank Bierlein

Company Secretary

Jamie Byrde

Principal & Registered Office

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Automic Group

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Perth WA 6000

Auditors

Stantons

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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

The Directors of Blackstone Minerals Limited submit herewith the consolidated financial statements of the Company and its controlled entities ("Group" or "Consolidated Entity") for the half-year ended 31 December 2021.

1. DIRECTORS

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

| | |
|---------------------|---|
| Mr Hamish Halliday | Non-Executive Chairman |
| Mr Scott Williamson | Managing Director |
| Mr Andrew Radonjic | Non-Executive Director (Resigned 12 November 2021) |
| Ms Alison Gaines | Non-Executive Director |
| Mr Hoirim Jung | Non-Executive Director |
| Mr Frank Bierlein | Non-Executive Director (Appointed 12 November 2021) |

2. REVIEW OF OPERATIONS

The loss attributable to owners of the Group net operation loss after providing for tax for the half year ended 31 December 2021 was \$11,551,406 (2020: \$6,682,157). The loss for the period includes \$8,230,427 (2020: \$3,488,121) in exploration and evaluation expenditure and share based payment expenses of \$1,869,915 (2020: \$1,171,869). The loss for the period also includes a provision for impairment on the investment in associate of \$1,346,613 (2020: \$Nil) and share of loss of the associate of \$403,387 (2020: \$Nil)

CORPORATE

- On 26 July 2021, the Company announced that the downstream pre-feasibility study (PFS) confirmed technically and economically robust hydrometallurgical refining process to upgrade nickel sulfide concentrate to produce battery-grade Nickel: Cobalt: Manganese (NCM) 811 Precursor for the Lithium-ion battery industry
- On 3 August 2021, the Company announced the Board approval of the first phase of pilot plant work and the Definitive Feasibility Study (DFS) for the Ta Khoa Refinery.
- On 26 August 2021, the Company announced the appointment of leading independent advisors, Korea Development Bank (KDB) and BurnVoor Corporate Finance (BurnVoor), to arrange debt financing for the development of the Company's vertically integrated Ta Khoa Nickel-Copper-PGE- Project and Downstream Refinery Project (Ta Khoa Project). The collaboration with Blackstone is to assist to secure an attractive and flexible funding package for the development of the Ta Khoa Project.
- On 24 September 2021, the Company announced the issue of 8,000,000 ordinary shares under the Acuity Capital Controlled Placement Agreement with an issue price of \$0.4644 per share, raising \$3.7m.
- On 19 October 2021, the Company announced the appointment of Tier 1 engineering, minerals processing and metallurgical consultants, Wood and ALS to perform critical roles in the delivery of the Definitive Feasibility Study ("DFS") and the Ta Khoa Refinery ("TKR") in Vietnam.
- On 10 November 2021, the Company announced the issue of 38,134,805 ordinary shares with an issue price of \$0.58 per share, raising \$22.1m before costs ("Tranche 1"). Tranche 1 was the first of a two-tranche issue to raise up to \$55m in total. Tranche 2 shares were issued on 23 December 2021.
- On 12 November 2021, the Company announced the appointment of Non-Executive Director, Dr Frank Bierlein. The board also advised that Mr Andrew Radonjic resigned as Non-Executive Director effective 12 November 2021.

2. REVIEW OF OPERATIONS (continued)

- On 11 November 2021, the Company deconsolidated Codrus Minerals Limited from the Group, and began equity accounting for the investment in Codrus as an associate under *AASB 128 Investments in Associates and Joint Ventures* from that date.
- On 26 November 2021, the Company announced the issue of 9,137,788 full paid ordinary shares under the Share Purchase Plan originally announced on 1 November 2021. The shares were issued with an issue price of \$0.58 per share, raising \$5.3m before costs.
- On 9 December 2021, the Company informed investors that mining activities had recommenced at the 90% owned Ta Koha Nickel Project in Northern Vietnam.
- On 23 December 2021, the Company announced the issue of 56,692,782 ordinary shares with an issue price of \$0.58 per share, raising \$32.9m before costs ("Tranche 2"), following shareholder approval received on 16 December 2021.
- During the period, 5,800,000 unlisted options were converted raising \$0.9m and 2,500,000 unlisted options expired.

Blackstone Minerals Ltd ("Blackstone" or the "Company") (ASX: BSX / OTCQX: BLSTF / FRA: B9S) is focused on building an integrated upstream and downstream processing business in Vietnam that produces NCM Precursor products for Asia's growing Lithium-ion battery industry.

Blackstone's Upstream Business Unit (UBU) is responsible for development and operation of all current and future upstream (exploration, mining, and mineral beneficiation) assets including the 90% economic interest in the Ta Khoa Nickel Project (TKNP) in northern Vietnam.

Blackstone's Downstream Business Unit (DBU) initially comprises the Ta Khoa Refinery Project (TKR) in North Vietnam, with future potential to enact a global strategy that delivers chemical products for the emerging battery market. The Company is focused on a partnership model capable of producing products to suit the dynamic battery materials supply chain.

The TKNP is located 160km West of Hanoi in the Son La Province of Vietnam (refer to Figure 1) and includes an existing modern nickel mine built to Australian standards, which is currently under care and maintenance. The Ban Phuc nickel mine successfully operated as a mechanised underground nickel mine from 2013 to 2016.

Blackstone's TKNP and TKR form two major cogs in Blackstone's vertically integrated development strategy to produce NCM 811 precursor for the growing lithium-ion battery industry. The strategy is underpinned by Blackstone's ability to secure nickel concentrate and Ta Khoa is emerging as a nickel sulfide district of enviable scale with several exploration targets yet to be tested.

Highlights during the period for the UBU and DBU are presented below:

2. REVIEW OF OPERATIONS (continued)

UPSTREAM BUSINESS UNIT

- Mineral Resource update completed, with the global Ta Khoa estimate increasing 73% to 485kt of Nickel (571kt Nickel Equivalent (NiEQ)) (refer ASX announcement 23 December 2021 and Figure 2)
 - Ban Phuc Disseminated Sulfide (DSS) resource upgrade
 - Maiden Inferred Resource estimates for the Ban Khoa DSS deposit, and the Ban Chang & King Snake Massive Sulfide Vein (MSV) deposits.
- Pre-feasibility Study (PFS) for the Ta Khoa Nickel Project (TKNP) progressed – and published on the ASX subsequent to the reporting period.
- Outside of the reported Mineral Resource Update, additional resource definition drilling continued at Ban Chang, King Snake and Ban Khoa.
- Joint exploration venture with Vietnamese Government for the advancement of the Chim Van target, a highly prospective body located 10km from the Ban Phuc DSS
- Strategic investment (~6.85%) in Flying Nickel Mining Corp., providing exposure to the Minago Nickel Sulfide Project in Manitoba

