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M I N E R A L S

Interim Financial Report 31 December 2019

ABN 96 614 534 226



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Corporate Directory

Non-Executive Chairman

Hamish Halliday

Managing Director

Scott Williamson

Technical Director

Andrew Radonjic

Non-Executive Directors

Stephen Parsons

Company Secretaries

Michael Naylor

Jamie Byrde

Principal & Registered Office

Level 3, 24 Outram Street

West Perth WA 6005.

Telephone: (08) 9425 5217

Facsimile: (08) 6500 9982

Stock Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: BSX

Website Address

www.blackstoneminerals.com.au

Share Registry

Automic Pty Ltd

Level 2,

267 St Georges Terrace

PERTH WA 6000

Auditors

Stantons International

Level 2, 1 Walker Avenue

WEST PERTH WA 6005

Bankers

National Australia Bank

50 St Georges Terrace

PERTH WA 6000

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Your directors present their report on the consolidated entity consisting of Blackstone Minerals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

1. Directors

The following persons were directors of Blackstone Minerals Limited during the half-year and up to the date of this report except where otherwise noted:

Hamish Halliday
Scott Williamson
Andrew Radonjic
Stephen Parsons

2. Review of Operations

Blackstone Minerals Limited, has a net operation loss after tax for the half year ended 31 December 2019 was \$4,195,859 (2018: \$2,615,837). The loss for the period includes \$1,949,934 (2018: \$1,574,875) in exploration and evaluation expenditure and share based payment expenses of \$1,300,697 (2018: \$180,142) were also recognised during the half year.

During the half-year the company focused on exploring its recently acquired Ta Khoa Nickel Project in Vietnam, BC Cobalt Project, British Columbia, Canada and its other projects (Red Gate, Middle Creek and Silver Swan South), which are all located in Western Australia and are prospective for gold, while the Silver Swan South project is also prospective for nickel.

Corporate

- On 5 July 2019 the Company completed Tranche 2 of the placement issuing 30,000,000 ordinary shares at \$0.05 for \$1,500,000 before share issue costs. 750,000 options were converted with an exercise price of \$0.001.
- On 16 August 2019, 8,000,000 collateral shares were issued to Acuity Capital under a controlled placement deed.
- On 27 September 2019, the Company finalised a placement for 30,000,035 ordinary shares at \$0.15 for \$4,500,005..
- On 11 October 2019, a Share Purchase Plan to shareholders was finalised raising \$116,500 through issue of 776,666 ordinary shares at an issue price of \$0.15.

Ta Khoa Nickel-PGE Project

Blackstone Minerals Limited (ASX code: BSX) has entered into a binding term sheet for the exclusive option to acquire a 90% interest in the Ta Khoa Nickel-PGE Project. The Ta Khoa Nickel-PGE Project is located 160km west of Hanoi (*refer to Figure 5*) in the Son La Province of Vietnam 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 recently announced drilling at the King Cobra discovery intersecting 60m @ 1.3% Nickel from 32m. The King Cobra discovery includes the first-ever intersection of massive sulfide vein and breccia styles of sulfide mineralisation within the Ban Phuc intrusion and may provide vectors towards the high grade 'feeder zone' mineralisation.

2. Review of Operations (continued)

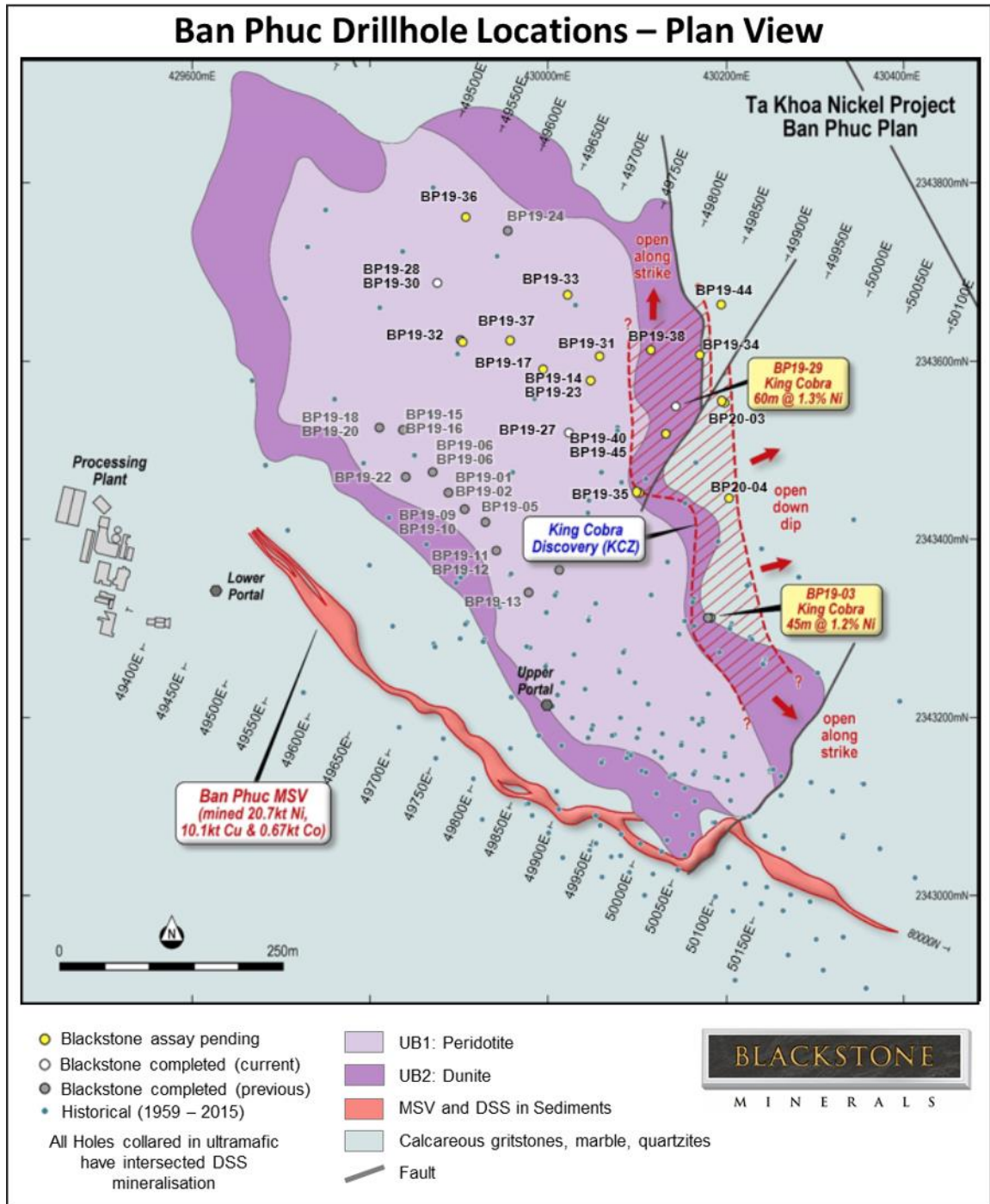


Figure 1 | Plan View showing Ban Phuc DSS drill hole collar locations and King Cobra discovery zone (KCZ)

Blackstone's drilling of the Ban Phuc DSS to date (see table 1) includes the following significant results (refer to ASX announcements dated 17 September 2019, 16 October 2019, 18 December 2019 and 20 January 2020 for full details):

2. Review of Operations (continued)

Drillhole	From (m)	To (m)	Interval (m)	Ni (%)	Pt+Pd+Au (g/t)
BP19-02	106.6	124.4	17.8	1.00	0.74
incl.	106.6	114	7.4	1.36	1.10
BP19-03	56.5	102	45.5	1.20	0.35
BP19-06	101	128.7	27.7	0.88	0.74
incl.	108.5	122	13.5	1.12	0.91
BP19-08	140.6	170	29.4	1.00	0.60
incl.	140.6	146.9	6.3	1.22	1.03
BP19-09	107	118.95	12.0	1.46	1.09
incl.	108.2	117	8.8	1.70	1.28
BP19-10	136.9	170.2	33.3	0.80	0.37
incl.	137.5	152	14.5	1.31	0.65
BP19-07	310.9	375	64.4	0.52	0.20
incl.	310.9	327	15.6	1.08	0.58
BP19-11	109.4	161	51.5	0.50	0.22
incl.	116	124	8.0	1.09	0.66
BP19-14	215	321	106.0	0.45	0.20
BP19-22	79	108	29.0	0.60	0.39
incl.	81	94.4	13.4	0.82	0.72
BP19-23	173	224	51.0	0.71	0.43
incl.	187	203	15.7	1.48	1.14
BP19-29	32	91.8	59.8	1.29	0.29
incl.	49.1	63	13.9	2.25	0.54

Table 1 | Summary drilling results on the Ban Phuc DSS to date. See ASX Announcement 20 January 2020

Since announcing the option agreement in May 2019, Blackstone has made significant progress at the Ta Khoa Nickel-PGE Project, drilling over 9,000m of diamond core in more than 47 holes into the Ban Phuc DSS deposit and King Cobra discovery zone. Blackstone is well advanced with an initial scoping study evaluating mining and processing options, including potential in-country downstream processing to deliver high value nickel sulfate into Asia's rapidly expanding electric vehicle (EV) industry. The recently announced MOU (refer to ASX announcement dated 2 December 2019) with Asia's largest and the world's second largest, EV battery cathode manufacturer, Ecopro BM Co Limited represents a significant step toward making this a reality.

