

ASX: BSX

Equity Research

5th August 2020

SPECULATIVE BUY

Price Target **\$0.670**
Share Price **\$0.345**

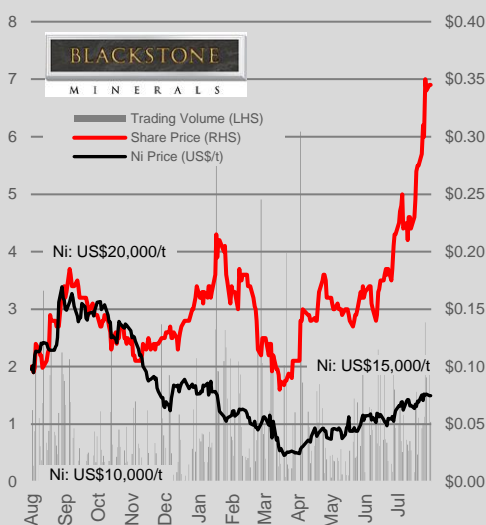
52-Week Range	\$0.079 - \$0.355
BSX Shares Outstanding	251.8m
Performance Options (0.1¢, 6 Nov 2020)	0.75m
Advisor Options (10¢, 17 May 2021)	10m
Performance Options (0.1¢, 26 Mar 2023)	1.75m
Unlisted Options (20¢, 12 Jun 2022)	1.0m
Performance Options (0.1¢, 26 Mar 23)	0.975m
Performance Options (0.1¢, 30 Sep 2024)	9.0m
Performance Options (0.1¢, 12 Feb 2025)	3.4m
Market Capitalisation	\$86.9m
Cash (30 Jun 2020)	\$6.8m
Enterprise Value	\$81.1m

Board & Management:

Hamish Halliday	Chairman
Scott Williamson	Managing Director
Andrew Radonjic	Non-Executive Director
Hoirim Jung	Non-Executive Director
Steve Parsons	Non-Executive Director
Jamie Byrde	CFO / Company Secretary
Dr Stuart Owen	Exploration Manager
Stephen Nano	Technical Advisory

Major Shareholders:

Ecopro	17.0%
Delphi / Deutsche Balaton	14.5%
Board & Management	17.0%
Top 20 shareholders	59.0%



Blackstone Minerals Ltd (ASX: BSX) is a battery and precious metals exploration and development company focused on the flagship Ta Khoa Nickel PGE (Cu Co) sulphide project, in Vietnam.

BLACKSTONE MINERALS LTD

Initiation of Coverage

Ta Khoa Ni-Cu-Co-PGE District: The geotectonic setting is strongly analogous to that displayed by some major Ni-Cu deposits such as Norilsk and Jinchuan. Both of these are located on major breaks between lithospheric plates, associated with deep, mantle-tapping structure allowing the ascent of mantle melts and formation of Ni-Cu-Co-PGE deposits.

Main Mineralisation Types:

- The massive sulphide veins (MSV) occur in the major shear controlled veins. At Ban Phuc, previous owners mined 975kt of high-grade ore at average grades of 2.4% Ni & 1.0% Cu from an average vein width of 1.3m, producing 20.7kt Ni, 10.1kt Cu and 0.67kt Co.
- The disseminated sulphides (DSS) are present within the Ban Phuc intrusive body with nickel grade typically ranging between 0.5% and 1.0% Ni.

Two-Fold Strategy: BSX is exploring / drilling for DSS to build tonnes and nickel units as well as for MSV to increase head grade.

Back of the Envelope Mining Inventory: Ban Phuc/ King Cobra Zone DSS = 40 Mt at 0.52% Ni; Ban Chang MSV (assumed similar to pre-production Ban Phuc MSV = 1.6 Mt at 2.2% Ni).

Mining Scenarios: The DSS mineralisation is assumed to be mined by open pit with a strip ratio of 2.5:1 and the MSV mineralisation is assumed to be mined underground (capex US\$12m).

Processing Scenarios: Throughput increased to 4 mtpa for US\$100 million capex or early restart with existing capacity (capex US\$18m).

Ta Khoa Valuation: We have run two development scenarios under various nickel price assumptions and set risk factors to 30% and 70% respectively.