DOWNSTREAM BUSINESS UNIT

- Blackstone delivered exceptional Downstream PFS results for the proposed TKR in Northern Vietnam (refer ASX announcement 26 July 2021);
 - Refinery capacity of 400ktpa
 - 10-year life-of-Operations aligned with the Ban Phuc Disseminated orebody and availability of known third party concentrate feed (3PF)
 - Upfront Project Capital of US\$491m paid back in 1.5 years from first production
 - Base case post-tax NPV8 of US\$2.01bn and internal rate of return (IRR) of 67%
 - Average annual refined nickel output of 43.5ktpa (85.6ktpa NCM811 Precursor)
 - Life-of-operations All-in Cost of US\$11,997/ t NCM811 as compared to study weighted average forecast price on sale of NCM811 of US\$16,397/t NCM811
- Tier 1 consultants Wood and ALS awarded contracts for the Ta Khoa Refinery (TKR) Definitive Feasibility Study (DFS) and Pilot Plant Phase 1 respectively
- Recommencement of mining activities at Ta Khoa to generate concentrate feedstock to support Pilot Plant testing to be performed in Australia (Phase 1) and Vietnam (Phase 2):
 - Underground mining commenced to deliver bulk sample material from the Ban Phuc DSS deposit
 - Bulk sample ore to feed the recently recommissioned Ban Phuc Nickel Concentrator (BPNC)
 - Concentrate sample produced from the BPNC will be used across Pilot Plant Phases 1 & 2, along with external feed sources, to generate Mixed Hydroxide Precipitate (MHP) and Nickel:Cobalt:Manganese (NCM) Precursor product

2. REVIEW OF OPERATIONS (continued)



Figure 1: Ta Khoa Nickel Project Location

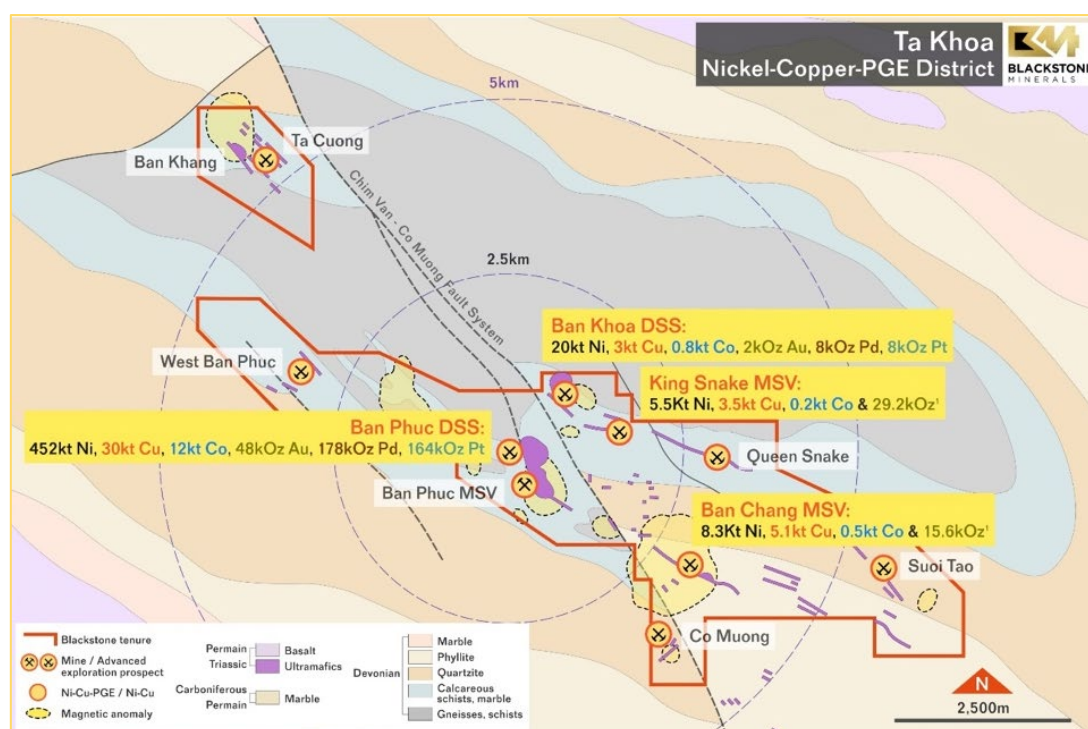


Figure 2: Ta Khoa Mineral Resource Summary (¹Platinum (Pt) + Palladium (Pd) + Gold (Au))

2. REVIEW OF OPERATIONS (continued)

OTHER PROJECTS

During the period, Blackstone announced drilling activities had recommenced at the Gold Bridge Project, formerly the Little Gem - BC Cobalt Project. The Gold Bridge Project is located 180 km north of Vancouver in British Columbia, Canada.

The drilling program completed in the period built on initial exploration success at the Little Gem prospect and involved a detailed 3D Pole-Dipole Induced Polarisation (3D IP) and Resistivity Survey. An analysis of IP survey data and regional soil, rock chip and stream sediment samples has resulted in the identification of multiple large-scale sulfide bearing targets, with the Jewel prospect being high priority.

Large Induced Polarisation (IP) anomalies at the Jewel Prospect occur over a strike length of approximately 2 km (refer to Figure 3). The first drill-hole targeting a large IP anomaly at the Jewel Prospect intersected massive Cu-Ni-Co sulfarsenide vein mineralisation.