Initial geological modelling of Blackstone's drilling, combined with over 60,000m in 381 holes drilled by the previous owners of the project, is starting to reveal the potential extents of the Ban Phuc DSS Nickel – PGE deposit (refer to Figure 1). Currently the disseminated mineralisation has been encountered in drill holes over 1,000m by 500m in

2. Review of Operations (continued)

area and remains open along strike to the north-west and south-east and down dip to the north-east.

The ultimate geometry of the disseminated Nickel - PGE layers in the deposit are yet to be fully defined by drilling, however the following preliminary observations and interpretations are being used to guide further exploration of the deposit:

- The previously reported Blackstone drillhole BP19-03 is now interpreted as an earlier intersection of King Cobra mineralisation which assayed 45m @ 1.2% Nickel from 56m (*refer to ASX announcement dated 6 August 2019 and 17 September 2019 for full details*);
- The combination of the assay results from holes BP19-03 and BP19-29 and geological observations from recent holes BP20-03 and BP20-04, where assays are pending, suggest that KCZ can now be traced in drilling over 200m and is open along strike to the north-west and south-east (*see Figure 1*). The KCZ is also open down dip to the north-east (*see Figure 3*), however it maybe locally closed off near surface in the area of hole BP19-44 by a post mineralisation fault;
- Drilling to date at Ban Phuc has identified two thick, overlying sheet-like zones of disseminated Nickel - PGE (Cu - Co) mineralisation, the KCZ and the underlying zone here named the Ban Duoi Zone (BDZ), are hosted within the Ban Phuc ultramafic intrusive. The KCZ and BDZ converge and dip to the north-east;
- The KCZ and BDZ appear to have different nickel and PGE contents. KCZ is hosted by a textually distinct phase of the Ban Phuc intrusive with the margins of the KCZ locally marked by a 'tremolite' contact zone (*see Figure 2*) that may define the contact of a distinct phase of the Ban Phuc intrusive body;
- Previous interpretations proposed that Ban Phuc mineralisation is a folded sheet-like body that is closed off to the north-east. However, an alternate interpretation arising from the recent Blackstone drilling is that the KCZ and BDZ are distinct phases of mineralisation related to different intrusive pulses and that together they vector down dip to the north-east toward a potentially higher grade 'feeder zone'.
- The 'feeder zone' target is currently being tested with two rigs that are drilling a series of new holes to test this concept.

Preliminary interpretations and drill results are also revealing several encouraging characteristics (*see Figures 2 and 3*) that suggest the potential for a large tonnage disseminated sulfide deposit at Ban Phuc. These factors may make the deposit amenable to bulk mining techniques employed at large scale nickel mines in Australia and elsewhere in the world. The Ban Phuc DSS deposit's characteristics supporting this concept include:

- Thick accumulations of nickel sulfide mineralisation across a significant area of the Ban Phuc ultramafic body (*refer to table 1*);
- Multiple stacked layers of disseminated mineralisation hosting higher grade intervals;
- King Cobra zone, hosting thick accumulations of nickel sulfide, near the surface;
- Significant concentrations of precious metals - palladium, platinum and gold - in all drilling to date from the deposit.

Blackstone's Ta Khoa Nickel-PGE project has a combination of large DSS nickel targets and 25 other prospects (*see Figure 4*), including multiple high-grade massive sulfide vein (MSV) targets of the style that were mined adjacent to the current Ban Phuc DSS drilling.

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2. Review of Operations (continued)

The Ban Phuc Nickel mine operated for 3.5 years between 2013 and 2016, producing 20.7kt Ni, 10.1kt Cu and 0.67kt Co, before closing when the defined mineable reserves were depleted. The high-grade Ban Phuc MSV is located less than 50m to the south of the Ban Phuc DSS deposit and remains underexplored at depths below the base of previous mining. Many other MSV targets are within potential trucking distance of the existing 450ktpa Ban Phuc processing facility that was built to international standards, commissioned in 2013, and has been on care and maintenance since 2016.

Blackstone is evaluating near mine MSV and other potential DSS targets for drill testing during 2020, with the concept of identifying high grade and further disseminated mineralisation for either an early restart of the Ban Phuc mining operation, or the potential to blend higher grade MSV mineralisation with the larger tonnage DSS mineralisation for processing.

Blackstone believes that the Ta Khoa project represents a true district scale Nickel-PGE sulfide opportunity of a calibre rarely controlled by a junior company. The project also has significant infrastructure advantages that include the existing 450ktpa processing facility, abundant low cost hydroelectric power, a skilled low-cost labour force, and is located in a country that has become an Asian hub for electronics and battery manufacturing with a growing demand for Nickel Sulfate for EV battery manufacture.

Blackstone looks forward to reporting further results from the King Cobra discovery and the ongoing drill out at Ban Phuc over the coming weeks, as the company advances the exploration and evaluation of this high calibre asset for its shareholders.

Ta Khoa Nickel Project – Next Steps

Blackstone aims to deliver a maiden resource on the DSS at Ban Phuc over the coming months and investigate the potential to restart the existing Ban Phuc concentrator through focused exploration on both MSV and DSS deposits. Blackstone has commenced a scoping study on the downstream processing facility at Ta Khoa. The scoping study will provide detail for potential joint venture partners to formalise a binding agreement. Blackstone has commenced metallurgical testing on the Ban Phuc DSS deposit with an aim to develop a flow sheet for a product suitable for the lithium ion battery industry. In addition, Blackstone will investigate the potential to develop downstream processing infrastructure in Vietnam to produce a downstream nickel and cobalt product to supply Asia's growing lithium ion battery market.