Scenario / Item	US\$6.0/lb	US\$7.0/lb	US\$8.0 → 6.0/lb
DSS+MSV 4 mtpa Development Scenario			
NPV _{10%} post tax	A\$350m	A\$544m	A\$568m
IRR post tax	35%	58%	77%
Risk factor	30%	30%	30%
Risked NPV	A\$105m	A\$163m	A\$170m
Early Restart @ 450 ktpa with MSV			
NPV _{10%} post tax	A\$169m	A\$225m	A\$281m
IRR post tax	127%	175%	221%
Risk factor	70%	70%	70%
Risked NPV	A\$118m	A\$157m	A\$197m

The development scenarios do not include the downstream processing to produce nickel sulphate, which could bring further value.

News flow: We anticipate several share price catalysts including further results from the drilling programs at Ban Chang and Ban Phuc, maiden mineral resource and scoping study for the Ban Phuc/King Cobra disseminated mineralisation, some possible additional massive sulphide discoveries in the Ta Khoa district.

BSX Valuation: As the company continues to build a new mining inventory in the form of DSS and MSV, it opens numerous development options. Our speculative value currently stands at A\$176 million or \$0.67 per share. With an established treatment plant and the upcoming milestones, BSX has the opportunity to quickly close the valuation gap with some of its peers such as Mincor Resources NL (MCR.ASX) with a current enterprise value of A\$230m.

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All currencies are in Australian dollars unless otherwise specified.

1. BSX Valuation

Ban Phuc NPV Valuation

We have modeled the redevelopment of the Ta Khoa project under two scenarios:

DSS+MSV Development Scenario

- Combined mining development with an open pit at Ban Phuc/King Cobra Zone for the DSS mineralisation and an underground mine at Ban Chang (MSV)
- Treatment plant upgraded to 4 mtpa running over 10 years

Early Restart Scenario with MSV

- Underground mine at Ban Chang
- Treatment plant restart at existing capacity of 450,000 tpa, running for 4 years

The assumptions relevant to each scenarios are detailed in sections 4 and 5 of this report. In terms of nickel prices, we used US\$6.0/lb flat, US\$7.0/lb flat and an assumed price boom averaging US\$8.0/lb for 4 years from 2023, then prices reverting to US\$6.0/lb.

Table 1.1 – Ban Phuc NPV Valuation

Scenario / Item	Unit	US\$6.0/lb	US\$7.0/lb	US\$8.0 → 6.0/lb
DSS+MSV 4 mtpa Development Scenario				
NPV @ 10% post tax	A\$m	350	544	568
IRR post tax	%	35%	58%	77%
Risk factor	%	30%	30%	30%
Risked NPV	A\$m	105	163	170
Early Restart @ 450 ktpa with MSV				
NPV @ 10% post tax	A\$m	169	225	281
IRR post tax	%	127%	175%	221%
Risk factor	%	70%	70%	70%
Risked NPV	A\$m	118	157	197

Source: Evolution Capital Advisors estimates

BSX Sum of the Parts Valuation

Considering that BSX is still due to release a maiden mineral resource for the Ban Phuc/King Cobra Zone deposit, the valuation is highly speculative.

Table 1.2 – BSX Sum of the Parts Valuation

Asset	Value Range	Preferred	Per Share
Ta Khoa operation	\$105-\$206m	\$160.0m	\$0.61
Ta Khoa exploration upside	\$15-\$30m	\$15.0m	\$0.06
Other projects	\$5-\$8m	\$5.0m	\$0.02
Cash (30 Jun 2020)		\$6.8m	\$0.03
Options/rights exercised over next 12 months		\$1.0m	\$0.00
Development study costs		(\$8.0m)	(\$0.03)
Corporate costs		(3.6m)	(\$0.01)
Total		\$176.2m	\$0.67

Source: Evolution Capital Advisors estimates

BSX Valuation Compared to Market Peers

Within the next three months, BSX is expected to release a maiden mineral resource for the Ban Phuc/King Cobra Zone deposit, as well as a scoping study. Those milestones will put the company on par with some of its more advanced ASX-listed peers. In parallel, the valuation gap should reduce considerably.

