

Quarterly Report for the Period Ending 31 March 2023

HIGHLIGHTS

- Blackstone provided an update on the Company's progress to optimise its project development strategies through ongoing engagement with prospective technology and off-take partners focussing on the following critical activities:
 - **Partnerships:** continued engagement with Partners to reach a final JV structure and investment contribution.
 - **Multi-product strategy:** evaluation of various product and throughput staging options, including an initial nickel sulphate start up scenario, which would de-risk early project cashflows, and improve the project development schedule.
 - **Community:** collaboration with community stakeholders to ensure greatest community support and to aid the permitting process for land access and thus enable early works activities.
 - **Permitting:** dossier submitted seeking investment policy for the Ta Khoa Refinery, environmental impact assessment and social and economic baseline surveys commenced.
- Blackstone completed its second Digbee ESG™ assessment to support the development of the Ta Khoa Project in northern Vietnam achieving an overall score of BBB.
- Blackstone received a A\$3.8 million Research and Development Refund from the Australian Tax Office in recognition of technical advancements made by the Company in the financial year ended 30 June 2022.

CORPORATE

- Cash position of \$16.43m and listed investments of \$12.65m at the end of the quarter.
- Research and Development rebate of \$3.8m received in March 2023.

TA KHOA PROJECT UPDATE

Blackstone provided an update on corporate activities, and on the Ta Khoa Project development. With completion of the Ta Khoa Refinery ("TKR") piloting program, Blackstone has progressed critical project milestones in collaboration with prospective

technology and off-take partners (the “Partners”). The development strategy focusses on the following critical activities:

1. **Partnerships:** Five groups visited the Project site in 2022 as part of the partnership due diligence process. These visits were accompanied by meetings with government representatives (provincial and federal), Austrade, Australian Department of Foreign Affairs and Trade, financial institutions and other important stakeholders.

Following the announcement of Joe Biden’s Inflation Reduction Act (“IRA”) in the United States, the global landscape for battery materials changed dramatically. Seeing similar new initiatives rolling out in the European Union (“EU”) puts the Company in a unique position due to the existing Free Trade Agreement (“FTA”) between Vietnam and the EU. Following a trip to South Korea in January 2023 to meet with Partners, Blackstone saw an increased level of engagement with clear interest in the European FTA, as well as the low carbon footprint associated with the Ta Khoa Project nickel products.

The consideration of a multi-product strategy was welcomed by the Partners. Having the flexibility to sell nickel and cobalt sulphate intermediate products while completing precursor cathode active material (“pCAM”) qualification processes provides cashflow security during the critical project ramp-up phase. This strategy has also attracted several new downstream players, with short term nickel sulphate off-take a desirable contract to secure.

Blackstone is developing these relationships further and is working with its advisors to ensure that the right partner is chosen, delivering the best outcomes for shareholders.

2. **Multi-product strategy:** Blackstone is exploring various options in consultation with Partners and Wood, the lead engineering consultant for the Definitive Feasibility Study (“DFS”). While the development strategy depends upon the final partnership structure, key considerations being assessed include:
 - o Production of crystal nickel and cobalt sulphate intermediate products, prior to development of the pCAM facility funded from operating cashflow,
 - o Staged development of the Refinery, with an initial train capacity for 200,000 tonnes of concentrate feed per year, before expanding with a second train to 400,000 tonnes per year, which would be funded from operating cashflow,
 - o Early development of the Ta Khoa Massive Sulphide Vein (“MSV”) projects, (King Snake and Ban Chang), and operation through the existing concentrator.

Each of these options de-risk Blackstone’s path to project cashflows and are being evaluated from a technical and economic perspective.

Blackstone announced the integration of the Vietnamese engineering firm Narime into the DFS delivery team. Narime assists Wood in ‘nationalising’ the Ta Khoa Refinery design as well as supporting Blackstone to complete ‘in-country’ vendor and contractor due diligence and source local construction pricing to feed into the DFS estimates. Nationalising the Ta Khoa Refinery design assists Blackstone in

expediting the permitting process as all document submissions need to comply to Vietnamese Standards.