2. Review of Operations (continued)

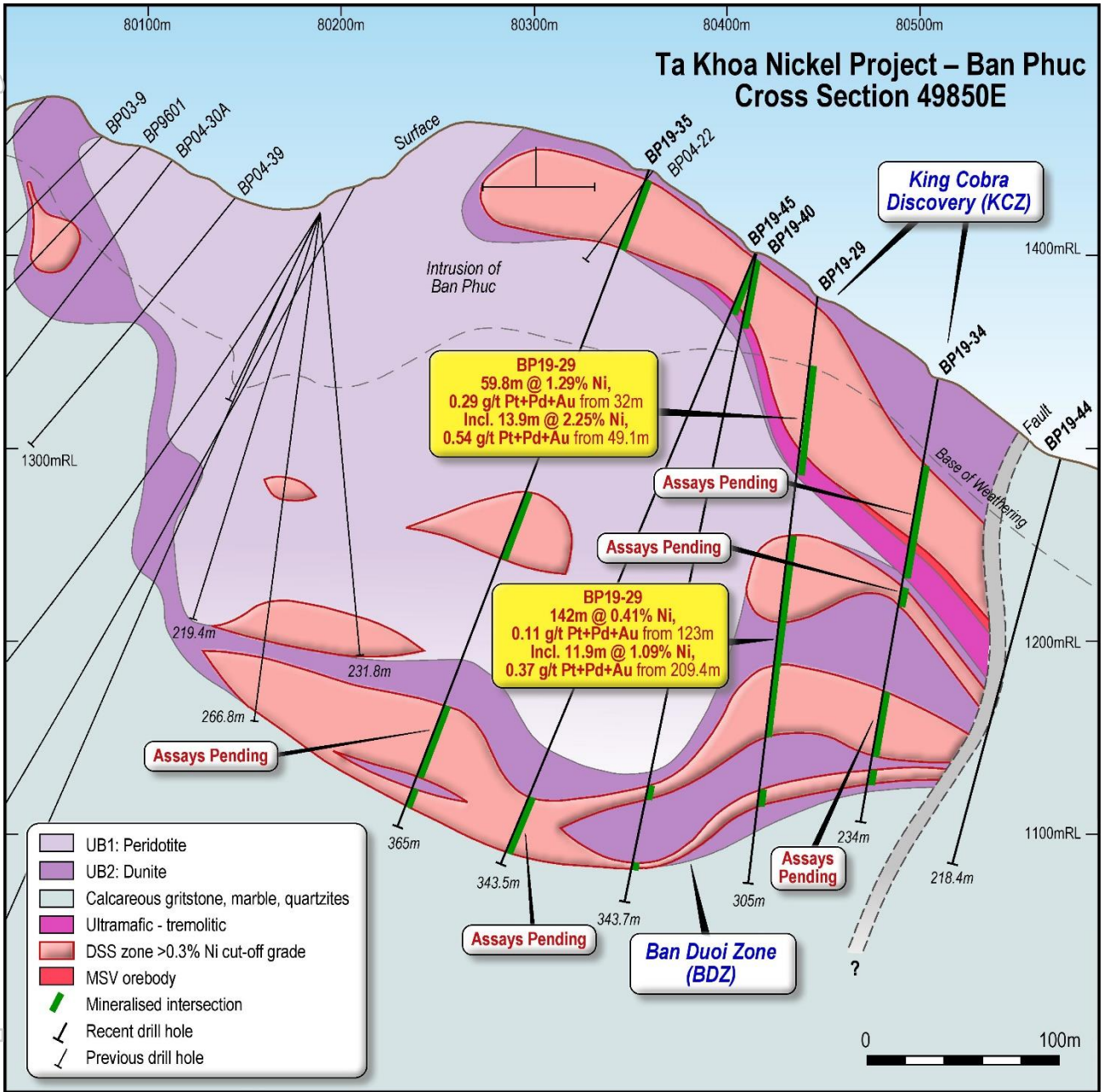


Figure 2 | Cross Section 49850E showing the King Cobra discovery hole BP19-23 and BP19-34 (See ASX announcement dated 20th January 2020 for full details)

2. Review of Operations (continued)

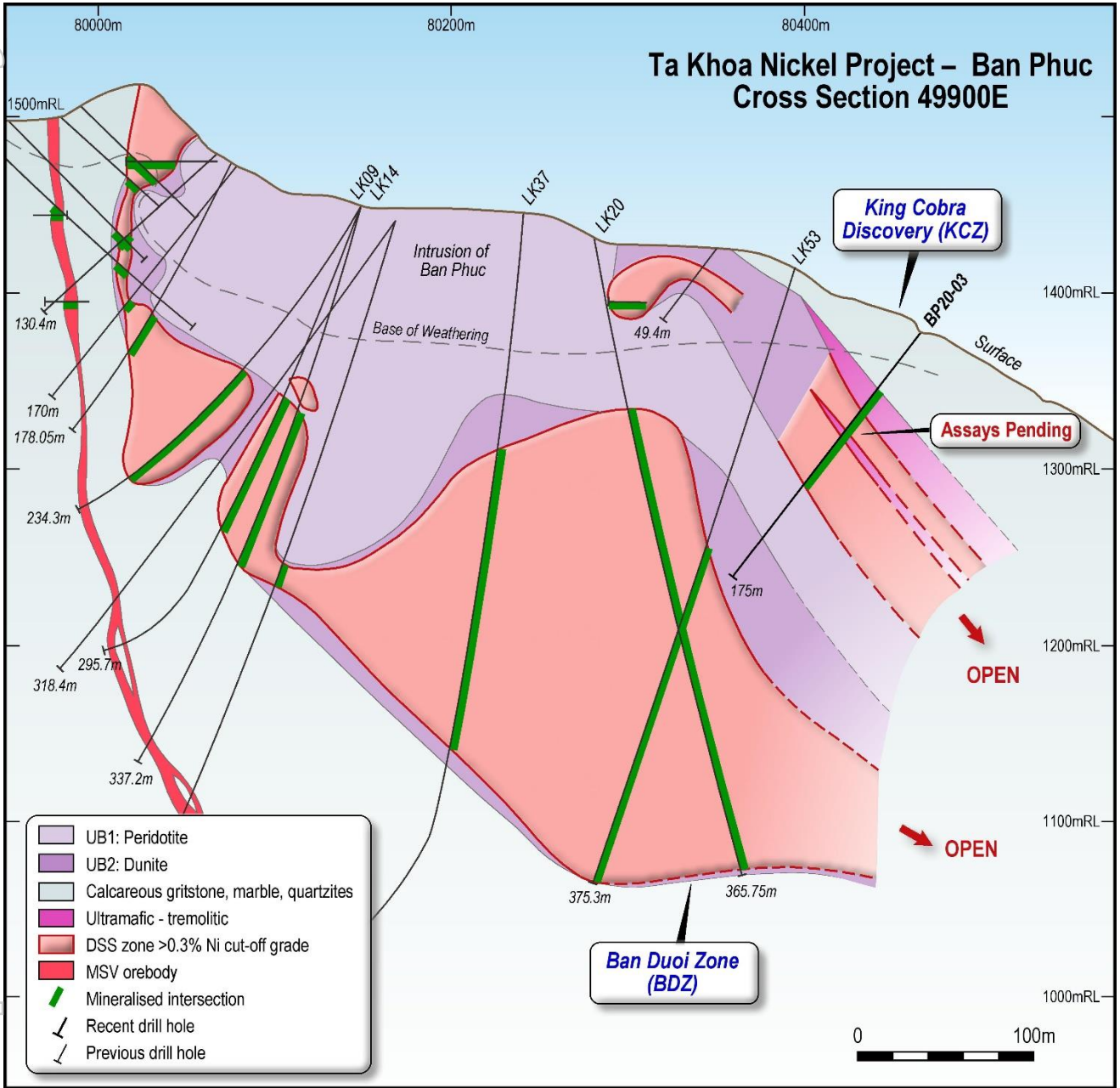


Figure 3 | Cross Section 49900E showing Ban Phuc DSS drillhole BP20-03 intersection of the King Cobra discovery