Table 1.1 – BSX Valuation

Company	Poseidon	Blackstone	Centaurus	Panoramic	Blackstone	Mincor
Code	POS	BSX	CTM	PAN	BSX	MCR
Partner	x	✓	x	x	✓	✓
Concentrator	✓	✓	x	✓	✓	✓ (BHP)
Resource	✓	x	✓	✓	✓	✓
Study	✓	x	x	✓	✓	✓
EV/Resource	0.07	n/a	0.10	0.17	0.33	0.53
EV/Reserve	0.33	n/a	n/a	0.34	0.34	1.60
Market Cap.	\$85m	\$87m	\$160m	\$139m	->\$176m	\$277m
EV	\$64m	\$81m	\$129m	\$105m		\$230m

Source: Evolution Capital Advisors estimates. EV = Enterprise Value

2. BSX Strategy

The objective is to produce a high value downstream nickel product for the Li-ion battery manufacturing hub being developed in the port city of Hai Phong¹, where leading manufacturing companies have existing large-scale electronics manufacturing facilities.

The Board and Management of Blackstone Minerals Ltd believe the Ta Khoa district and Ban Phuc mine represent a rare opportunity to invest in a premier, infrastructure advantaged, district scale, Nickel PGE (Cu Co) sulfide project, with a downstream nickel sulfate value-add opportunity, located in an emerging hub for Electric Vehicle Lithium-ion battery manufacturing.

Two-Fold Strategy

With the initial drilling campaign, BSX focused on accumulating nickel units, targeting disseminated sulphides (DSS) with lower grades but building mineral resources tonnes and nickel content to support consistent production over a long mine life as requested by the prospective downstream off-takers.

In parallel, Blackstone is targeting massive sulphide (MSV) prospects analogous to the previously mined Ban Phuc, where previous owners successfully mined 975kt of high grade ore at average grades of 2.4% Ni and 1.0% Cu from an average vein width of 1.3m for 3.5 years between 2013 and 2016, producing 20,700 t Ni, 10,100 t Cu and 670 t Co.

¹ See news release LG Chem announcing development of US\$2 billion EV battery plant in Hai Phong, Vietnam

The combination of both strategies and mineral resources, allow for multiple development scenarios:

- Throughput increase to 2 mtpa or 4 mtpa to process the DSS mineralisation;
- Blending MSV with DSS to lift the head grade, particularly in the early years, to improve cash flow and payback;
- Potential early restart using MSV only to assist in the funding of the treatment plant expansion and nickel sulphate plant.

Results focused Management Team

Considering that the Ta Khoa project was purchased in May 2019, a bit more than a year ago, the BSX team has done tremendous work pursuing its exploration and development strategy delivering:

1. A relatively cheap acquisition (about A\$1.7 million in cash and shares) vs. US\$136 million invested by the previous owner
2. Good drill intercepts such as 45m @ 1.2% Ni and 60m @ 1.3% Ni
3. A new discovery with the King Cobra mineralisation
4. A strategic partnership with South Korea's largest electric vehicle (EV) battery cathode manufacturer, Ecopro BM Co Limited
5. Successive capital raisings at higher share prices. Previous raisings:
 - a. 10 May 2019: 40 million shares at \$0.05 for \$2.0 million
 - b. 23 Sep 2019: 30 million shares at \$0.15 for \$4.5 million
 - c. 7 Apr 2020: 60 million shares at \$0.17 for \$6.8 million (with a 62% premium to the last BSX traded price)
6. A market capitalisation increasing from A\$7m to A\$86m
7. A share price increasing from \$0.064 to \$0.34 (with a high at \$0.355)

Potential off-take

EcoPro Co. Limited (EcoPro, market cap ~US\$1 billion). EcoPro's subsidiary, EcoPro BM, is the world's second largest and South Korea's largest nickel-rich cathode materials manufacturer. The binding share purchase agreement outlines a firm commitment to raise \$6.8 million (before costs) through a placement of 40 million shares at an issue price of \$0.17 per share, which represents a 62% premium to Blackstone Minerals' last traded price.

Further Ecopro and Blackstone are to form an alliance to whereby the next stage of the partnership will be an additional investment via a Joint Venture Agreement at project level to develop the downstream processing infrastructure project.