Narime has experience in oil and gas, hydrometallurgical refineries, and manufacturing industries in Vietnam and South-East Asia, across all stages of project development from studies through to execution, providing a natural fit to work with Blackstone and Wood. Examples of recent significant hydrometallurgy projects by Narime include Lam Dong bauxite - aluminium project in 2012 (US\$830m), Nhan Co bauxite - aluminium project in 2015 (US\$840m). Other recent projects include; EV production line equipment for VinFast LLC (in progress), material handling systems for Vung Ang thermal power plant (in progress), Nghi Son II thermal power plant (2022) and Song Hau thermal power plant (2021), Nui Phao tungsten beneficiation plant (2012), design verification for Lao Cai copper refinery (2014).

In addition, Blackstone is currently completing due diligence of several pCAM facility design consultants from Europe and China. The short-listed consultants have extensive engineering and execution experience in both pCAM and CAM facilities, many of which are operational today. The selected pCAM consultant will contribute to the DFS and provide invaluable support into the development of the upcoming pCAM facility design and execution.

- Community:** Blackstone continues to engage community stakeholders to ensure strong community support for the Ta Khoa Project. After collaboration with the peoples' committee at both provincial and district level in 2022, Blackstone accepted the opportunity to relocate the Ta Khoa Refinery to Bac Phong Commune, Phu Yen District.



Figure 1: Ta Khoa Refinery 3D Model - Phu Yen District

Bac Phong Commune is located adjacent to the Da River and at a point that has all year-round river access. Bac Phong is the preferred location for the Refinery as it:

- o has a reduced community impact with the need for resettlement reduced by approximately 70%,

- o enabled use of the Da River for transportation during construction and project operations. Using the Da River for transportation provides an alternate transport route as well as significantly reducing the interaction with local communities for logistics management,
- o improved access to the proposed residue storage locations,
- o is the governments preferred location.