2. Review of Operations (continued)

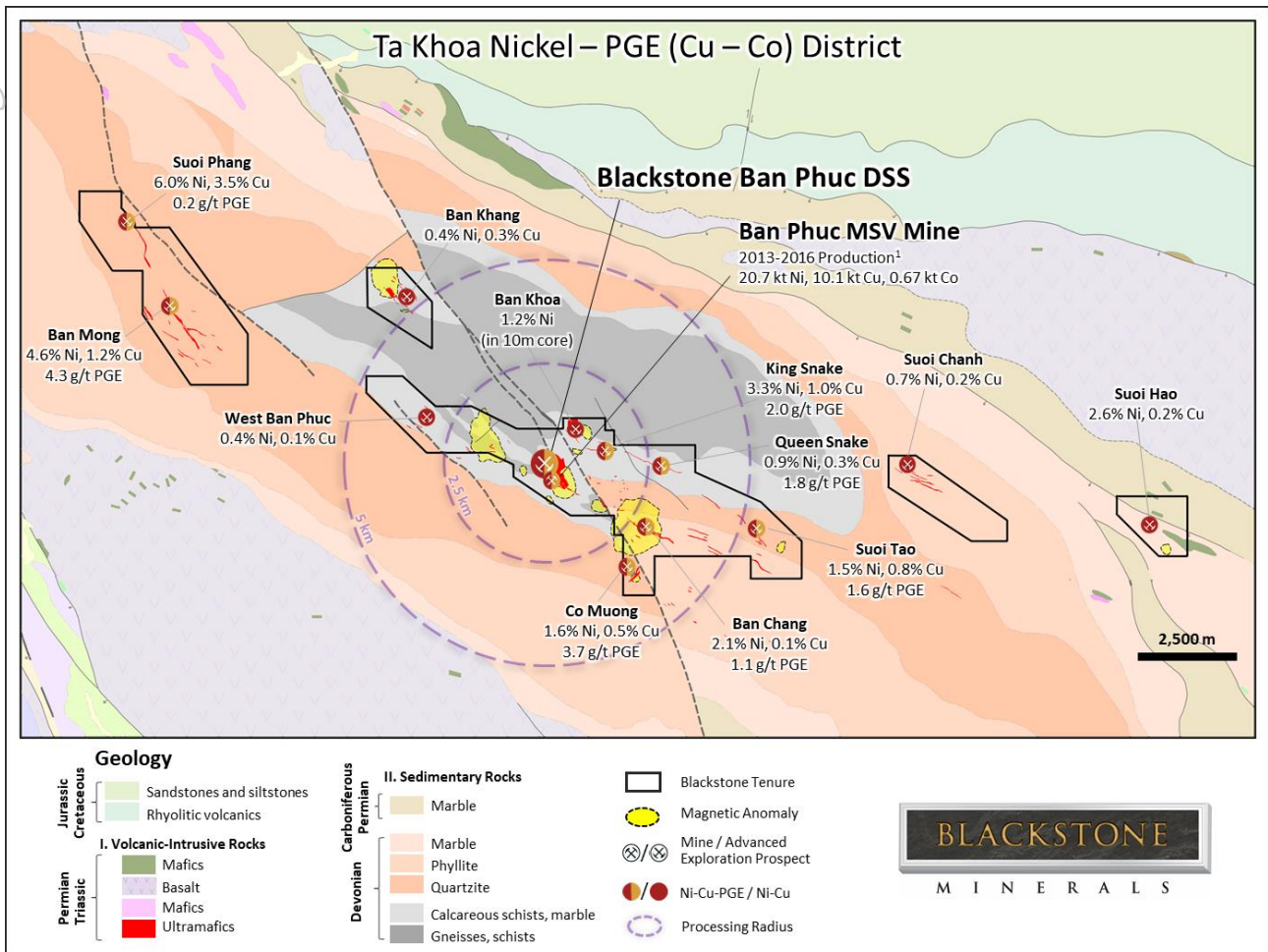


Figure 4: Ta Khoa dome geology prospective for multiple magmatic nickel sulfide deposits
(1. Refer to ASX announcement 18 December 2019 Blackstone Discovers King Cobra Nickel Sulfide Zone at Ta Khoa Nickel Project)

2. Review of Operations (continued)



Figure 5 | Ta Khoa Project Location (see approximate location of LG Chem & Vinfast joint venture battery factory in Northern Vietnam port city of Hai Phong <http://ht.ly/lfZn30p4Etv>)

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2. Review of Operations (continued)

Canadian Projects

BC Project (100% interest)

The BC Project (367 km² of tenure), formerly the Little Gem Project, is located 180 km north of Vancouver in British Columbia, Canada. The Project was discovered in the 1930s by prospectors identifying a pink cobalt-bloom on weathered mineralisation that led to three adits being developed. A total of 1,268 m of drilling was completed from underground and detailed channel sampling was taken from the adits. Blackstone acquired the BC Cobalt Project in October 2017 and has since completed an extensive maiden exploration program including drilling, geochemical and geophysical surveys, with the initial results indicating potential for the project to host a world class Cobalt Belt in British Columbia.

During the half-year, Blackstone completed the 2019 field season with an extensive stream sediment, soil sampling and mapping program. During the 2018 field season Blackstone identified a number of major Copper-Gold-Cobalt targets centred on the Jewel Prospect, located 1.1 km north-northeast of the Little Gem Prospect. The soil anomalies are greater than 1.5 kilometres long and coincide with several significant IP targets, which are indicating a large sulfide bearing body at depth. The Copper, Gold and Cobalt soil anomalies are favourably located within a significant structural setting near the contact between the granodiorite and serpentinite (refer to Figures 6 and 7).

Blackstone's geological model for the Jewel Prospect suggests the Copper-Gold-Cobalt Prospect is favourably located within a similar geological setting to the underground mines of the world class Bou-Azzer primary Cobalt district in Morocco. The majority of the high grade underground primary Cobalt mines at Bou-Azzer are located near the contact of the serpentinitised ultramafic and the quartz diorite. The historical Jewel Mine is likewise located within close proximity to the contact of the serpentinite and granodiorite bodies.

With the discovery of Cobalt-Gold mineralisation at Erebor during the 2018 field season returning grades up to 2.3% cobalt, 32 g/t gold, 1.6% copper and 1.1% nickel combined with the multiple large-scale IP anomalies indicating the potential source of the high grade mineralisation at Little Gem, Erebor, Jewel and Roxey, the Company continues to unlock the potential for multiple deposits in a region with geology analogous to the Bou-Azzer primary Cobalt district in Morocco (>50 deposits and over 75 years of Cobalt production). Regional targets continue to be generated from the data collected through prospecting and stream sediment sampling across the entire 48 strike km of untested geology prospective for further primary Cobalt and Gold mineralisation. Blackstone is actively seeking joint venture partners for the BC Project.

Cartier Project (100% interest)

The Cartier Cobalt-Nickel Project (9 km² of tenure) is located 440 km north-east of Quebec City. Historic exploration (1990s) on the project for Voisey's Bay Style Nickel and Copper has identified Cobalt within two prospects named Lac St Pierre Zones 1 & 2. During the half-year the Company continued to progress the project to understand the full potential of the Cartier Project.

2. Review of Operations (continued)

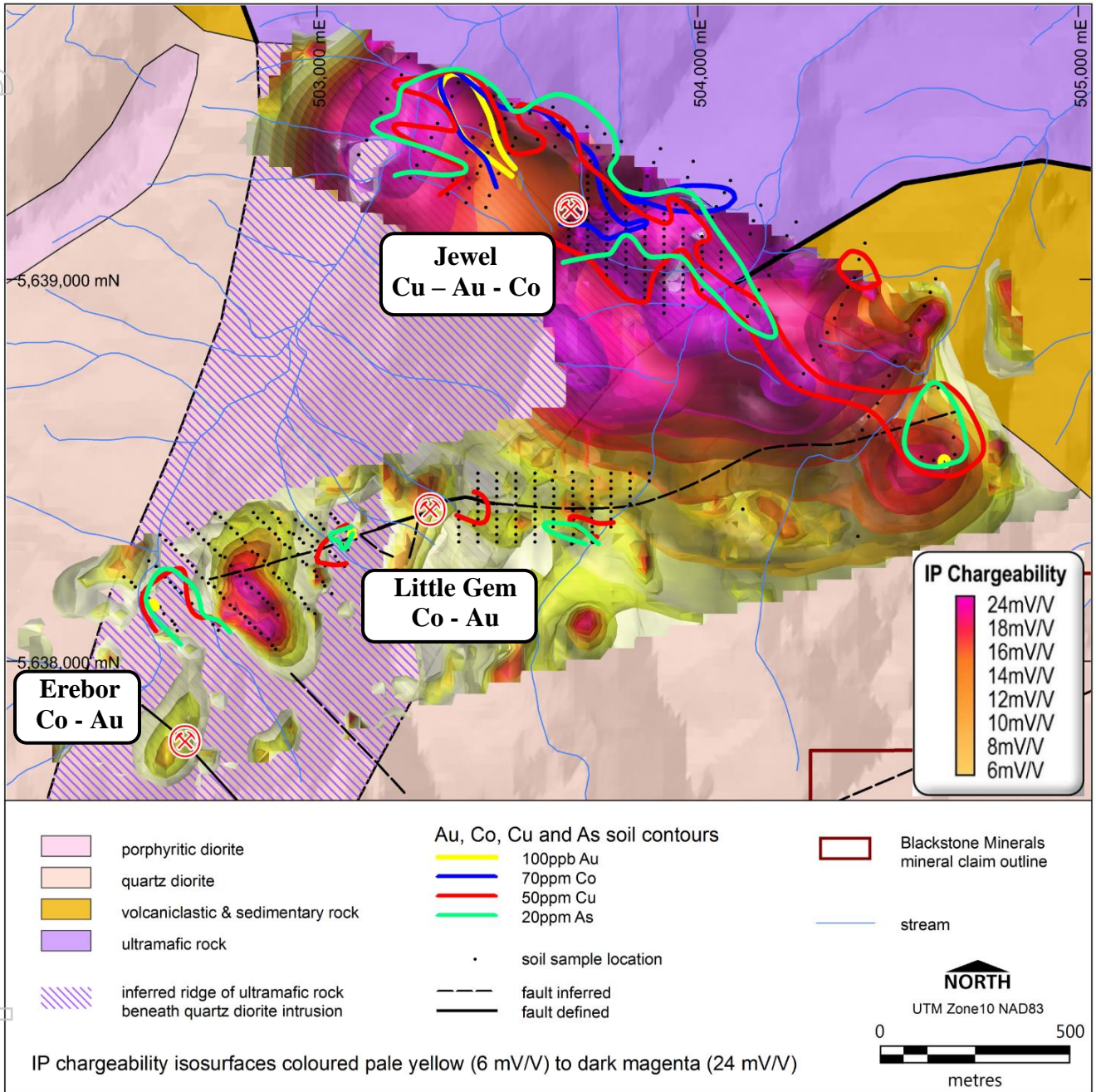


Figure 6: BC Project plan showing Copper, Gold and Cobalt soil contours and IP chargeability isosurfaces