We note that both LG and Samsung are also investing significantly in Vietnam. Vietnam is already a major manufacturing location for Samsung and the company is currently investing US\$220m in a R&D center. LG Chem (currently the holder of various world-leading battery technologies) has established a JV with Vinfast, Vietnam first automaker, to build battery packs for electric vehicles. As well as Ecopro, those groups must be keen to secure the raw materials such as nickel sulphate, hence creating some competitive tension between them.

3. Ta Khoa Project

Location and Infrastructure

The Ta Khoa Nickel-Copper-PGE Project is located 160km west of Hanoi 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.

Previous project owners invested more than US\$136m in capital and generated US\$213m in revenue during a 3.5-year period of falling nickel prices. The project was placed into care and maintenance in mid-2016 during some of the lowest nickel prices in the past 10 years.

Existing infrastructure associated with the project includes an internationally-designed 450 ktpa processing plant connected to local hydro grid power with a fully-permitted tailings facility and a modern 250-person camp.

Figure 2.1 – 450,000 tpa processing plant



Source: BSX

Power is to be supplied from the national 35kV grid power via a 6kV substation for distribution within the site via low voltage motor control centres.

Process water will be recycled from the Tailings Storage Facility (TSF) with make-up and raw water drawn from the Chen Stream which feeds into the Da River. The camp will draw water from the Da River to supply a reverse osmosis plant for domestic (non-potable) water use.

The camp is located 3 km from the mine site on the east bank of the Chen Stream downstream of its confluence with Dam Creek, on a site already acquired by BPNM. The site is 35m to 100m wide and approximately 300m long.

Jurisdiction

Vietnam has an established mining industry with 22 open cut mines and 23 underground mines throughout the country.

The government is focused on tax reform and improving the operating environment to entice foreign investment into the mining industry. In July 2018, the Prime Minister approved the Vietnamese Mining Master Plan (2020-2035) which specifically identifies the Ban Phuc Nickel mine as a project of national significance which eliminated key permitting and approval obstacles. The government recently halved the Mining Licence Grant Fee (MLGF) for new nickel mines and recently announced a new-generation Foreign Direct Investment (FDI) attraction and orientation strategy for 2018-2030. Through the Trans-Pacific Partnership (TPP), the government has committed to eliminating existing export taxes in Vietnam. These initiatives all point to an improved operating environment for multinational mining companies investing in Vietnam.

The taxation regime includes a 20% corporate tax. Blackstone Minerals could benefit from a tax holiday for the first few years. Tariffs on base metal concentrates should be waived, as the company aims to produce a downstream nickel product.

Ownership

In April 2020, BSX announced it had exercised the option to acquire a 90% interest in the Ta Khoa project. The Ta Khoa project is own by Ban Phuc Nickel Mines (BPNM), which is an incorporated joint venture company owned by:

- AMR Nickel Limited, a wholly owned subsidiary of Blackstone Minerals Limited 90%, and
- Son La Mechanical Engineering Joint Stock Company (Coxama) 10%.

Permitting

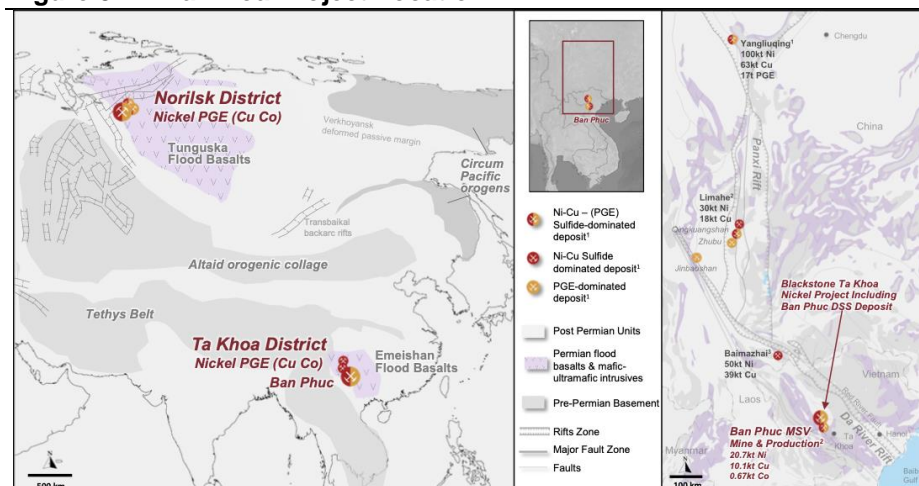
BPNM was granted a seven hectare Mining Licence covering the Ban Phuc deposit on 17 December 2007.