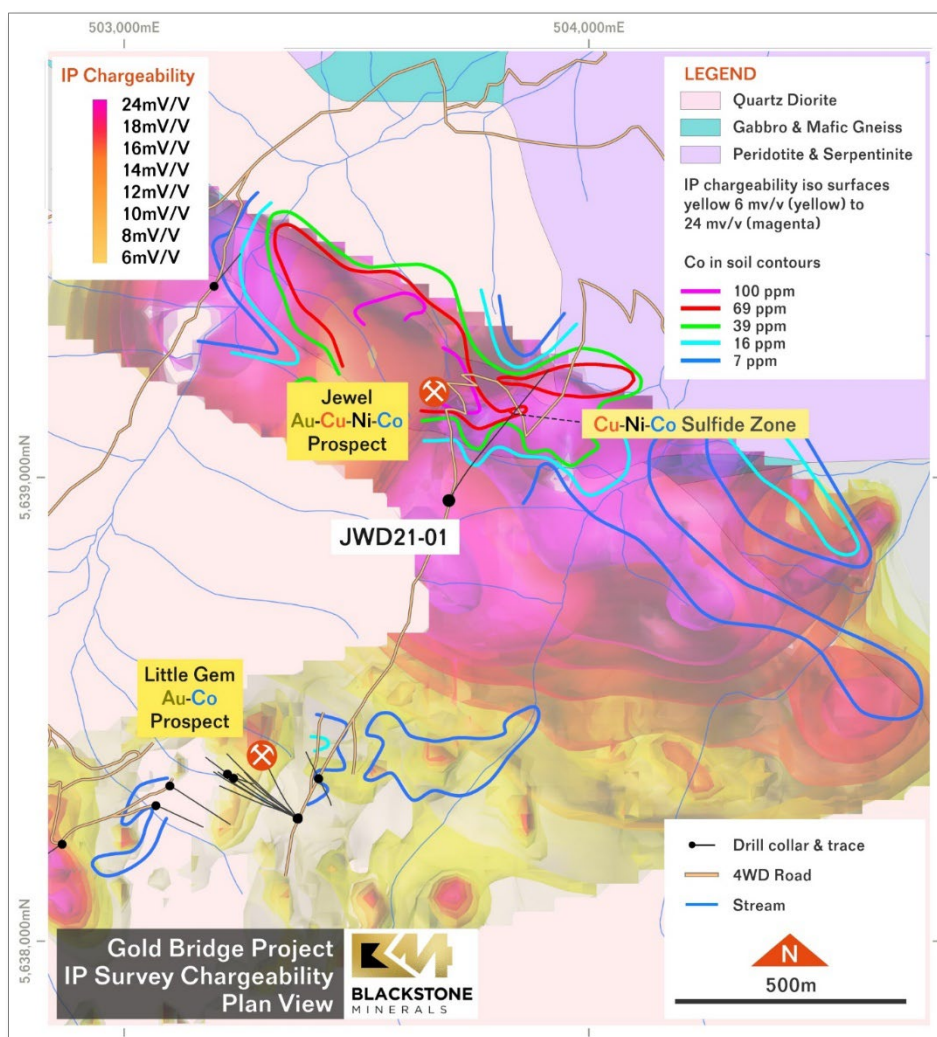


Figure 3: IP Survey Chargeability, Gold Bridge Project

2. REVIEW OF OPERATIONS (continued)

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

On 18 January 2021, the Company announced that it had made a strategic investment in NICO Resources Limited ("NICO"). NICO has successfully completed its Initial Public Offering and obtained admission to the official list of the ASX on 17 January 2021. Blackstone's initial investment of A\$2.75m will earn a 15.11% interest in the common equity of NICO.

On 3 March 2022, The Company announced it has made a strategic investment in Corazon Mining Limited ("Corazon"), a nickel-copper-cobalt sulfide exploration and development company listed on the ASX. Blackstone's initial investment of A\$2m will earn a 14.32% interest in the common equity of Corazon (Equity Investment).

Apart from the above, there were no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

2. AUDITOR'S INDEPENDENCE DECLARATION & NON-ASSURANCE SERVICES

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

This report is made in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.



Scott Williamson
Managing Director
Perth, Western Australia, 15 March 2022

Competent Persons Statement Estimation and Reporting of Mineral Resources

The information in this report which relates Mineral Resources for the Ban Phuc, Ban Khoa, Ban Chang and King Snake Mineral Resources is based on the ASX Announcement dated 23 December 2021 Ta Khoa Mineral Resource Update found on our website at www.blackstoneminerals.com.au, and fairly represents, information compiled by Mr. Kahan Mit-hat Cervoj. Mr Cervoj is a full-time employee of Optiro Pty Ltd, consulting to Blackstone Minerals Limited, and is a Member of Australian Institute of Mining and Metallurgy.

The Company confirms that all material assumptions and technical parameters underpinning the Minerals Resource and estimate referred to within previous ASX announcements continue to apply and have not materially changed since last reported. The Company is not aware of any new information or data that materially affects the information included in this announcement.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Sampling Techniques and Data, and the Reporting of Exploration Results

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Chris Ramsay, Manager of Resource Geology for the Company and a Member of The Australasian Institute of Mining and Metallurgy. Mr Chris Ramsay 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 Chris Ramsay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The company is not aware of any new information or data that materially affects the information included in this report.

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.



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15 March 2022

Board of 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 review of the financial statements of Blackstone Minerals Limited for the half-year ended 31 December 2021, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director



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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Blackstone Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This interim financial report covers Blackstone Minerals Limited and its wholly-owned subsidiaries. The financial report is presented in Australian dollars.

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
 Level 3, 24 Outram Street
 West Perth WA 6005

A description of the nature of the Company's operations is included in the directors' report on pages 2 to 7, which is not part of this financial report.

The interim financial report was authorised for issue by the directors on 15 March 2022. The Company has the power to amend and reissue the financial report.

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



| For the Half-Year Ended 31 December 2021 | Notes | Consolidated | |
|--|-------|---------------------|--------------------|
| | | 31 December 2021 | 31 December 2020 |
| | | \$ | \$ |
| Revenue from continuing operations | 3 | 14,306 | 21,406 |
| Other income | 3 | 315,945 | 89,315 |
| Administrative costs | | (2,906,214) | (1,018,410) |
| Consultancy expenses | | (861,866) | (631,143) |
| Employee benefits expense | | (1,366,176) | (492,553) |
| Share based payment expenses | 15 | (1,869,915) | (1,171,869) |
| Occupancy expenses | | (42,192) | (32,972) |
| Compliance and regulatory expenses | | (208,475) | (69,428) |
| Insurance expenses | | (45,527) | (21,484) |
| Exploration expenditure | 7 | (8,230,427) | (3,488,121) |
| Depreciation expense | 6 | (451,892) | (75,184) |
| Depreciation on rights of use assets | 8 | (78,671) | (60,466) |
| Interest expense on lease liabilities | 8 | (6,700) | (9,588) |
| Finance and Interest Costs | | (12,368) | (3,980) |
| Effect of Deconsolidation of Subsidiary | 9 | 4,677,850 | - |
| Share of loss from equity-accounted investments | 9 | (403,387) | - |
| Provision for Impairment of Investment | 9 | (1,346,613) | - |
| (Loss) before income tax | | (12,822,322) | (6,964,477) |
| Income tax benefit/(expense) | | 207,425 | - |
| (Loss) for the half-year | | (12,614,897) | (6,964,477) |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Effect of changes in foreign exchange rates on translation of foreign operations | | (23,027) | 549,286 |
| <i>Total - Items that may be reclassified to profit or loss</i> | | (23,027) | 549,286 |
| <i>Items that will not be classified to profit or loss</i> | | - | - |
| Total comprehensive (loss) | | (12,637,924) | (6,415,191) |
| Loss for the half-year attributable to: | | | |
| Non-controlling interests | | (1,063,491) | (282,320) |
| Owners of Blackstone Minerals Limited | | (11,551,406) | (6,682,157) |
| | | (12,614,897) | (6,964,477) |
| Total comprehensive (loss) attributable to: | | | |
| Non-controlling interest | | (993,968) | (246,006) |
| Owners of Blackstone Minerals Limited | | (11,643,956) | (6,169,185) |
| | | (12,637,924) | (6,415,191) |
| Earnings per share for loss attributable to the owners | | | |
| Basic and Diluted (loss) per share (cents per share) | | (3.3) | (2.3) |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