2. Review of Operations (continued)

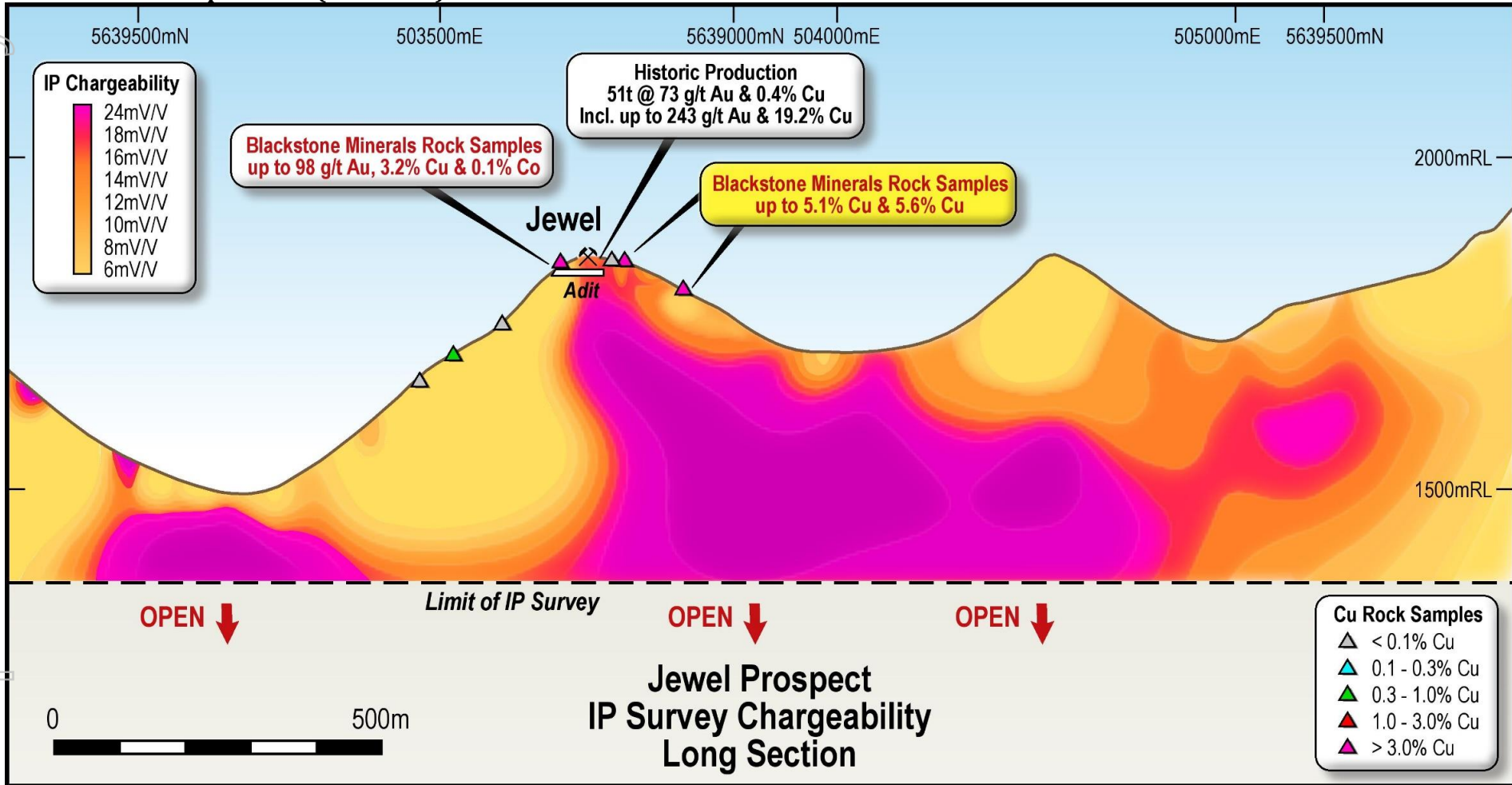


Figure 7 | Long Section schematic of chargeability isosurfaces and surface rock samples at the Jewel Copper-Gold-Cobalt Prospect

Refer ASX Announcement dated 16 October 2018 and 6 September 2017.

2. Review of Operations (continued)

Australian Projects

Silver Swan South Project (100% interest)

The Silver Swan South Project comprises one granted exploration licence E27/545 and six granted prospecting licences, P27/2191 – 2196 covering an area of 38.5 km². The Project is along trend of the massive nickel sulfide Silver Swan Deposit (pre-mining ore reserve of 655 kt at 9.5% Nickel) and associated deposits (pre-mining resource of 10.4 Mt at 1.0% Nickel), and only 8 km northeast of the major Kanowna Belle Gold Mine (+5 Moz gold endowment).

During the half-year, Blackstone continued to work on finalising priority targets for drill testing.

Highlights of the Project include:

- Blackstone's second phase aircore drilling program at Silver Swan South intersected gold mineralisation and extensive basement geochemical anomalism at the Black Eagle prospect with the following result:
 - 10 m @ 3.2 g/t Au from 68 m within;
 - 15 m @ 2.2 g/t Au from 64 m to EOH (*refer to Figures 8 and 9*).
- The above results have significantly upgraded the Black Eagle prospect and, when combined with previous reconnaissance results of 3m @ 3.5g/t Au from 60m sees Black Eagle elevated to a priority drill target.
- The Silver Swan South project is located 8 km along strike and encompasses the interpreted extension of the Fitzroy Shear Zone which hosts the Kanowna Belle Gold Mine (+5 Moz gold endowment);
- Aircore drilling will also target the Black Hawk prospect following up on an initial 3 m @ 2.6 g/t Au from 52 m intersected in the first phase of drilling at Silver Swan South.

Blackstone's initial drilling at Silver Swan South was targeting both gold, hosted by structural targets along strike from the Kanowna Belle Gold Mine (+5Moz gold endowment), and nickel sulfide mineralisation associated with ultramafic units along strike from the Silver Swan and Black Swan Nickel Mines (combined endowment 166kt Ni metal). The initial programs were designed to test for basement hosted mineralisation, using air core drilling, to improve definition of gold and base metal anomalism identified by previous reconnaissance style drilling.