The existing mining licence will need to be updated to include the new open pit and underground operations. The licence related to processing will need to be updated if the throughput is increased.

The existing tailings dam has spare capacity.

Geology

Figure 3.1 – Ta Khoa Project Location



Source: BSX. Notes: 1. Modified after Yakubchuk and Nikishin, 2004. 2. Modified after Wang et al., 2018. 3. Earth Science Australia: http://earthsci.org/mineral/mindep/ma_sulp/ma_sulp.html

Deposits consist of a mix of massive sulphide veins (MSV) and disseminated sulphides (DSS)

BSX strategy is to pursue the exploration and development of both types of deposits:

DSS deposits provide the tonnage and the longevity of the operation

MSV deposits provide the grade, potential for an early restart with strong cash flow

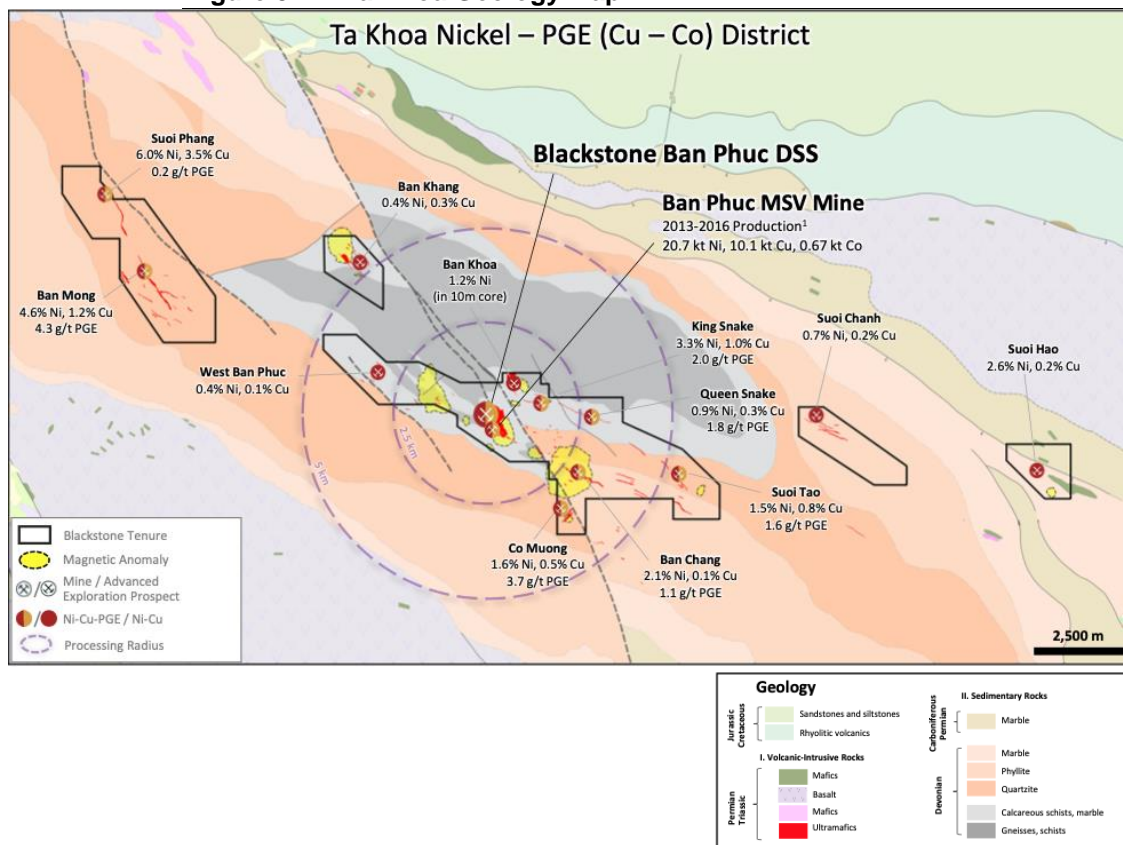
The Ta Khoa Nickel District shows some analogy with world class Norilsk District. Middle to Late Permian age associated with extensive flood basalts. Intra-cratonic rift setting. Significant palladium, platinum, (rhodium?) mineralisation.