| As at 31 December 2021 | Notes | Consolidated 31 December 2021 \$ | 30 June 2021 \$ |
|--|-------|---|--------------------|
| Current Assets | | | |
| Cash and cash equivalents | 4 | 60,150,658 | 21,800,914 |
| Trade and other receivables | 5 | 1,880,445 | 1,050,318 |
| Total Current Assets | | 62,031,103 | 22,851,232 |
| Non-Current Assets | | | |
| Other financial assets | 5 | 6,839,496 | 575,169 |
| Property, plant and equipment | 6 | 10,859,822 | 11,096,604 |
| Intangible Assets | | 104,590 | - |
| Exploration and evaluation expenditure | 7 | 5,870,237 | 5,800,000 |
| Right-of-Use assets | 8 | 494,996 | 278,640 |
| Investment in Associate | 5, 9 | 4,725,000 | - |
| Total Non-Current Assets | | 28,894,141 | 17,750,413 |
| Total Assets | | 90,925,244 | 40,601,645 |
| Current Liabilities | | | |
| Trade and other payables | 10 | 3,703,552 | 4,381,517 |
| Provisions | 11 | 736,267 | 390,195 |
| Lease liabilities | 12 | 243,488 | 158,245 |
| Total Current Liabilities | | 4,683,307 | 4,929,957 |
| Non-Current Liabilities | | | |
| Provisions | 11 | 437,789 | 425,378 |
| Lease liabilities | 12 | 278,664 | 138,025 |
| Deferred tax liabilities | | 2,018,053 | 2,225,478 |
| | | 2,734,506 | 2,788,881 |
| Total Liabilities | | 7,417,813 | 7,718,838 |
| Net Assets | | 83,507,431 | 32,882,807 |
| Equity | | | |
| Issued capital | 13 | 127,184,515 | 61,360,348 |
| Reserves | 14 | 5,038,967 | 4,244,702 |
| Accumulated losses | | (47,391,225) | (35,839,819) |
| Equity attributable to the owners | | 84,832,257 | 29,765,231 |
| Non-controlling interest | | (1,324,826) | 3,117,576 |
| Total Equity | | 83,507,431 | 32,882,807 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



| For the Half-Year Ended 31 December 2021 | Contributed Equity | Accumulated Losses | Foreign Currency Reserve | Option Reserve | Attributable to Parent Entity | Non-controlling interest | Total |
|---|--------------------|---------------------|--------------------------|------------------|-------------------------------|--------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 38,171,741 | (21,380,716) | (311,151) | 1,665,130 | 18,145,004 | (111,585) | 18,033,419 |
| Total comprehensive income for the period: | | | | | | | |
| Loss for the period | - | (6,682,157) | - | - | (6,682,157) | (282,320) | (6,964,477) |
| Foreign Exchange Differences | - | - | 512,972 | - | 512,972 | 36,314 | 549,286 |
| | - | (6,682,157) | 512,972 | - | (6,169,185) | (246,006) | (6,415,191) |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Contributions of equity (net of transaction costs) | 22,195,942 | - | - | - | 22,195,942 | - | 22,195,942 |
| Equity settled share based payment transactions | - | - | - | 1,171,869 | 1,171,869 | - | 1,171,869 |
| Balance at 31 December 2020 | 60,367,683 | (28,062,873) | 201,821 | 2,836,999 | 35,343,630 | (357,591) | 34,986,039 |
| Balance at 1 July 2021 | 61,360,348 | (35,839,819) | 9,324 | 4,235,378 | 29,765,231 | 3,117,576 | 32,882,807 |
| Total comprehensive income for the period: | | | | | | | |
| Loss for the period | - | (11,551,406) | - | - | (11,551,406) | (1,063,491) | (12,614,897) |
| Foreign Exchange Differences | - | - | (92,550) | - | (92,550) | 69,523 | (23,027) |
| | - | (11,551,406) | (92,550) | - | (11,643,956) | (993,968) | (12,637,924) |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Contributions of equity (net of transaction costs) | 65,824,167 | - | - | - | 65,824,167 | - | 65,824,167 |
| Equity settled share based payment transactions | - | - | - | 1,869,915 | 1,869,915 | - | 1,869,915 |
| Effect of Deconsolidation | - | - | - | (983,100) | (983,100) | (3,448,434) | (4,431,534) |
| Balance at 31 December 2021 | 127,184,515 | (47,391,225) | (83,226) | 5,122,193 | 84,832,257 | (1,324,826) | 83,507,431 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS



| For the Half-Year Ended 31 December 2021 | Notes | Consolidated | |
|---|-------|---------------------|--------------------|
| | | 31 December 2021 | 31 December 2020 |
| | | \$ | \$ |
| Cash Flows from Operating Activities | | | |
| Payments to suppliers and employees | | (3,016,735) | (1,092,487) |
| Interest received | | 14,336 | 21,541 |
| Other Income - Cashflow Boost | | - | 50,000 |
| Payments for exploration and evaluation | | (10,652,016) | (5,489,155) |
| Net cash (outflow) from operating activities | | (13,654,415) | (6,510,101) |
| Cash Flows from Investing Activities | | | |
| Effect of Deconsolidation – Opening Cash | | (7,440,779) | - |
| Purchase of mineral rights | | (70,237) | - |
| Purchase of property, plant and equipment | | (155,146) | (221,037) |
| Deposits for Investments | | (6,026,901) | - |
| Purchase of software | | (104,590) | - |
| Net cash (outflow) from investing activities | | (13,797,653) | (221,037) |
| Cash Flows from Financing Activities | | | |
| Proceeds from issue of shares and other equity securities | | 68,414,517 | 23,130,303 |
| Proceeds from exercise of options | | 904,100 | - |
| Share issue transaction costs | | (3,450,687) | (1,090,534) |
| Payments for lease liabilities | | (78,912) | - |
| Net cash inflow from financing activities | | 65,789,018 | 22,039,769 |
| Net increase in cash and cash equivalents | | 38,336,950 | 15,308,631 |
| Cash and cash equivalents at the start of the period | | 21,800,914 | 6,786,541 |
| Effect of exchange rate | | 12,794 | (41,090) |
| Cash and cash equivalents at the end of the period | 4 | 60,150,658 | 22,054,082 |

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. Basis of preparation of the half-year report

This interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the period ending 30 June 2021 and any public announcements made by Blackstone Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for certain assets carried at fair value and right of use assets recognised in accordance with AASB 16.

The interim report has been prepared on a historical cost basis except for those certain assets carried at fair value and right of use assets recognised in accordance with AASB 16. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

Summary of significant accounting policies

These policies have been consistently applied to the financial period presented, unless otherwise stated. The financial statements cover Blackstone Minerals Limited as a Group consisting of Blackstone Minerals Limited and its subsidiaries ('group' or Group').

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 Exploration for and Evaluation of Mineral Resources.

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. Effective from 1 July 2021, the Group changed its method of Depreciation on assets is calculated from the diminishing value method to the straight-line method. The Company has adjusted the net book values of the assets on 1 July 2021 to reflect the expected net book value under straight-line depreciation, through additional depreciation expenses where applicable. The straight-line method has been used to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

1. Basis of preparation of the half-year report (continued)

| | |
|----------------------------------|---------------|
| Plant and equipment - production | 5.0% - 16.0% |
| Plant and equipment – office | 20.0% - 40.0% |
| Furniture and equipment | 40.0% |
| Plant and equipment – field | 40.0% |
| Motor vehicles | 16.0% - 40.0% |
| Leasehold improvements | 25.0% - 50% |

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. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Intangible Assets - Software

Computer software is recorded at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. Software costs are amortised once the software is ready for use. Software has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Trade and other payables

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

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.

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.