2. Review of Operations (continued)

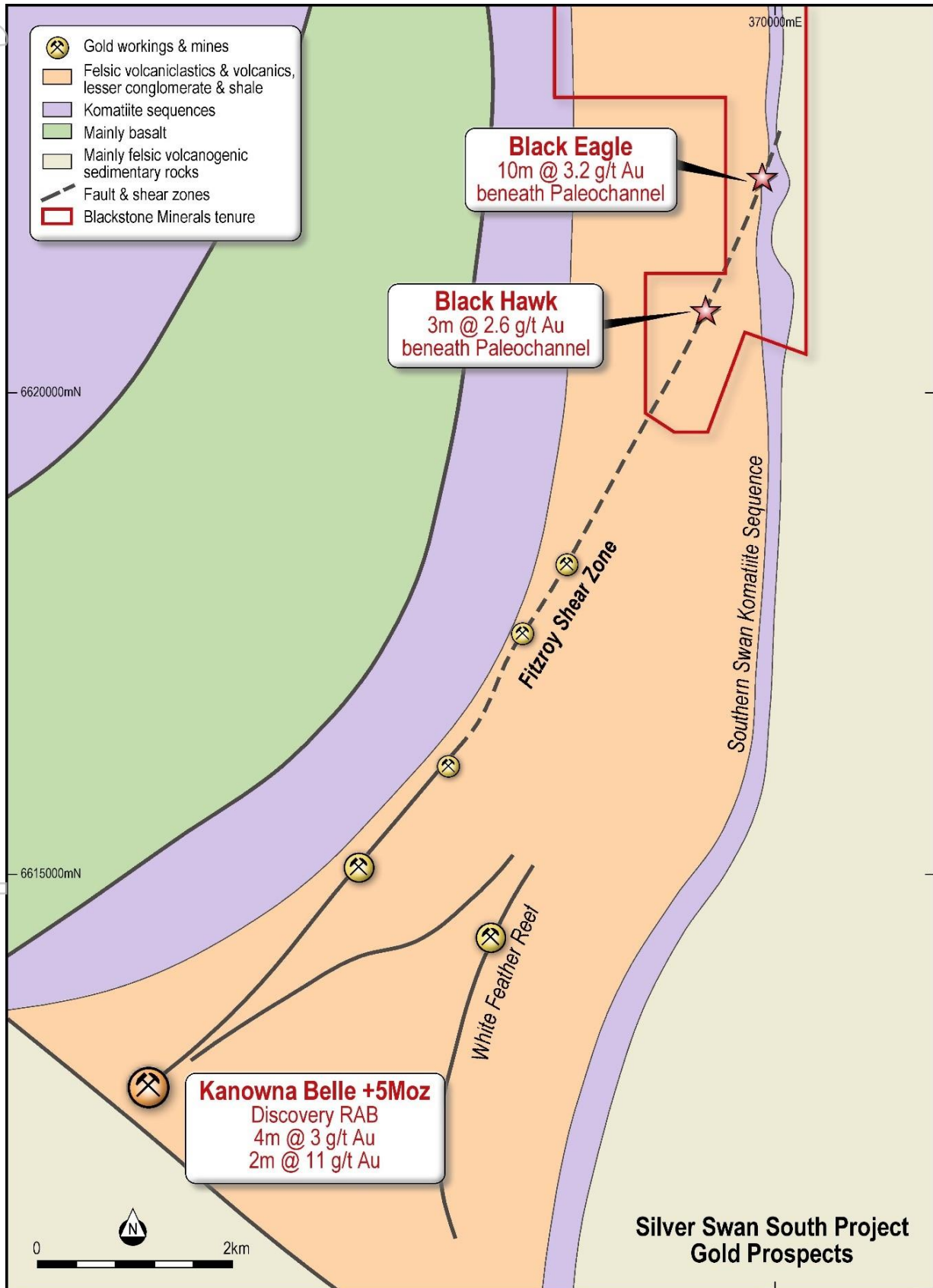


Figure 8 | Silver Swan South Gold Prospects

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2. Review of Operations (continued)

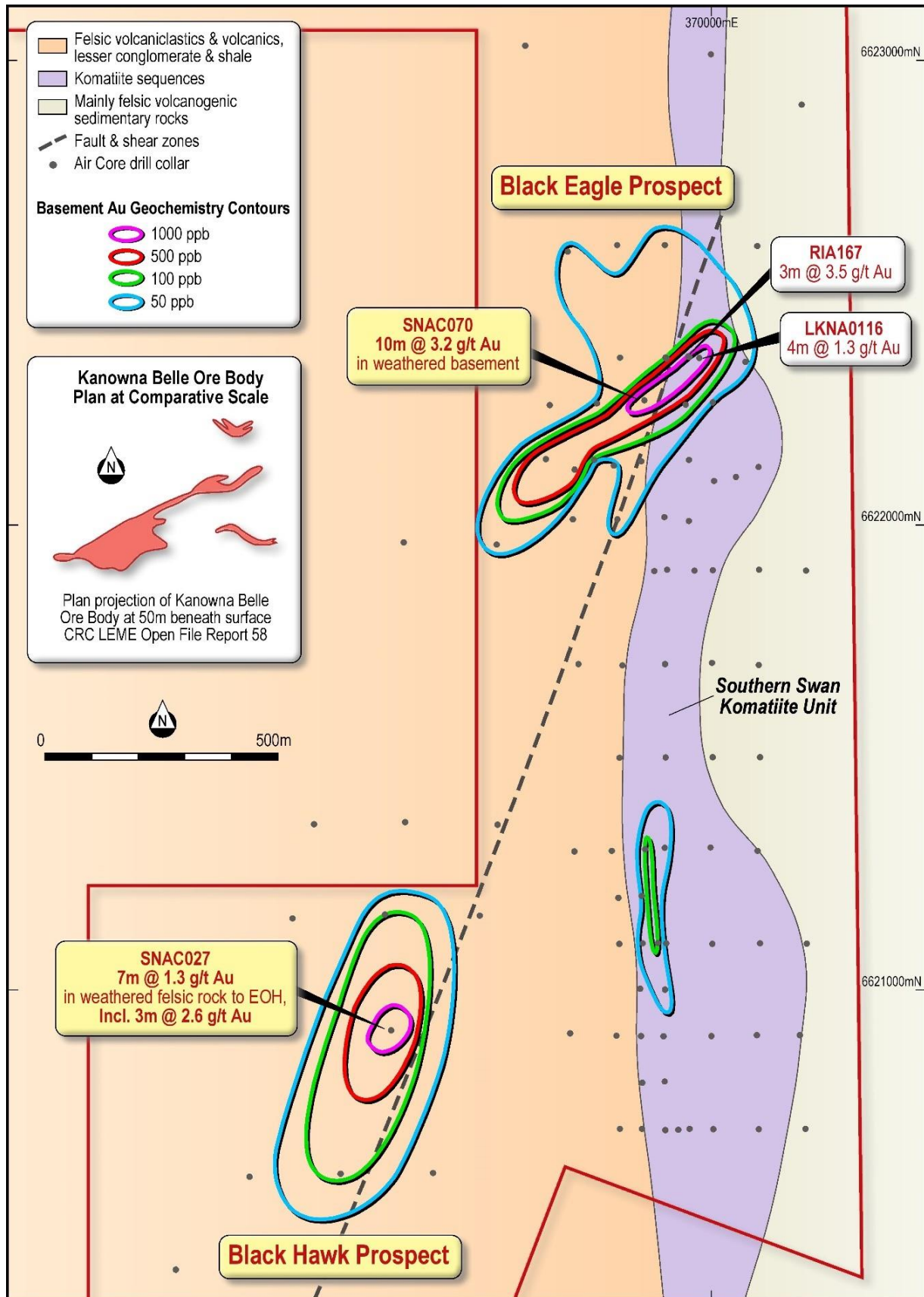


Figure 9 | Silver Swan South Gold Prospects with Basement Gold Geochemistry Contours Red Gate Project (100% interest)

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2. Review of Operations (continued)

Australian Projects

Red Gate Project (100% interest)

The Red Gate Project consists of one granted Exploration Licence E31/1096 covering an area of 145.2 km². The Project is centred 10 km north of the Porphyry Gold Mine (0.9 Moz gold endowment), 140 km northeast of Kalgoorlie. Historical exploration work has mostly targeted the Porphyry North Prospect where shallow, outcropping mineralisation has been defined. There is the potential to discover further mineralisation at Porphyry North and several other prospects nearby.

During the Half-Year, Blackstone continued to work on finalising priority targets for drill testing.

Middle Creek Project (95% to 100% interest)

The Middle Creek Project is adjacent to Millennium Minerals Limited's Nullagine Gold Project (where the Golden Eagle operations have produced >400 koz gold since 2012 and, as at 31 July 2018, had a 1.1Moz resource inventory), in the Pilbara region of Western Australia and consists of 21 prospecting licence applications covering 37.7 km² within the Mosquito Creek belt.

During the Half-Year, Blackstone continued to work on finalising priority targets for drill testing.

3. Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

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, 13 March 2020

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

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

13 March 2020

Board of Directors
Blackstone Minerals Limited
Suite 3, 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 2019, 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



Martin Michalik
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 2019 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 the Blackstone Minerals Limited and its wholly owned subsidiaries. The financial report is presented in the Australian currency.

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

Blackstone Minerals Limited
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 3 to 18, which is not part of this financial report.

The interim financial report was authorised for issue by the directors on 13 March 2020. 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.

