

ASX ANNOUNCEMENT

ASX : BSX

14 December 2023

## Blackstone's Wabowden Deal Sparks Global JV Partner Interest

### HIGHLIGHTS

- Joint Venture ("JV") partner interest in Blackstone Minerals Limited ("Blackstone" or the "Company") Vietnamese Ta Khoa Project ("TKP") has increased significantly following the execution of the Wabowden Nickel Project option agreement ("Wabowden") (refer ASX announcement 5 December 2023)
- Blackstone's recent execution of an option agreement to acquire the Wabowden Nickel Project in Manitoba, Canada gives the Company an opportunity to produce Inflation Reduction Act ("IRA") compliant critical mineral products from the Ta Khoa Refinery ("TKR")
- Blackstone has expanded the competitive partnership process to now include North American and European original equipment manufacturer's ("OEM") seeking IRA compliant minerals to qualify for the Electric Vehicle ("EV") tax credit
- Multiple site visits were conducted with potential partners for the TKP and a recent partner site visit was conducted for the Wabowden Project
- Strong interest from South Korean, Japanese and Chinese groups as well as North American and European OEM's
- Increased interest from potential partners since the recent update to the IRA regarding critical minerals extracted, processed or recycled by a Foreign Entity of Concern ("FEOC")
- Multiple independent global mining finance and JV advisors ("the Advisors") have been engaged to complete the JV partnership process

Watch a video summary of the announcement [here](#) or to participate in the special investment offer for shareholders (refer Prospectus 5 December 2023) head to the Blackstone Investor Hub by clicking [here](#)

### Blackstone Minerals' Managing Director, Scott Williamson, commented:

*"With our plans to integrate Wabowden into the Ta Khoa Refinery we've seen increased interest in the JV partner process. With our foot on the refinery feedstock security we can now complete the JV partner process. We're in the final stages of the process which will be the culmination of many years of relationship building with key potential strategic partners from the Lithium-ion battery and EV industries. The Ta Khoa Project offers a high quality, low carbon footprint pCAM product which is what differentiates it from other nickel sources out of South East Asia. The project has been sufficiently advanced to now allow the JV partner process to be finalised and for Blackstone to enter into the next phase of financing and development."*

**Blackstone Minerals Limited** is pleased to provide an update on the Joint Venture process for its Ta Khoa Project in Vietnam.

This process will be the culmination of many years of work conducted by Blackstone to develop strong relationships with prospective partners. Blackstone will now complete the JV partner process to ensure a successful partnership that will satisfy financiers requirements to fund the development of the Ta Khoa Project.

The JV partnership process is the first step in the TKP financing strategy. Following completion of the process, Blackstone and the JV partners will progress towards a final investment decision ("FID") and full project financing.

### **NICKEL FEED SECURITY**

Whilst Blackstone's technical and project's teams have been working on the project definitive feasibility study ("DFS"), Blackstone has also been looking to secure the required nickel feed stock to underpin a 50-year Ta Khoa Refinery production life.

The TKR will be designed and built to operate for 50 years, well beyond the life of the initial Ta Khoa Nickel Mine. Long term nickel feed security is critical for this long operating life. The planned feed from Ta Khoa and Wabowden will provide sufficient nickel concentrate feed for 20 years or longer, during which time Blackstone will continue to identify and source additional nickel concentrate.

The recently announced option to acquire the Wabowden Nickel Project is the first step in Blackstone's Manitoba consolidation strategy. The Company has made this major move to secure sufficient IRA compliant nickel to fill the TKR for multiple decades.

Third Party feed sources will remain important to Blackstone. The Company signed a Letter of Interest ("LOI") with Trafigura in 2021<sup>1</sup> and has had similar discussions with other commodity traders. Blackstone expects these sources will fill short term supply and blending needs, rather than being the basis of the development.

Blackstone will also continue to search for high quality nickel sources both locally (within South East Asia) and internationally, which complement the TKR feed strategy and can deliver low carbon, low cost nickel units. One recent example of this includes progressing the Memorandum of Understanding ("MOU") with Cavico for supply of mixed metal hydroxide precipitates ("MHP") (refer ASX announcement 13 November 2023).

### **INFLATION REDUCTION ACT**

#### **General**

The Inflation Reduction Act of 2022 is a landmark United States federal law which aims to curb inflation while promoting clean energy. It was passed on August 16, 2022. The IRA extends an existing tax credit of up to US\$7,500 for electric vehicles and establishes a new tax credit for used EVs, as well as establishes a new tax credit for commercial EVs. At the same time, the IRA establishes new sourcing requirements for EVs intended to grow battery mineral and component supply chains within North America and amongst countries with which the United States has free trade agreements.

#### **Foreign Entity of Concern**

On December 1, 2023, the US government provided guidance on the "excluded entities" provision in the IRA electric vehicle tax credit. The provision disqualifies vehicles from being eligible for the credit

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<sup>1</sup> Blackstone announcement "Trafigura Signs Non-Binding LOI with Blackstone for the Potential Supply of Nickel and Cobalt Products" 22 Jan 2021

starting in 2024 if the vehicle's battery contains battery components that were manufactured or assembled by a foreign entity of concern ("FEOC"). Then, starting in 2025, a vehicle is disqualified if the vehicle's battery contains any applicable critical minerals extracted, processed or recycled by a FEOC. The US government defines a FEOC as any entities that are owned by, controlled by or subject to the jurisdiction or direction of a government of a foreign country that is a covered nation—that is, China, Russia, Iran and North Korea.