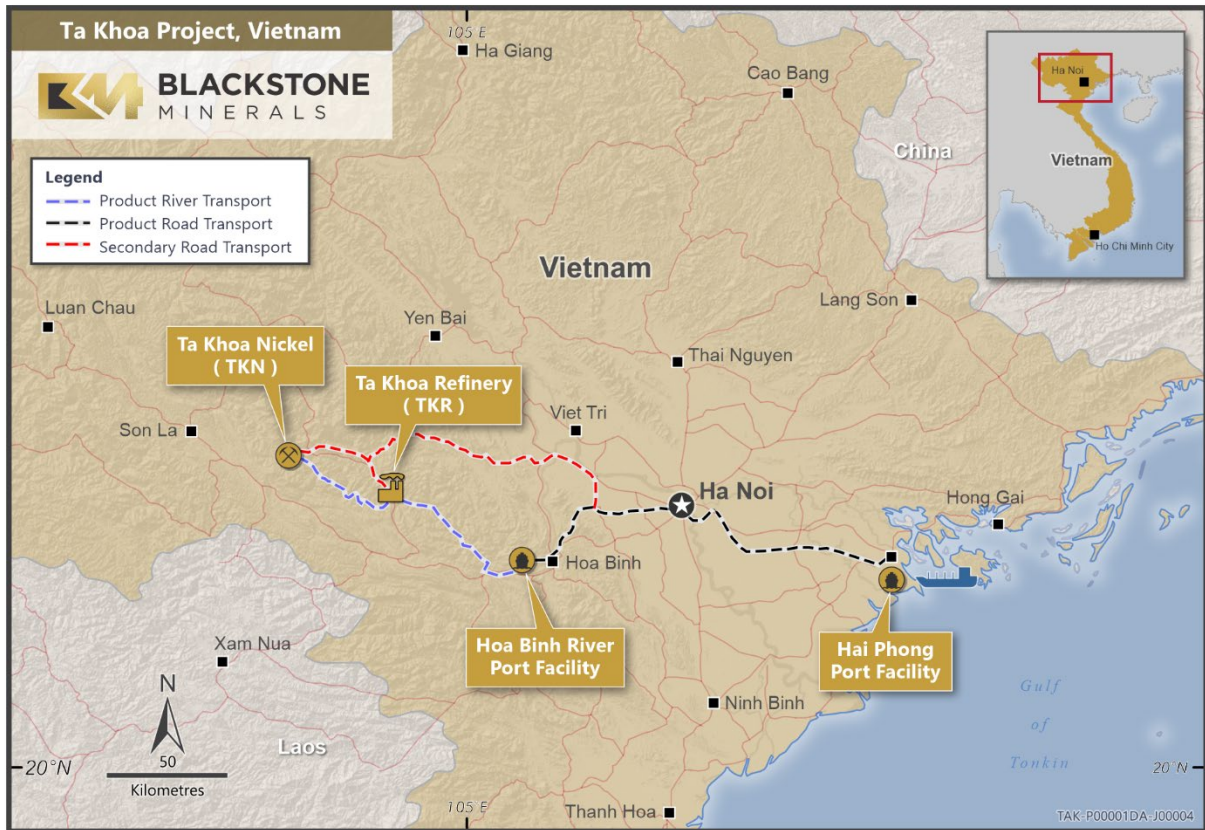


Figure 2: Ta Khoa Project Logistics Routes

4. **Permitting:** Permitting remains on the critical path and a priority for our Vietnam team. In February 2023 the Company hit a major milestone with the submission of the Ta Khoa Refinery dossier and commencement of the environmental and social and economic baseline surveys for the project. Focus remains to complete the baseline surveys during 2023 as well as progressing the relevant mining and operational licenses for the Ta Khoa Project.

During 2022 Blackstone formed a Permitting Steering Committee with members from Blackstone, key government officials from Son La Peoples Committee and heads from Provincial level agencies such as Department of Natural Resources and Energy, Department of Finance, and Department of Industry and Trade. This helped to spearhead the Ta Khoa Project permitting process and as a result, great progress has been made since August 2022. Key milestones include:

- o Formal submission of a dossier seeking an investment policy from the Son La provincial government for the Ta Khoa Refinery in February 2023. This is an important step in advancing the licensing and permitting of the Ta Khoa

Refinery. Blackstone expects formal feedback on the dossier submission in Q2 2023.

- Blackstone hosted the Reserves Council at Ban Phuc Nickel Mine in January 2023. The Reserves Council inspected core samples, drill hole locations, the bulk sample drive in the underground workings, the plant site and laboratory. The Reserves Council were satisfied that the data captured within the reserve report was factual and valid.
- The Company executed an agreement with Centre of Industrial Environment to undertake the environmental impact assessment for the Ta Khoa Project and executed an agreement with Development Research and Consultancy Centre to undertake a social and economic base line survey of the Ta Khoa Project. Works commenced in February 2023 with first draft reports expected in Q3 2023.

Blackstone is actively engaged with the Vietnamese government to approve the Ta Khoa resource and reserve statements and progress application for mining licences to cover the Ban Phuc Disseminated, Ban Khoa Disseminated, King Snake MSV and Ban Chang MSV deposits. Blackstone's subsidiary, Ban Phuc Nickel Mine, currently holds Mining Licence Extension 129/GP over the Ban Phuc MSV deposit, the existing concentrator and tailings storage facility (TSF).

In 2023 Blackstone will continue to focus on critical path items while limiting spend in this current market environment. With the completion of the Refinery pilot program and integration of learnings into the Ta Khoa Refinery flowsheet, focus will convert to completion of the Ta Khoa Refinery DFS. Test work and piloting for the mine and concentrator will continue, with completion expected in Q2 2023.

Blackstone's exploration team is currently focused on geophysical targeting with Down Hole Transient electro-magnetic ("EM") work looking for extensions to the Ban Phuc MSV deposit, and 3D Induced Polarisation surveying of the disseminated nickel sulphide deposits to explore for extensions to the identified resources. BPNM is also assessing additional nickel sulphide exploration opportunities in northern Vietnam.

DIGBEE ESG™ ASSESSMENT

Blackstone completed its second Digbee ESG™ assessment to support the development of the Ta Khoa Project in northern Vietnam, and is pleased to announce that the overall score for the assessment was BBB (refer Figure 3). This is an improvement from an overarching score of BB in 2021.