Deposits

Within the Ta Khoa Nickel – PGE – Cu – Co District, a number of deposits or prospects have been identified:

- Ban Phuc MSV Mine operated from 2013 to 2016, 20,700 t nickel produced as well as 10,100 t of copper and 670 t of cobalt in concentrates
- Ban Phuc/King Cobra Zone DSS deposit discovered and drilled over the last 12 months.

Figure 3.2 – Ta Khoa Geology Map



Source: BSX

Mineralisation

To simplify, the Ta Khoa presents two main types of nickel sulphide mineralisation:

- The massive sulphide veins (MSV) occurs in the major shear controlled veins. At Ban Phuc, previous owners mined 975kt of high-grade ore at average grades of 2.4% Ni & 1.0% Cu from an average vein width of 1.3m, producing 20.7kt Ni, 10.1kt Cu and 0.67kt Co
- The disseminated sulphides (DSS) are present within the Ban Phuc intrusive body with nickel grade typically ranging between 0.5% and 1.0% Ni.

Exploration Tools

The key exploration tools are mapping, ground electro-magnetic (EM) surveys, drilling and downhole electro-magnetic (DHEM) surveys.

Drilling

BSX currently owns three diamond drill rigs and an additional drill rig is contracted by the company.

4. DSS + MSV Development Scenario

Mineral Resources

Based on current drilling results, our back of the envelope estimate of the mineral resource amounts to 40 million tonnes at 0.55% nickel at a 0.40% Ni cut-off for the Ban Phuc/King Cobra DSS mineralisation. The cut-off is identical of the one used by BHP for the disseminated sulphide deposits at Leinster, Mt Keith and Yakabindie.

Considering the recent drilling success at Ban Chang MSV, a mineral resource similar to the one delineated at Ban Phuc pre-production is likely.

Table 4.1 - Mineral Resource – Ban Phuc MSV Pre-Production

Category	Tonnes	% Ni	% Cu	% Co	Nickel	Copper	Cobalt
Measured	0.73 Mt	2.78	1.16	0.07	20,000 t	8,000 t	
Indicated	0.96 Mt	2.60	1.22	0.06	25,000 t	12,000 t	1,000 t
Measured + Indicated	1.69 Mt	2.68	1.19	0.06	45,000 t	20,000 t	1,000t
Inferred	0.17 Mt	1.94	0.80	0.03	3,000 t	1,000 t	0 t

Source: Asian Mineral Resources Ltd

Mining Inventory

To convert the DSS mineral resource to a mining inventory, we assumed the same mineral resource tonnage and diluted the grade by 5%: 40 million tonnes at 0.52% Ni.

For the MSV, we assumed a mining inventory equivalent to the ore reserve estimated for Ban Phuc pre-production.

Table 4.2 – Ore Reserve – Ban Phuc Deposit Pre-Production

Category	Tonnes	% Ni	% Cu	%Co
Proven	0.71 Mt	2.40	1.0	0.06
Probable	0.90 Mt	2.10	1.0	0.04
Total	1.6 Mt	2.20	1.0	0.05

Source: Asian Mineral Resources Ltd

Mining Scenario

Considering the geometry of the DSS Ban Phuc/King Cobra deposit starting close to surface and close to the top of a hill, mining development will consist of an open pit, with a low strip ratio, we assumed 2.5 to 1 to allow for internal and other waste.

The MSV mineralisation will be mined underground. We assumed a capital expenditure of US\$12 million to setup an underground mine at Ban Chang. The initial capital cost to setup the Ban Phuc mine was estimated at US\$6.2 million in 2013.

Throughput

We evaluated two options: 2 mtpa and 4 mtpa, and retained the latter, giving an initial mine life in excess of 10 years.