1. Basis of preparation of the half-year report (continued)

Investments in Associates

Associates are entities over which the consolidated entity has significant influence but not control or have joint control. Investments in associates are accounting for using the equity method, under which the share of profit or losses of the associate are recognised in the profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of Financial Position at cost, plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payment on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon loss of significant influence over the associate and recognises any retained investment at fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from the disposal is recognised in the profit or loss.

New accounting standards and interpretations adopted by the Group

The Group (or the Company) has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these standards do not have a material effect on the amount disclosed in the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. Segment Information

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

The segment information provided to the board of directors for the reportable segments for the half-year ended 31 December 2021 is as follows:

2. Segment Information (continued)

| | North America \$ | Vietnam \$ | Australia \$ | Corporate \$ | Total \$ |
|---|------------------------|---------------|-----------------|-----------------|--------------|
| Half-Year ended 31 December 2021 | | | | | |
| Interest revenue | - | - | - | 14,306 | 14,306 |
| Other income | - | 290,886 | - | 25,059 | 315,945 |
| Total segment revenue and other income | - | 290,886 | - | 39,365 | 330,251 |
| Depreciation and amortisation expense | - | (299,672) | - | (230,891) | (530,563) |
| Exploration expenditure written off | (857,255) | (6,583,402) | (789,770) | - | (8,230,427) |
| Other expenditure | - | (1,966,216) | (302,753) | (2,122,614) | (4,391,583) |
| Total segment loss before income tax | (857,255) | (8,558,404) | (1,092,523) | (2,314,140) | (12,822,322) |
| Total segment assets | 5,974,531 | 13,050,356 | - | 71,900,357 | 90,925,244 |
| Total segment liabilities | (42,179) | (4,182,121) | - | (3,193,513) | (7,417,813) |
| Half-Year ended 31 December 2020 | | | | | |
| Interest revenue | - | - | - | 21,406 | 21,406 |
| Other income | - | - | - | 89,315 | 89,315 |
| Total segment revenue and other income | - | - | - | 110,721 | 110,721 |
| Depreciation and amortisation expense | - | - | - | (135,650) | (135,650) |
| Exploration expenditure written off | (382,202) | (2,087,349) | (1,018,569) | - | (3,488,120) |
| Other expenditure | 160,180 | (826,044) | - | (2,785,564) | (3,451,428) |
| Total segment loss before income tax | (222,022) | (2,913,393) | (1,018,569) | (2,810,493) | (6,964,477) |
| Total segment assets | 5,800,000 | 5,028,172 | 1,600,000 | 31,761,173 | 44,189,345 |
| Total segment liabilities | - | (6,464,530) | - | (2,738,776) | (9,203,306) |

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2021



| | Consolidated 31 December 2021 \$ | 31 December 2020 \$ |
|--|---|---------------------------|
|--|---|---------------------------|

3. Revenue

| | | |
|--|---------|--------|
| (a) Revenue from continuing operations | | |
| Interest received | 14,306 | 21,406 |
| Total revenue from continuing operations | 14,306 | 21,406 |
| (b) Other Income | | |
| Rent Income | 25,059 | 39,315 |
| ATO Cashflow Boost | - | 50,000 |
| Other income | 290,886 | - |
| Total Other Income | 315,945 | 89,315 |

| | Consolidated 31 December 2021 \$ | 30 June 2021 \$ |
|--|---|--------------------|
|--|---|--------------------|

4. Cash & Cash Equivalents

| | | |
|---|------------|------------|
| (a) Cash & cash equivalents | | |
| Cash at bank and in hand | 60,150,658 | 14,360,135 |
| Cash at bank and in hand – Codrus Minerals Limited ¹ | - | 7,440,779 |
| Deposits at call | - | - |
| Total cash and cash equivalents | 60,150,658 | 21,800,914 |

¹Codrus Minerals Limited was deconsolidated as at 12 November 2021, therefore having a nil balance for the Blackstone Group as at 31 December 2021.

- (b) Cash at bank and on hand
Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.00% and 0.16% (30 June 2021: 0.00% and 0.41%)
- (c) Deposits at call
Deposits at call are bearing interest rates of nil. (30 June 2021: Nil)

5. Trade & Other Receivables & Other Financial Assets

Current - Trade and Other Receivables

| | | |
|--|-----------|-----------|
| Other receivables | 1,880,445 | 1,049,010 |
| Tax and other receivables from foreign authorities | - | 1,308 |
| Total trade and other receivables | 1,880,445 | 1,050,318 |

Non-Current – Other Financial Assets

| | | |
|--|-----------|---------|
| Deposits ¹ | 6,360,478 | 114,964 |
| Transfer from Exploration and Evaluation ² (Note 7) | 479,018 | 460,205 |
| Total other financial assets | 6,839,496 | 575,169 |

Non-Current – Investment in Associate

| | | |
|-------------------|-----------|---|
| Investment in CDR | 4,725,000 | - |
|-------------------|-----------|---|

¹Deposits include cash of \$254,429 (30 June 2021: \$114,964) as security deposits, \$58,242 required as security by the relevant authority for the granted exploration and mining licences, \$20,906 deposit for the office in Vietnam and \$6,026,901 represents deposits paid for future investments.

²Transfer of mine closure and rehabilitation provision in Vietnam from exploration to trade and other receivables during the period of \$39,719 for a total of \$479,018 (30 June 2021: \$460,205)

Past due and impaired receivables

As at 31 December 2021, there were no other receivables that were past due or impaired. (30 June 2021: Nil)

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2021**



| Consolidated | Plant & Equipment | Leasehold Improvements | Mining Property | Total |
|--------------|----------------------|---------------------------|--------------------|-------|
| | \$ | \$ | \$ | \$ |

6. Property, Plant & Equipment

30 June 2021

| | | | | |
|--------------------------------------|-----------|---------|------------|------------|
| Opening net book amount | 262,291 | 6,645 | 11,243,974 | 11,512,910 |
| Additions | 242,516 | - | 69,744 | 312,260 |
| Depreciation charge | (158,567) | (4,431) | (562,199) | (725,197) |
| Disposal | (3,513) | - | - | (3,513) |
| Reversal of depreciation on disposal | 144 | - | - | 144 |
| Closing net book amount | 342,871 | 2,214 | 10,751,519 | 11,096,604 |

At 30 June 2021

| | | | | |
|--------------------------|-----------|----------|------------|------------|
| Cost or fair value | 608,971 | 37,720 | 11,313,718 | 11,960,409 |
| Accumulated depreciation | (266,100) | (35,506) | (562,199) | (863,805) |
| Net book amount | 342,871 | 2,214 | 10,751,519 | 11,096,604 |

31 December 2021

| | | | | |
|--------------------------------------|-----------|---------|------------|------------|
| Opening net book amount | 342,871 | 2,214 | 10,751,519 | 11,096,604 |
| Additions | 216,340 | - | - | 216,340 |
| Depreciation charge | (119,154) | (1,738) | (281,099) | (401,991) |
| Adjustment – Change to Straight Line | (54,249) | 4,348 | - | (49,901) |
| Disposal | - | - | - | - |
| Effect of Exchange Rates | (1,230) | - | - | (1,230) |
| Closing net book amount | 384,578 | 4,824 | 10,470,420 | 10,859,822 |