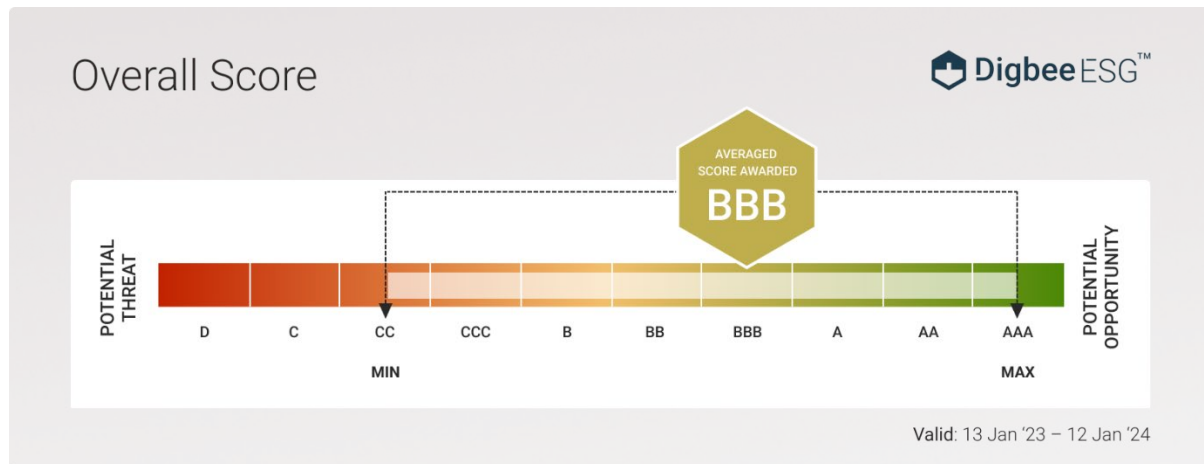


Figure 3: Blackstone's Digbee ESG™ rating

The assessment emphasises that clear improvements at all levels of the Company have been made since the inaugural submission in December 2021, showing that Blackstone holds sustainability as a core value within the organisation.

Design changes such as the change in location for the Refinery for the Nickel Project show that sustainability is included alongside financial and technical decision making.

RESEARCH AND DEVELOPMENT REBATE

During the period, Blackstone announced that it had received A\$3.8m from the ATO as part of the research and development ("R&D") tax incentive program, which were approved in recognition of technical advancements made by Blackstone in the financial year ended 30 June 2022.

The R&D claim reflects the significant investment by Blackstone to develop the Ta Khoa Refinery process. The ATO has recognised Blackstone's unique strategy to convert nickel concentrate blends into battery products in the form of precursor cathode active material ("pCam"). The majority of Blackstone's investment was directed to process development and piloting programs. The company will aim lodge a further rebate for its R&D expenditure for the year ending 30 June 2023.

TA KHOA PROJECT SNAPSHOT

Blackstone Minerals Ltd (ASX: BSX / OTCQX: BLSTF / FRA: B9S) is focused on building an integrated battery metals processing business in Vietnam that produces Nickel:Cobalt:Manganese precursor products for Asia's growing lithium-ion battery industry.

Blackstone will produce the lowest emission precursor as verified by Minviro and the Nickel Institute (refer ASX announcement 15 September 2022).

The existing business has a modern nickel mine built to Australian standards, which successfully operated as a mechanised underground nickel mine from 2013 to 2016. This

will be complemented by a larger concentrator, refinery and precursor facility to support integrated production in-country.

To unlock the flowsheet, the Company is focused on a partnership model and is collaborating with groups who are committed to sustainable mining, minimising the carbon footprint and implementing a vertically integrated supply chain.

The Company's development strategy is underpinned by the ability to secure nickel concentrate and Ta Khoa is emerging as a nickel sulphide district with several exploration targets yet to be tested.