Metallurgical Recovery

DSS mineralisation does not perform as well in terms of metallurgical recovery. For example, BHP reports a metallurgical recovery of 64% for the Mt Keith deposit and concentrator and 63% for Yakabindie, based on metallurgical test work. In comparison the recoveries observed at Cliffs, Leinster UG and Venus are 83%, 88% and 89% respectively.

We assumed 62% for the Ta Khoa project restart at 4 Mtpa, with a combination of DSS and MSV ore.

For the sake of simplification and considering the level of approximation of the financial modelling, the other metals, cobalt, copper and PGE are ignored in the model. Instead an overall increase of the NPV by 15% has been assumed to take into consideration the contribution of those metals.

Payability

A concentrate grade of 10% Ni was assumed in line with the previous operation, with a payability of 70%.

Capital Costs

For the plant upgrade to 4 mtpa: US\$100 million, plus US\$12 million for the underground development at Ban Change.

Operating Costs

The operating costs are summarised in Table 4.3 below.

Table 4.3 – Operating Costs Assumptions

Cost	Unit	Value	Notes
Open pit mining cost	US\$/t mined	2.0	
Underground mining cost	US\$/t mined	49.0	Actual from Ban Phuc
Processing cost	US\$/t processed	11.0	
Other cost (G&A, royalties, etc)	US\$/t processed	4.2	

Source: BSX, Evolution Capital Advisors estimates

Corporate Tax

Vietnam applies a corporate tax rate of 20%. The future operation should also benefit from a 2-year tax holiday from re-start.

5. Early Restart Scenario with MSV

In this scenario, we assumed a restart of the existing 450,000 tpa plant using the massive sulphide deposits recently discovered at Ban Chang.

Mineral Resources

Considering the recent drilling success at Ban Chang MSV, a mineral resource similar to the one delineated at Ban Phuc pre-production has been assumed.

Mining Inventory

For Ban Chang (MSV), we assumed a mining inventory equivalent to the ore reserve estimated for Ban Phuc pre-production. See Table 4.2.

Mining Scenario

The MSV mineralisation will be mined underground. We assumed an capital expenditure of US\$12 million to setup an underground mine at Ban Chang. The initial capital cost to setup the Ban Phuc mine was estimated at US\$6.2 million in 2013.

Throughput

The plant throughput remains unchanged. Nevertheless, we assumed US\$18 million capex for possible refurbishments.

Metallurgical Recovery

A metallurgical recovery of 89% has been assumed.

Operating Costs

The operating costs are summarised in Table 5.1 below.

Table 5.1 – Operating Costs Assumptions

Cost	Unit	Value	Notes
Underground mining cost	US\$/t mined	49.0	Actual from Ban Phuc
Processing cost	US\$/t processed	27.0	Actual from Ban Phuc
Other cost (G&A, royalties, etc)	US\$/t processed	10.0	Actual from Ban Phuc

Source: BSX, Evolution Capital Advisors estimates

6. Directors & Management Team

Directors and management have substantial shareholding in the company as detailed in Table 6.1.

Table 6.1 – Top 20 BSX Shareholders

Investor	# Shares	Interest	Location
Ecopro	40,000,000	15.9%	Seoul
Delphi Unternehmensberatung	21,059,784	8.4%	Germany
Deutsche Balaton	12,600,000	5.0%	Germany
Hamish Halliday	9,481,383	3.8%	Wanaka
Stephen Parsons	8,622,421	3.4%	Perth
Ta Khoa Mining	8,600,000	3.4%	Road Town
Acuity Capital	8,000,000	3.2%	Sydney
Andrew Radonjic	6,308,751	2.5%	Perth
DBS Bank	6,184,423	2.5%	Singapore
Maximilian Ludowici	4,692,585	1.9%	Sydney
Kiri M Dorji	3,550,001	1.4%	Perth
Scott Williamson	3,250,000	1.3%	Perth
Beverley Lumb & Kerrie Maltby	2,800,000	1.1%	Sydney
Stuart Owen	2,625,000	1.0%	Perth
Private Clients of UBS AG Zurich	2,440,238	1.0%	Zurich
Craig Parry	2,407,549	1.0%	Melbourne
Ian Leckie	2,350,000	0.9%	Sydney
Civetta Capital	2,130,725	0.8%	Bangkok
Stuart Strong	2,000,000	0.8%	Melbourne
Christopher Terence	1,754,776	0.7%	Perth
Total	150,857,636	59.9%	

Source: BSX, as at 30 June 2020

Hamish Halliday, Chairman

Qualifications: BSc (Geology), MAusIMM

Geologist with over 20 years' corporate and technical experience, founder of Adamus Resources Limited, a A\$3M float which became a multi-million ounce emerging gold producer.