For the Half-Year Ended 31 December 2019

	Notes	Consolidated	
		31 December 2019 \$	31 December 2018 \$
Revenue			
Revenue from continuing operations	3	438,570	97,033
Expenditure			
Administration costs		(633,815)	(355,838)
Consultancy expenses		(267,436)	(189,984)
Employee benefits expense		(288,150)	(286,455)
Share based payments expense	13	(1,300,697)	(180,142)
Occupancy Expenses		(33,421)	(35,705)
Compliance and regulatory expenses		(37,924)	(54,790)
Insurance expenses		(15,332)	(22,267)
Exploration expenditure	9	(1,949,934)	(1,574,875)
Depreciation expense	7	(29,119)	(7,371)
Depreciation on right of use assets	6	(60,834)	-
Finance and interest costs		(5,012)	(5,443)
Interest expense on lease liabilities		(12,755)	-
Loss before income tax		(4,195,859)	(2,615,837)
Income tax benefit		-	-
Loss for the half-year attributable to owners		(4,195,859)	(2,615,837)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>		(4,010)	35,263
<i>Items that will not be classified to profit or loss</i>		-	-
Total comprehensive loss for the half-year attributable to owners		(4,199,869)	(2,580,574)
Basic loss per share (cents per share)		(2.4)	(2.7)
Diluted loss per share (cents per share)		N/A	N/A

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

As at 31 December 2019

	Notes	31 December 2019 \$	30 June 2019 \$
Current Assets			
Cash and cash equivalents	4	2,834,612	307,532
Trade and other receivables	5	1,011,729	174,638
Total Current Assets		3,846,341	482,170
Non-Current Assets			
Trade and other receivables	5	496,183	96,183
Right of Use Assets	6	425,836	-
Property, Plant and Equipment	7	252,962	16,472
Exploration and Evaluation Expenditures	8	10,204,152	10,204,152
Total Non-Current Assets		11,379,133	10,316,807
Total Assets		15,225,474	10,798,977
Current Liabilities			
Trade and other payables	9	602,116	221,727
Lease Liabilities	10	117,208	-
Provisions		79,300	72,890
Total Current Liabilities		798,624	294,617
Non-Current Liabilities			
Lease liabilities	10	314,307	-
Total Non-Current Liabilities		314,307	-
Total Liabilities		1,112,931	294,617
Net Assets		14,112,543	10,504,360
Equity			
Issued capital	11	30,104,875	23,377,083
Reserves	12	1,689,937	613,687
Accumulated losses		(17,682,269)	(13,486,410)
Total Equity		14,112,543	10,504,360

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

For the Half-Year Ended 31 December 2019

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Option Premium Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	21,338,801	(9,304,150)	(77,366)	635,721	12,593,006
Total comprehensive loss for the half-year:					
Loss for the half-year	-	(2,615,837)	-	-	(2,615,837)
Foreign Exchange Differences	-	-	35,263	-	35,263
Total comprehensive loss for the half year	-	(2,615,837)	35,263	-	(2,580,574)
Transactions with owners in their capacity as owners:					
Contributions of equity (net of transaction costs)	1,153,461	-	-	-	1,153,461
Share based payments transactions	-	-	-	180,142	180,142
	1,153,461	-	-	180,142	1,333,603
Balance at 31 December 2018	22,492,262	(11,919,987)	(42,103)	815,863	11,346,035
Balance at 1 July 2019	23,377,083	(13,486,410)	42,286	571,401	10,504,360
Total comprehensive loss for the half-year:					
Loss for the half-year	-	(4,195,859)	-	-	(4,195,859)
Foreign Exchange Differences	-	-	(4,010)	-	(4,010)
Total comprehensive loss for the half year	-	(4,195,859)	(4,010)	-	(4,199,869)
Transactions with owners in their capacity as owners:					
Contributions of equity (net of transaction costs)	6,506,355	-	-	-	6,506,355
Conversion of share-based payments	221,437	-	-	(221,437)	-
Advisor options	-	-	-	1,000	1,000
Share based payments transactions	-	-	-	1,300,697	1,300,697
	6,727,792	-	-	1,080,260	7,808,052
Balance at 31 December 2019	30,104,875	(17,682,269)	38,276	1,651,661	14,112,543

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

For the Half-Year Ended 31 December 2019

	Notes	Consolidated	
		31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,192,242)	(829,892)
Payments for exploration and evaluation (net of option fees received)		(1,883,396)	(2,292,454)
Interest received		1,438	15,111
Other income		-	68,635
Net cash (used in) operating activities		(3,074,200)	(3,038,600)
Cash flows from Investing activities			
Purchase of property, plant and equipment		(106,076)	-
Payments for security bonds		-	-
Payments for acquisition of projects		-	-
Proceeds from prospects		-	20,000
Cash acquired on acquisition of subsidiary		-	-
Net cash (used in)/provided by investing activities		(106,076)	20,000
Cash flows from financing activities			
Proceeds from issue of shares		6,084,506	1,200,000
Share issue transaction costs		(377,150)	(46,539)
Net cash provided by financing activities		5,707,356	1,153,461
Net increase /(decrease) in cash and cash equivalents		2,527,080	(1,865,139)
Cash and cash equivalents at the beginning of the period		307,532	3,064,947
Cash and cash equivalents at the end of the period	4	2,834,612	1,199,808

Amounts shown above relating to payments to suppliers and employees include goods and services tax. The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of preparation of half-year report

This interim financial report for the half-year reporting period ended 31 December 2019 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 2019 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 interim report has been prepared on a historical cost basis. 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.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting

The Group (or the Company) has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed below.

Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

As a result of the changes in Group's accounting policies, prior year financial statements were required to be restated. However, the Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised as 1 July 2019.

The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;

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

Changes in Accounting Policies (continued)

- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Going Concern

The financial statements have been prepared on a going concern basis of accounting which assumes that the Group will be able to meet its commitments, realise its assets, discharge its liabilities in the ordinary course of business and meet exploration budgets. In arriving at this position, the Directors recognise the Group is dependent on various funding alternatives to meet these commitments which may include share placements and suitable project funding arrangements including earn-ins, joint ventures or project divestment.

The loss for the half year ended 31 December 2019 was \$4,195,859 with \$2,834,612 of cash and cash equivalents, net assets of \$14,112,543 as at 31 December 2019.

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that having regard to matters set out above, the Group will be able to raise sufficient funds to meet its obligations as and when they fall due.

In the event that the Group does not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements.

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 three 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 2019 is as follows:

	North America \$	Exploration Australia \$	Vietnam \$	Corporate \$	Total \$
Half-year ended 31 December 2018					
Total segment revenue and other income	-	55,000	-	42,033	97,033
Interest revenue	-	-	-	8,398	8,398
Option Fee Income	-	35,000	-	-	35,000
Sale of Tenements	-	20,000	-	-	20,000
Other Income	-	-	-	33,635	33,635
Depreciation expense	-	-	-	(7,371)	(7,371)
Total segment (loss) before income tax	(1,382,106)	(192,769)	-	(1,040,962)	(2,615,837)
Half-year ended 31 December 2019					
Total segment revenue and other income	386,091	-	-	52,479	438,570
Interest revenue	-	-	-	1,124	1,124
Other Income	386,091	-	-	51,355	437,446
Depreciation expense	-	-	-	(29,119)	(29,119)
Total segment (loss) before income tax	(438,624)	(285,473)	(1,275,899)	(2,195,863)	(4,195,859)
Total segment assets					
31 December 2019	9,022,245	1,600,000	-	4,603,229	15,225,474
30 June 2019	8,635,033	1,600,000	-	563,944	10,798,977
Total segment liabilities					
31 December 2019	(27,467)	-	-	(1,085,464)	(1,112,931)
30 June 2019	-	-	-	(294,617)	(294,617)

3. Revenue

	31 December 2019 \$	31 December 2018 \$
Revenue from continuing operations		
Interest Received	1,123	4,396
Rent Income	51,355	-
Exploration Tax Incentive Refund – Canada	386,092	-
Other Income	-	92,637
Total Revenue from Continuing Operations	438,570	97,033

4. Cash and Cash Equivalents

	31 December 2019 \$	30 June 2019 \$
(a) Cash & cash equivalents		
Cash at bank and in hand	2,834,612	307,532
Deposits at call	-	-
Total cash and cash equivalents	2,834,612	307,532
(b) Cash at bank and on hand		
Cash on hand is non-interest bearing. Cash at bank bears interest rates of between 0.00% and 0.50% (30 June 2019: Between 0.00% and 0.75%).		
(c) Deposits at call		
Deposits at call are bearing interest rates of nil (30 June 2019: Nil).		