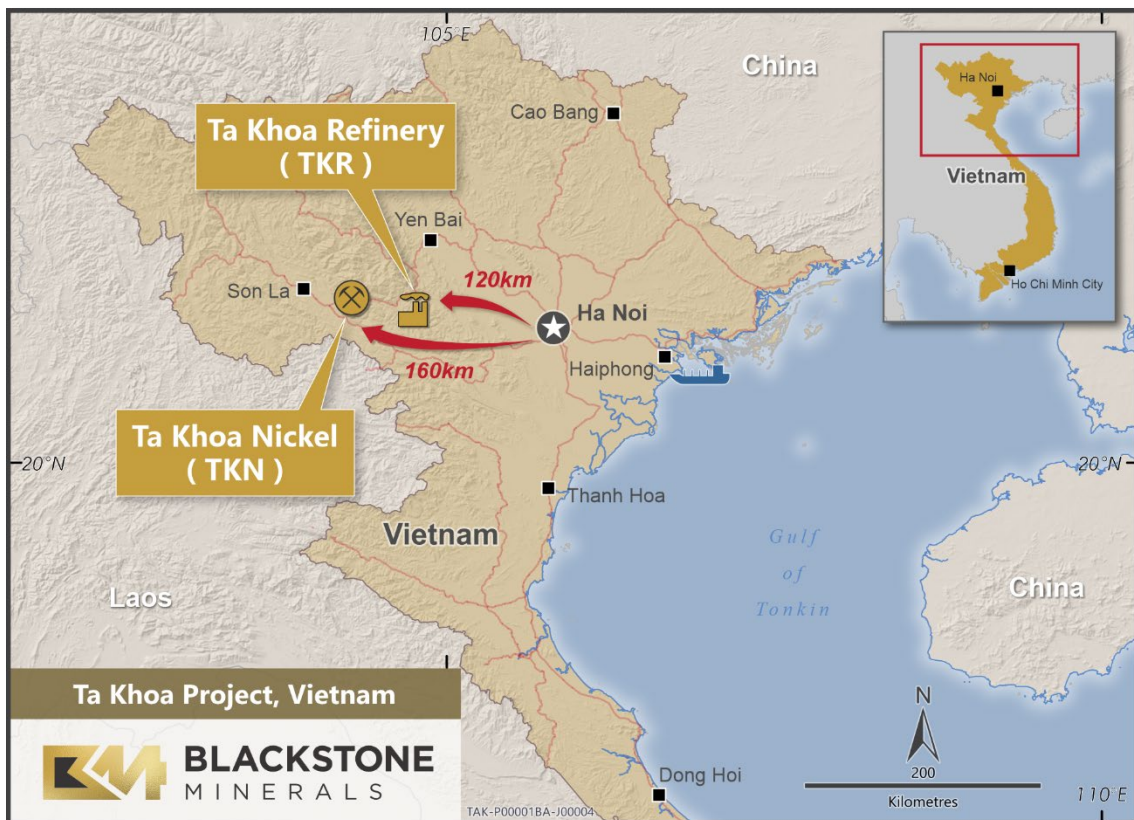


Figure 4: Ta Khoa Project Location

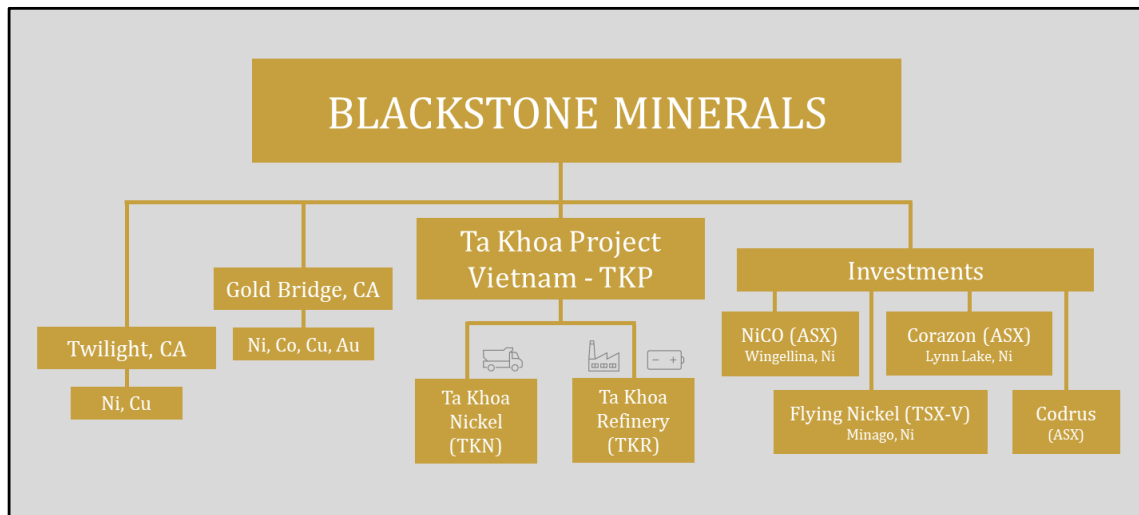


Figure 5: Blackstone Minerals Business Structure Schematic

CORPORATE

Key Corporate matters include:

- \$4,438,000 on exploration activities (refer to Item 1.2(a) of Appendix 5B), relating to ongoing exploration, mine site and refinery activities at its Ta Khoa Nickel-Copper-PGE Project. Full details of exploration activity during the quarter are set out in this report (ASX Listing Rule 5.3.1);
- No substantive costs incurred on mining and development activities during the quarter (ASX Listing Rule 5.3.2); and
- \$180,000 of payments made to related parties or their associates (refer to Item 6.1 of Appendix 5B) including (ASX Listing Rule 5.3.5):
 - Directors' fees, salaries, superannuation, and consulting fees of \$180,000.

Authorised by the Managing Director on behalf of the Board of Blackstone Minerals Limited.

Ends.

Scott Williamson
Managing Director

For more information, please contact

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Competent Person Disclosure Statement

Exploration Results, Mineral Resources and Ore Reserves

No new Exploration Results, Minerals Resources or Ore Reserves are included in this report. Information in this report that refers to such items is taken from information previously presented to the public and remains relevant. Where previous information is re-stated or referred to, the original report and report data is referenced. A list of relevant publications is included below. With respect to all entities not directly controlled by Blackstone, such as strategic investments in Corazon (ASX), Flying Nickel (TSX-V), Codrus (ASX) and NICO (ASX), please refer to individual company sources for publications and disclosure statements.

New Information

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and that all material assumptions and technical parameters underpinning the estimates in the original release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person and Qualified Person's findings as presented have not been materially modified from the relevant original market announcement.

Forward Looking Statements

This report contains certain forward-looking statements. The words "expect", "forecast", "should", "projected", "could", "may", "predict", "plan", "will" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings, cash flow costs and financial position and performance are also forward-looking statements. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility of the development of the Ta Khoa Project.

Appendix One| Tenements

Mineral tenements held at the end of March 2023 quarter

Project	Location	Tenement	Interest at March 2023
Gold Bridge	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	100%
	British Columbia, Canada	1052893, 1065892	100%
British Columbia, Canada	1066580, 1066581	100%	
Twilight Ni-Cu	Labrador, Canada	026822M, 025183M,	0% ¹
	Labrador, Canada	025744M, 019447M,	0% ¹
	Labrador, Canada	019456M, 026615M,	0% ¹
	Labrador, Canada	033850M, 033849M,	0% ¹
	Labrador, Canada	033848M, 033851M	0% ¹
Ta Khoa	Vietnam	ML 1211/GPKT-BTNMT	90%
		and 522 G/P	90%

Note 1: held under option agreement with Big Land Exploration Ltd to earn up to 100% interest in the project.

Mining tenements acquired and disposed during the March 2023 quarter

Project	Location	Tenement	Interest at beginning of Quarter	Interest at end of Quarter
Mining tenements relinquished				
Nil				
Mining tenements acquired				
Nil				

Beneficial percentage interests in joint venture agreements at the end of the quarter

Project	Location	Tenement	Interest at end of quarter
Nil			

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Project	Location	Tenement	Interest at beginning of quarter	Interest at end of quarter
Mining tenements relinquished				
Nil				
Mining tenements acquired				
Nil				

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Blackstone Minerals Limited

ABN

96 614 534 226

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(4,438)	(19,682)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(763)	(2,583)
	(e) administration and corporate costs	(372)	(1,708)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	200	291
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	3,833	3,833
1.8	Other (provide details if material) – Corporate restructuring costs	-	(316)
1.9	Net cash from / (used in) operating activities	(1,540)	(20,165)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	(176)	(176)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(176)	(176)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	1
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	1

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,149	36,692
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,540)	(20,165)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(176)	(176)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	81
4.6	Cash and cash equivalents at end of period	16,433	16,433

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	16,433	18,149
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	16,433	18,149

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	180
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,540)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,540)
8.4 Cash and cash equivalents at quarter end (item 4.6)	16,433
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	16,433
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	10.67
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:27 April 2023.....

Jamie Byrde
Chief Financial Officer/Company Secretary

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.