At 31 December 2021

| | | | | |
|--------------------------|-----------|----------|------------|-------------|
| Cost or fair value | 824,081 | 37,720 | 11,313,718 | 12,175,519 |
| Accumulated depreciation | (439,503) | (32,896) | (843,298) | (1,315,697) |
| Net book amount | 384,578 | 4,824 | 10,470,420 | 10,859,822 |

| | Consolidated | |
|--|------------------|--------------|
| | 31 December 2021 | 30 June 2021 |
| | \$ | \$ |

7. Exploration & Evaluation Expenditure

| | | |
|--|-------------|-------------|
| (a) Non-current | | |
| Opening balance | 5,800,000 | 7,931,498 |
| Acquisition/(write off) of assets | 70,237 | - |
| Impairment of Exploration and Evaluation Assets | - | - |
| Transferred to Other Financial Assets (Note 5) | (39,719) | (460,205) |
| Exploration and acquisition expenditure at cost | 8,230,427 | 8,934,772 |
| Exploration assets expensed to profit and loss | (8,230,427) | (8,934,772) |
| Write-off Exploration Acquisition Asset | - | (1,600,000) |
| Effect of Exchange Rates | 39,719 | (71,293) |
| Total non-current exploration and evaluation expenditure | 5,870,237 | 5,800,000 |

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2021



| | Consolidated 31 December 2021 \$ | 30 June 2021 \$ |
|--|---|-----------------------------|
| 8. Right of Use Assets – At Cost | | |
| At 1 July 2021 | | |
| Opening Balance | 526,408 | 512,647 |
| On initial recognition | - | - |
| Other Additions | 293,066 | 15,756 |
| Effect of exchange rates | 1,961 | (1,995) |
| At 31 December 2021 | 821,435 | 526,408 |
| At 1 July 2021 | | |
| Opening Balance | (247,768) | (126,468) |
| Depreciation for the period | (78,671) | (121,300) |
| At 31 December 2021 | (326,439) | (247,768) |
| Net carrying amount | 494,996 | 278,640 |
| | 31 December 2021 | 31 December 2020 |
| Amounts recognised in profit and loss | | |
| Other income – Recharges | 25,059 | 39,315 |
| Depreciation expense on right of use assets | (78,671) | (60,466) |
| Interest expense on lease liabilities | (6,700) | (9,588) |
| Low value asset leases expenses | (5,456) | (613) |
| Payments of lease liabilities | (78,912) | (65,272) |

The Group has a lease over the premises at Level 3, 24 Outram Street, West Perth with an average estimated life of 1.5 years remaining. The Group holds the lease and recharges other occupants of the premises recognised as other income.

The discount rate used in calculating the present value of the Right of Use Assets is 5.5% per annum, representing the cost of borrowings.

The maturity analysis of the lease liabilities is shown in Note 12.

9. Investment in Associate

On 23 June 2021, Codrus Minerals Limited ("Codrus") successfully listed on the ASX in an \$8m IPO through the issue of 40 million shares at \$0.20 raising \$8m (before costs) and a further 35,000,000 shares to Blackstone as consideration for the spin-out from the Blackstone Group. At 30 June 2021, Blackstone owned 46.67% of Codrus, as well as having one common Director and 1 employee on the Board of Codrus.

On 12 November 2021, Andrew Radonjic resigned as non-executive director from Blackstone, resulting in no common directors between Codrus and Blackstone. Management has assessed that as of 12 November 2021 and 31 December 2021, although Blackstone owned 46.67% of Codrus through 35,000,004 shares, the Board and management have determined that Blackstone does not control the decision making in Codrus and no longer meets the definition of control under *AASB 10 Consolidated Financial Statements*. Therefore, Codrus Minerals Limited was deconsolidated from the Group on 12 November 2021.

The effect of the Deconsolidation was as per the below:

Fair Value of Codrus Minerals Limited on 12 November 2021

| | |
|--|-------------------------|
| Assets | 6,329,394 |
| Liabilities | (148,774) |
| Net Assets | <u>6,180,620</u> |
| Less: | |
| Consideration | - |
| Fair Value of Investment | 6,475,000 |
| Carrying Value of Non-Controlling Interest | 3,400,369 |
| Fair Value of Equity | <u>(3,697,188)</u> |
| | <u>6,178,181</u> |
| Gain/(Loss) on Investment | <u>(2,439)</u> |
| Adjustment for Retained Earnings | <u>4,680,289</u> |
| Net Effect of Deconsolidation | <u>4,677,850</u> |

Following the deconsolidation, as the Company owns 46.67% of Codrus. As Blackstone has the ability to have significant influence over Codrus, the Company has equity accounted for the investment in Codrus as an associate under *AASB 128 Investments in Associates and Joint Ventures*. Notwithstanding the voting power of Blackstone in Codrus, Codrus understands that the Blackstone has no present intention of making any significant changes to the current business plan or management of the Codrus. The investment in Codrus has been recognised as follows as at 31 December 2021

| | |
|---|-------------------------|
| Fair Value of Investment on Deconsolidation | 6,475,000 |
| Share of Loss in Associate (46.67%) following deconsolidation 12 Nov 21 | (403,387) |
| Investment Value | <u>6,071,613</u> |
| Provision for Impairment ¹ | <u>(1,346,613)</u> |
| Investment in Associate at balance date | <u>4,725,000</u> |

¹ Provision of impairment to value the investment at balance date based on market price. 35,000,004 shares at \$0.135 per share totalling 4,725,000.

| | Consolidated 30 December 2021 | 30 June 2021 |
|--|-------------------------------------|--------------|
| | \$ | \$ |

10. Trade & Other Payables

| | | |
|--|-----------|-----------|
| Current | | |
| Trade Payables | 2,933,885 | 1,242,425 |
| Other Payables | 740,014 | 723,184 |
| Taxes Payables to foreign authorities ¹ | 29,653 | 2,415,908 |
| Total current trade & other payables | 3,703,552 | 4,381,517 |

¹The tax payable to foreign authorities are past due and payable to and are past due. These payables represent historical tax liabilities associated with previous mining activities.

11. Provisions

| | | |
|----------------------------------|---------|---------|
| Current | | |
| Employee entitlements | 716,454 | 164,716 |
| Other provisions | 19,813 | 225,479 |
| Total current provisions | 736,267 | 390,195 |
| Non Current | | |
| Mine Rehabilitation ² | 437,789 | 425,378 |
| Total non current provisions | 437,789 | 425,378 |

²The rehabilitation provision represents the present value of rehabilitation costs relating to the Ban Phuc mine site, which is expected to be incurred when mining operations cease. These provisions were acquired as part of the business combination in the 30 June 2020 financial year. Assumptions based on the current economic environment were made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates shall reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when mining operations cease and the extent of further environmental responsibilities in restoring the site under Vietnamese regulations.