5. Trade and Other Receivables

	31 December 2019 \$	30 June 2019 \$
Trade and Other Receivables		
Trade and Other Receivables	576,271	164,523
Acuity Facility – Prepayments ¹	800,000	-
All other prepayments	35,458	10,115
Deposits	96,183	96,183
Total Trade and Other Receivables	1,507,912	270,821

¹Prepayments consist of \$800,000 relating to the fair value of the associated 8,000,000 ordinary shares issued under the controlled placement facility. On the date of issue, the deemed fair value was \$0.10 per share. The term of the agreement is 24 Months and therefore 50% is current and 50% non-current. Refer to note 11 share capital.

The Trade and other receivables are split between current and non-current are as follows:

5. Trade and Other Receivables (continued)

	31 December 2019 \$	30 June 2019 \$
Current	1,011,729	174,638
Non-current	496,183	96,183
Total Trade and Other Receivables	1,507,912	270,821

6. Right of Use Assets

Consolidated	Lease Assets - Building \$
Right of Use Assets - At Cost	
At 1 July 2019	
On initial recognition	486,670
At 31 December 2019	486,670
At 1 July 2019	
Depreciation for the period	60,834
At 31 December 2019	60,834
Net carrying amount	425,836
Amounts recognised in profit and loss	
Other income - Recharges	51,355
Depreciation expense on right of use assets	(60,834)
Interest expense on lease liabilities	(12,755)
Low-value asset leases expenses	(2,160)

- ¹ The Group has a lease over the premises at Level 3, 24 Outram Street, West Perth with an average estimated life of 3.5 years remaining. The Group holds the lease and recharges other occupants of the premises recognised as other income.

The maturity analysis of the lease liabilities is shown in note 10.

Consolidated	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$
7. Property, Plant & Equipment			
30 June 2019			
Opening net book amount	17,903	11,192	29,095
Additions	2,419	-	2,419
Depreciation charge	(7,580)	(7,462)	(15,042)
Closing net book amount	12,742	3,730	16,472
At 30 June 2019			
Cost or fair value	26,701	27,615	54,316
Accumulated depreciation	(13,959)	(23,885)	(37,844)
Net book amount	12,742	3,730	16,472
At 31 December 2019			
Opening net book amount	12,742	3,730	16,472
Additions	258,576	7,033	265,609
Depreciation charge	(26,434)	(2,685)	(29,119)
Closing net book amount	244,884	8,078	252,962
At 31 December 2019			
Cost or fair value	285,277	34,648	319,925
Accumulated depreciation	(40,393)	(26,570)	(66,963)
Net book amount	244,884	8,078	252,962

8. Exploration and Evaluation Expenditure

	31 December 2019	30 June 2019
	\$	\$
Opening balance at 1 July	10,204,152	10,127,010
Exploration and evaluation expenditure at cost	1,949,934	2,300,165
Acquisition of assets	-	77,142
Exploration expensed to profit and loss	(1,949,934)	(2,300,165)
Closing balance	10,204,152	10,204,152

9. Trade and Other Payables

	31 December 2019	30 June 2019
	\$	\$
Current		
Trade Payables	492,695	139,172
Other Payables	109,421	82,555
Total Trade and Other Payables	602,116	221,727
No trade or other payables are considered past due and are generally settled within 30 days.		

10. Lease Liabilities

Consolidated	31 December 2019
	\$
Maturity Analysis	
Year 1	135,819
Year 2	135,819
Year 3	135,819
Year 4	67,908
At 31 December 2019	475,365
Less accrued interest	(43,850)
Total Liabilities	431,515

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

	31 December 2019	30 June 2019
	\$	\$
Current	117,208	-
Non-current	314,307	-
Total Lease Liabilities	431,515	-

11. Issued Capital

	31 December 2019	30 June 2019	31 December 2019	30 June 2019
	Shares	Shares	\$	\$
(a) Issued and unissued capital				
Ordinary shares – fully paid	191,731,467	122,204,766	30,104,875	23,343,333
Unissued capital	-	675,000	-	33,750
Ordinary shares – fully paid	191,731,467	122,879,766	30,104,875	23,377,083

Note issued capital at 30 June 2019 included 675,000 ordinary shares which related to unissued capital of \$33,750 for funds received prior to 30 June 2019 for shares that were issued as part of Tranche 2 of the placement completed on 5 July 2019.

	Date	Shares	Issue Price	Total \$
(b) Movements in issued capital				
Opening Balance 1 July 2019		122,204,766		23,343,333
Exercise of Options	5 July 2019	750,000	\$0.29	222,187
Issue of shares	5 July 2019	30,000,000	\$0.05	1,500,000
Issue of shares	16 Aug 2019	8,000,000	\$0.10	800,000
Issue of Shares	27 Sept 2019	30,000,035	\$0.15	4,500,005
Share Purchase Plan	11 Oct 2019	776,666	\$0.15	116,500
Less: Transaction costs				(377,150)
Closing Balance at 31 Dec 20		191,731,467		30,104,875

		Consolidated	
		31 December 2019	30 June 2019
12. Reserves			
(a)	Total Option Premium Reserve		
	Opening balance	571,401	571,401
	Share based payments expense	1,300,697	-
	Exercise of Options	(221,437)	-
	Advisor Options	1,000	-
	Closing Balance	1,651,661	571,401
(b)	Foreign Currency Translation Reserve		
	Opening balance	42,286	(77,366)
	Exchange differences arising on translation of foreign operations	(4,010)	119,652
	Closing Balance	38,276	42,286
(c)	Total reserves		
	Option Premium Reserve	1,651,661	571,401
	Foreign Currency Translation Reserve	38,276	42,286
	Closing Balance	1,689,937	613,687

13. Share based payments expense

a) Fair value of listed options granted

There are no listed options on issue.

b) Fair value of unlisted options granted to Directors

Fair value of performance options granted with performance conditions

During the period, the Company issued 1,000,000 unlisted options to Directors vesting 24 months after date of issue subject to remaining a director or employee of the Company. The weighted average fair value of the 1,000,000 options granted in the current period was 13.906 cents per option.

During the period, the Company issued 4,500,000 unlisted options to Directors vesting upon securing a strategic partner and substantial shareholder of 5% or more of the ordinary issued share capital of the company. The weighted average fair value of the 4,500,000 options granted in the current period was 13.906 cents per option. The fair value was expensed in full during the period.

Fair value of performance options granted with market conditions

During the period, the Company issued 5,500,000 performance options vesting upon the shares trading at \$0.20 based on a 10-day volume weighted average share price. The assessed fair value at grant date was 13.906 cents per option. The fair value at grant date is determined using a the Black Scholes Model adjusted to include the possibility of not achieving the market based condition

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

- Weighted average exercise price of \$0.001;
- Weighted average life of the option (years) of 5;
- Weighted average underlying share price of 0.14;
- Expected share price volatility of 85%;
- Weighted average risk-free interest rate of 0.76%.

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13. Share based payments expense (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.

c) Fair value of unlisted options granted to Corporate Advisors

During the period, the Company issued 10,000,000 unlisted options to Corporate Advisors with an exercise price of \$0.10 expiring 17 May 2021. The value of services received was \$70,590 for 12 months of corporate advisory services.

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

	31 December 2019 \$	31 December 2018 \$
Share based payments expense		
Options issued to directors, employees and consultants	1,230,107	180,142
Options issued to Corporate Advisors	70,590	-
Total Share based payments expense	<u>1,300,697</u>	<u>180,142</u>

14. Dividends

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

15. Commitments & Contingencies

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

16. Events Occurring Subsequent to Reporting Date

On 21 February 2020, 3,400,000 unlisted options expiring 20 February 2025 with an exercise price of \$0.001 were issued under the Employee Incentive Option Scheme.

On 21 February 2020, 725,000 ordinary shares were issued on conversion of unlisted options with an issue price of \$0.001.

There are no other material events subsequent to reporting date.



M I N E R A L S

Directors Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 20 to 33 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 2019 and of its performance for the half-year ended 31 December 2019; 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 directors.

A handwritten signature in black ink, appearing to read "S Williamson".

Scott Williamson
Managing Director

Perth, Western Australia, 13 March 2020

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackstone Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Blackstone Minerals Limited (the Group). The Group comprises both Blackstone Minerals Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year 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 (including the Australian Accounting Interpretations) 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2019 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*. As the auditor of Blackstone Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Blackstone Minerals Limited on 13 March 2020.

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Conclusion

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter Relating to Going Concern

Without modifying our conclusion expressed above, attention is drawn to the following matter.

As referred to in Note 1 to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2019, the Group had cash and cash equivalents of \$2,834,612 and incurred a loss from continuing operations after income tax of \$4,195,859.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

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

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
13 March 2020

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