Scott Williamson, Managing Director

Qualifications: BEng (Mining), BCom, MAusIMM

Mining Engineer with a Commerce degree from the West Australian School of Mines and Curtin University, over 10 years' experience in technical and corporate roles in the mining and finance sectors.

Andrew Radonjic, Non-Executive Director

Qualifications: BAppSc (Mining Geology), MSc (Mineral Economics), MAusIMM

Mine Geologist and Mineral Economist with over 25 years' experience with a focus on gold and nickel exploration, instrumental in three significant gold discoveries north of Kalgoorlie, Executive Director of Venture Minerals Limited and co-lead the discovery of the Mount Lindsay Tin-Tungsten-Magnetite deposits.

Steve Parsons, Non-Executive Director

Qualifications: BSc Hons (Geology), MAusIMM

Geologist with corporate and technical experience, a proven track record of mineral discoveries, corporate growth, international investor relations and creating shareholder wealth, founding MD of Gryphon Minerals Ltd which became an ASX 200 company with a multi-million ounce gold discovery in West Africa.

Hoirim Jung, Non-Executive Director

Qualifications: BEcon

Mr Jung has almost a decade of financial management experience, specifically in financing and feasibility studies for new projects. He began his career with KPMG Samjong Accounting Corporation, one of Korea's 'big four' accounting firms, providing advisory services for various M&A transactions. He then moved to Atinum Partners, where he was involved with investments in the oil and gas industry and managed the invested assets in North America.

In 2016, he joined EcoPro where his accomplishments include the securing of finance for precursor business from foreign investors, as well as successfully dealing with the initial public offering of subsidiary EcoPro BM (KOSDAQ: 247540). Mr Jung's skill set includes corporate strategy, capital raises, and business development. He holds a Bachelor of Economics from Seoul National University, and has a qualification with the Korean Institute of Certified Public Accountants (KICPA).

Jamie Byrde, CFO and Company Secretary

Qualifications: BCom, CA

Chartered Accountant with over 14 years' experience in accounting, company secretarial and corporate advisory roles specialising in Financial Accounting and Reporting and Corporate Governance, currently the Company Secretary for Venture Minerals Limited and Alicanto Minerals Limited.

Dr Stuart Owen, Exploration Manager

Qualifications: BSc (Geology), PhD (Geology), MAIG

Bsc & PhD in Geology with over 20 years' experience in mineral exploration, Senior Geologist in the team that discovered the Paulsens Mine (+1Moz) and as an Exploration Manager at Adamus discovered the Southern Ashanti Gold deposits (+2Moz) and at Venture discovered the Mt Lindsay Tin-Tungsten-Magnetite deposits.

7. Investment Risks

BSX is exposed to a number of risks including:

- **Geological risk:** the actual characteristics of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Commodity price risk:** the revenues BSX will derive mainly through the sale of nickel concentrate or nickel sulphate (with some by-product credits from copper, cobalt and PGE) exposing the potential income to metal price risk. The price of nickel and other metals fluctuate and are affected by many factors beyond the control of BSX. Such factors include supply and demand fluctuations, technological advancements and macro-economic factors.

- **Exchange Rate risk:** The revenue BSX derives from the sale of metal products exposes the potential income to exchange rate risk. International prices of gold and silver as well most of the costs base are denominated in United States dollars, whereas the financial reporting currency of BSX is the Australian dollar, exposing the company to the fluctuations and volatility of the rate of exchange between the USD and the AUD as determined by international markets.
- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.
- **Management and labour risk:** an experienced and skilled management team is essential to the successful development and operation of mining projects.

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