12. Lease Liabilities

| | | |
|------------------------|---------|----------|
| Year 1 | 252,274 | 158,245 |
| Year 2 | 173,581 | 153,233 |
| Year 3 | 105,083 | - |
| At Balance Date | 530,938 | 311,478 |
| Less: Accrued interest | (8,786) | (15,208) |
| Total liabilities | 522,152 | 296,270 |

The lease liabilities split between current and non-current are as follows:

| | | |
|-------------------------|---------|---------|
| Current | 243,488 | 158,245 |
| Non-current | 278,664 | 138,025 |
| Total lease liabilities | 522,152 | 296,270 |

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2021



| | Consolidated | | Consolidated | |
|--|---------------------|---------------------|--------------|--------------|
| | 31 December 2021 | 31 December 2021 | 30 June 2021 | 30 June 2021 |
| | Shares | \$ | Shares | \$ |

13. Contributed Equity

| | | | | | |
|-----|---|--------------------|--------------------|--------------------|-------------------|
| (a) | Issued and unissued share capital | | | | |
| | Ordinary shares – fully paid | 449,597,565 | 127,184,515 | 331,832,190 | 61,360,348 |
| | Total issued and unissued share capital | 449,597,565 | 127,184,515 | 331,832,190 | 61,360,348 |

| | Date | Number of Shares | Issue Price \$ | Total \$ | |
|-----|---|---------------------|-------------------|-------------------|--------------------|
| (b) | Movements in issued capital | | | | |
| | Opening Balance 1 July 2020 | 251,768,816 | | 38,171,741 | |
| | Conversion of Directors Performance Options | 24 July 2020 | 1,750,000 | 0.001 | 1,750 |
| | Issue of share - Acuity | 21 Aug 2020 | 8,000,000 | 0.2875 | 2,300,000 |
| | Conversion of Performance Options | 28 Aug 2020 | 6,175,000 | 0.001 | 6,178 |
| | Issue of share - Consultants | 28 Aug 2020 | 419,162 | 0.334 | 140,000 |
| | Issue of shares - Placement | 17 Sep 2020 | 42,426,356 | 0.420 | 17,819,070 |
| | Issue of shares - Share Purchase Plan | 12 Oct 2020 | 7,142,856 | 0.420 | 3,000,055 |
| | Conversion of Employee Performance Options | 16 Oct 2020 | 2,650,000 | 0.001 | 2,650 |
| | Conversion of Unquoted Performance Options | 24 Dec 2020 | 1,500,000 | 0.001 | 1,500 |
| | Conversion of Advisor Options | 5 Mar 2021 | 5,000,000 | 0.100 | 500,000 |
| | Conversion of Advisor Options | 9 Apr 2021 | 5,000,000 | 0.100 | 500,000 |
| | Less: Transaction costs | | | | (1,082,596) |
| | Closing Balance at 30 June 2021 | 331,832,190 | | | 61,360,348 |
| | Opening Balance 1 July 2021 | 331,832,190 | | | 61,360,348 |
| | Conversion of Options | 27 Aug 2021 | 1,400,000 | 0.001 | 1,400 |
| | Issue of shares – Acuity | 24 Sep 2021 | 8,000,000 | 0.4644 | 3,715,000 |
| | Conversion of Options | 8 Oct 2021 | 200,000 | 0.001 | 200 |
| | Conversion of Options | 22 Oct 2021 | 1,000,000 | 0.001 | 1,000 |
| | Issue of shares – Tranche 1 | 10 Nov 2021 | 38,134,805 | 0.580 | 22,118,187 |
| | Conversion of Options | 12 Nov 2021 | 1,500,000 | 0.001 | 1,500 |
| | Acuity – Facility Closure | 12 Nov 2021 | - | - | 4,400,000 |
| | Issue of shares – Share Purchase Plan | 26 Nov 2021 | 9,137,788 | 0.580 | 5,299,917 |
| | Conversion of Options | 15 Dec 2021 | 1,500,000 | 0.600 | 900,000 |
| | Conversion of Options | 15 Dec 2021 | 200,000 | 0.001 | 200 |
| | Issue of shares – Tranche 2 | 23 Dec 2021 | 56,692,782 | 0.580 | 32,881,814 |
| | Less: Transaction Costs | | | | (3,495,051) |
| | Closing Balance at 31 December 2021 | 449,597,565 | | | 127,184,515 |

| | | Consolidated | |
|--|-----------|---------------------|--------------|
| | | 31 December 2021 | 30 June 2021 |
| | | \$ | \$ |
| 14. Reserves | | | |
| (a) Unlisted option reserve | | | |
| Opening balance | 4,235,378 | 1,665,130 | |
| Share based payments expense – Profit and Loss | 1,869,915 | 2,570,248 | |
| Effect of deconsolidation of subsidiary | (983,100) | - | |
| Total unlisted option reserve | 5,122,193 | 4,235,378 | |
| (b) Total Option Premium Reserve | | | |
| Unlisted Option Reserve | 5,122,193 | 4,235,378 | |
| Performance Shares Reserve | - | - | |
| Closing Balance | 5,122,193 | 4,235,378 | |
| (c) Foreign Currency Translation Reserve | | | |
| Opening balance | 9,324 | (311,151) | |
| Exchange differences arising on translation of foreign operations attributable to parent entity. | (92,550) | 320,475 | |
| Closing Balance | (83,226) | 9,234 | |
| (d) Total reserves | | | |
| Option Premium Reserve | 5,122,193 | 4,235,378 | |
| Foreign Currency Translation Reserve | (83,226) | 9,324 | |
| Closing Balance | 5,038,967 | 4,244,702 | |

15. Share Based Payments

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

There are no listed options on issue.

(b) **Fair value of zero exercise price options granted to Employees**

During the period, the Company issued 6,805,962 zero exercise price options ("ZEPOs") to employees over three options classes, Short Term Incentives ("STI"), Long Term Incentives ("LTI") and Retention, with the following vesting conditions:

The fair value for all option tranches at grant date is determined using Black Scholes Model.

The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs.

- Weighted average exercise price of \$0.000;
- Weighted average life of the option (years) of 5;
- Weighted average underlying share price: refer below for each tranche;
- Expected share price volatility of 85%;
- Weighted average risk-free interest rate between 0.87% & 1.35%.
- Fair value per option: refer below for each tranche

15. Share Based Payments (continued)

(b) Fair value of zero exercise price options granted to Employees (continued)

Volatility is calculated based on historical share price history of the company and used as 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 agreed upon by the Board to ensure long term goal congruence between Directors, Management and Shareholders.

| Class | Milestones | Description of milestones | Number issued | Grant Date | Exercise Price | Underlying Share Price on Grant Date | Total Fair Value | Share based payment recognised during the period |
|----------|-----------------------------------|---|------------------|-------------|----------------|--------------------------------------|------------------|--|
| | | | | | \$ | \$ | \$ | \$ |
| BSXOPT10 | Short Term Incentives – Tranche 1 | Complete life cycle carbon analysis on integrated upstream and downstream PFS for the Ta Khoa Project demonstrating NCM production impact (Kg CO ₂ eq/Kg NCM) in lowest 50th percentile of similar producers. The analysis will be completed with reference to an independent third party report (12-month escrow) | 559,452 | 7 Oct 2021 | 0.000 | 0.470 | 262,942 | 262,942 |
| | | | 88,385 | 29 Nov 2021 | 0.000 | 0.570 | 50,380 | 50,380 |
| BSXOPT10 | Short Term Incentives – Tranche 2 | Completion of Phase One Pilot Plant Program for the Downstream Refinery (Ta Khoa Project) to supply battery grade sample products to potential downstream partners. (12-month escrow) | 1,118,910 | 7 Oct 2021 | 0.000 | 0.470 | 525,888 | 525,888 |
| | | | 220,963 | 29 Nov 2021 | 0.000 | 0.570 | 125,949 | 125,949 |
| BSXOPT10 | Short Term Incentives – Tranche 3 | Achieve a JORC compliant resource of 500,000 tonnes (inferred and indicated) of Nickel or metal equivalents reported in accordance with clause 50 of JORC code, for the Ta Khoa Project and greater than 50% conversion of Resource to Reserve. (12-month escrow) | 559,452 | 7 Oct 2021 | 0.000 | 0.470 | 262,942 | –* |
| | | | 132,577 | 29 Nov 2021 | 0.000 | 0.570 | 75,569 | –* |
| | | | 2,679,739 | | | | 1,303,670 | 965,159 |

* As at reporting date, no value was expensed as the probability of achieving the milestone was assessed to be less than 50%.

15. Share Based Payments (continued)

(b) Fair value of zero exercise price options granted to Employees (continued)

| Class | Milestones | Description of milestones | Number issued | Grant Date | Exercise Price | Underlying Share Price on Grant Date | Total Fair Value | Share based payment recognised during the period |
|----------|----------------------------------|--|------------------|-------------|----------------|--------------------------------------|------------------|--|
| | | | | | \$ | \$ | \$ | \$ |
| BSXOPT11 | Long Term Incentives – Tranche 1 | Securing a binding downstream offtake and a downstream partner to develop the Ta Khoa Project | 441,676 | 7 Oct 2021 | 0.000 | 0.470 | 207,588 | -* |
| | | | 176,771 | 29 Nov 2021 | 0.000 | 0.570 | 100,759 | -* |
| BSXOPT11 | Long Term Incentives – Tranche 2 | Achieve a final investment decision and commence development of the Ta Khoa Project | 441,676 | 7 Oct 2021 | 0.000 | 0.470 | 207,588 | -* |
| | | | 176,771 | 29 Nov 2021 | 0.000 | 0.570 | 100,759 | -* |
| BSXOPT11 | Long Term Incentives – Tranche 3 | <ul style="list-style-type: none"> · Zero fatalities at the Ta Khoa Project · Total Recordable Incident Frequency Rate target is 30% off 3.9% = 3% · Zero material breaches of any permits · A net zero carbon DFS (Scope 1 and 2 emissions) | 441,676 | 7 Oct 2021 | 0.000 | 0.470 | 207,588 | 207,588 |
| | | | 176,771 | 29 Nov 2021 | 0.000 | 0.570 | 100,759 | 100,759 |
| BSXOPT11 | Long Term Incentives – Tranche 4 | Proportional vesting will occur based on the Absolute Total Shareholder Return (“ATSR”) from 1 July 2021 to 30 June 2024 (the “Measurement Period”) | 441,676 | 7 Oct 2021 | 0.000 | 0.470 | 69,210 | 5,901 |
| | | | 176,771 | 29 Nov 2021 | 0.000 | 0.570 | 33,593 | 1,139 |
| BSXOPT11 | Long Term Incentives – Tranche 5 | Proportional vesting will occur where the Relative Total Shareholder Return (“RTSR”) exceeds the median TSR over the Measurement Period from 1 July 2021 and 30 June 2024 of the selected peer group (See Notice of Meeting 26/10/2021). | 441,676 | 7 Oct 2021 | 0.000 | 0.470 | 69,210 | 5,901 |
| | | | 176,771 | 29 Nov 2021 | 0.000 | 0.570 | 33,593 | 1,139 |
| | | | 3,092,235 | | | | 1,130,647 | 322,427 |

* As at reporting date, no value was expensed as the probability of achieving the milestone was assessed to be less than 50%.

15. Share Based Payments (continued)

(b) Fair value of zero exercise price options granted to Employees (continued)

| Class | Milestones | Description of milestones | Number issued | Grant Date | Exercise Price | Underlying Share Price on Grant Date | Total Fair Value | Share based payment recognised during the period |
|----------|------------|---------------------------|------------------|------------|----------------|--------------------------------------|------------------|--|
| | | | | | \$ | \$ | \$ | \$ |
| BSXOPT12 | Retention | 18 Months Retention | 1,033,988 | 7 Oct 2021 | 0.000 | 0.470 | 485,974 | 73,126 |
| | | | 1,033,988 | | | | 485,974 | 73,126 |

(c) Fair value of service rights issued to Director

During the period, the Company issued 212,465 service rights to a Director of the Company subject to various performance conditions. The value of the rights recognised in the current year was \$12,569.

Total share-based payment transactions recognised during the period are set out below.

| | 31 December 2021 | 31 December 2020 |
|---|------------------|------------------|
| | \$ | \$ |
| Share based payments expense | | |
| Options issued to directors, employees and consultants ¹ | 1,857,346 | 900,869 |
| Service rights issued to directors | 12,569 | - |
| Reversal due to cancellation of options | - | (19,379) |
| Options issued to Corporate Advisors | - | 290,379 |
| Total Share based payments expense | 1,869,915 | 1,171,869 |

A portion of the share based payments expenses for both 31 December 2021 and 31 December 2020, represent the expense related to the options issued in prior years that relate to current period of service for employees, directors and consultants.

¹ Expenses relating to Options issued during FY2022: \$1,360,712 ; Expenses relating to Options issued in prior period: \$496,634

16. Dividends

No dividends have been paid or recommended during the current or prior interim reporting period or subsequent to reporting date.

17. Commitments & Contingencies

There are no further material changes to any commitments or contingencies since the last annual reporting date.

18. Events Occurring Subsequent to Reporting Date

On 18 January 2021, the Company announced that it had made a strategic investment in NICO Resources Limited ("NICO"). NICO has successfully completed its Initial Public Offering and obtained admission to the official list of the ASX on 17 January 2021. Blackstone's initial investment of A\$2.75m will earn a 15.11% interest in the common equity of NICO.

On 3 March 2022, The Company announced it has made a strategic investment in Corazon Mining Limited ("Corazon"), a nickel-copper-cobalt sulfide exploration and development company listed on the ASX. Blackstone's initial investment of A\$2m will earn a 14.32% interest in the common equity of Corazon (Equity Investment).

Apart from the above, there were no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion

- (a) the financial statements and notes set out on pages 11 to 29 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Act 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended 31 December 2021; and
- (b) there are reasonable grounds to believe that Blackstone Minerals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Scott Williamson
Managing Director

Perth, Western Australia, 15 March 2022

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

Report on the Half-Year Financial Report**Conclusion**

We have reviewed the half-year financial report of Blackstone Minerals Limited, which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Blackstone Minerals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Blackstone Minerals Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group on 15 March 2022.

Responsibility of the Directors for the Financial Report

The directors of Blackstone Minerals Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodkar
Director

West Perth, Western Australia
15 March 2022

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