### Ramifications for Ta Khoa and the JV Process

The significance of this ruling for the TKP and the JV process is twofold. Firstly, nickel sourced and processed by FEOC controlled entities, wherever they are geographically located, even within US free-trade partners, will now exclude the vehicles from the IRA Tax credit eligibility. This essentially disqualifies approximately 2.2Mt of current Indonesian nickel supply, and 1.4Mt of capacity under construction<sup>2</sup>.

Secondly, approximately 80% of the world's current precursor cathode active material ("pCAM") supply is either produced in China, or processed by FEOC's. Vietnam and Blackstone's Ta Khoa Refinery has no issues with being a FEOC and with a combined feed blend from the Wabowden Nickel Project and the Ta Khoa Nickel Project the Ta Khoa critical mineral products can be IRA compliant.

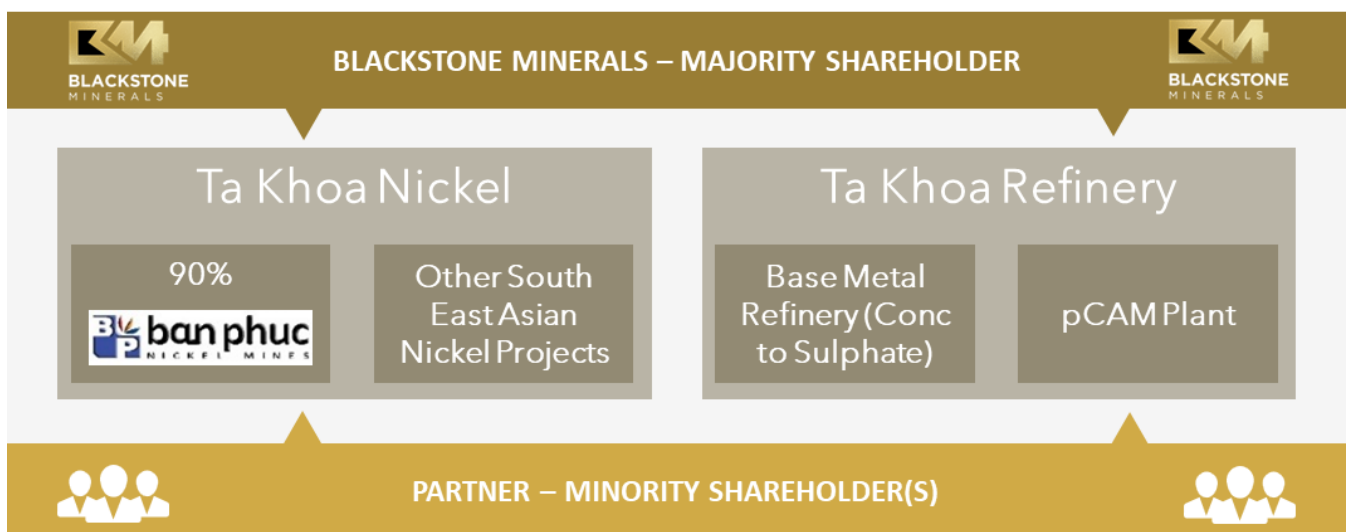


Figure 1: Blackstone's Proposed Ta Khoa Project JV Structure

## JOINT VENTURE OVERVIEW

### General

Over the last five years, Blackstone's management has developed key relationships with primarily Asian lithium-ion battery material and cathode makers. These relationships have given Blackstone an in depth understanding of the fundamentals of the intermediate product (MHP, and Sulphate), mid stream (pCAM) and downstream (CAM) products and supply chains.

The Company has hosted site visits for potential partners, many of whom have expressed strong interest in the project. Potential JV partners have asked for a greater level of technical certainty as well as feed stock security for the Ta Khoa Refinery. Both of these key risks have now been addressed through advancing the project studies and Blackstone's recent option to secure the Wabowden Project (230Mt

<sup>2</sup> <https://www.fastmarkets.com/insights/feoc-definition-leaves-indonesian-nickel-outside-ira-tax-credits-andrea-hotter/#:~:text=That%20includes%20the%20vast%20majority,eligible%20for%20IRA%20tax%20credits.>

@ 0.56% Ni for 1.3Mt Ni contained<sup>3</sup>) enabling the Company to complete the process to identify and secure the preferred partner for the project.

### JV Structure

The preferred Ta Khoa Project JV Structure will be framed around the relevant strengths of each JV party, and as such, allows flexibility in the final structure. Blackstone intends to retain a controlling interest and is open to sell down of up to 49% of the project to the JV Partner(s).

The JV businesses will be grouped under an ownership structure reflecting the upstream and downstream aspects of the business. The Ta Khoa Nickel (“TKN”) subsidiary will operate the mining and concentrate production facilities, and the Ta Khoa Refinery subsidiary will operate the refining and pCAM production facilities. It is Blackstone’s intention to have equal ownership across these two businesses, but due to the different tax structures, they will be separated at a subsidiary level.

### Attraction to JV Partners

In addition to the potential long term operation of the TKR processing secured feedstocks to produce IRA compliant critical mineral products, and pCAM, the key benefits to JV partners include:

#### 1. Low Carbon Footprint and High ESG

The proposed Ta Khoa Project flowsheet has the lowest carbon footprint emissions for pCAM production globally. In September 2022, Blackstone released the outcomes of an independent life cycle assessment (“LCA”) based on PFS data, conducted by LCA Practitioners, Minviro (refer ASX announcement 15 September 2022). The LCA study confirmed a result of 9.8 kg CO<sub>2</sub> equivalent (eq.) per kg pCAM which is substantially lower global warming potential than existing production pathways.

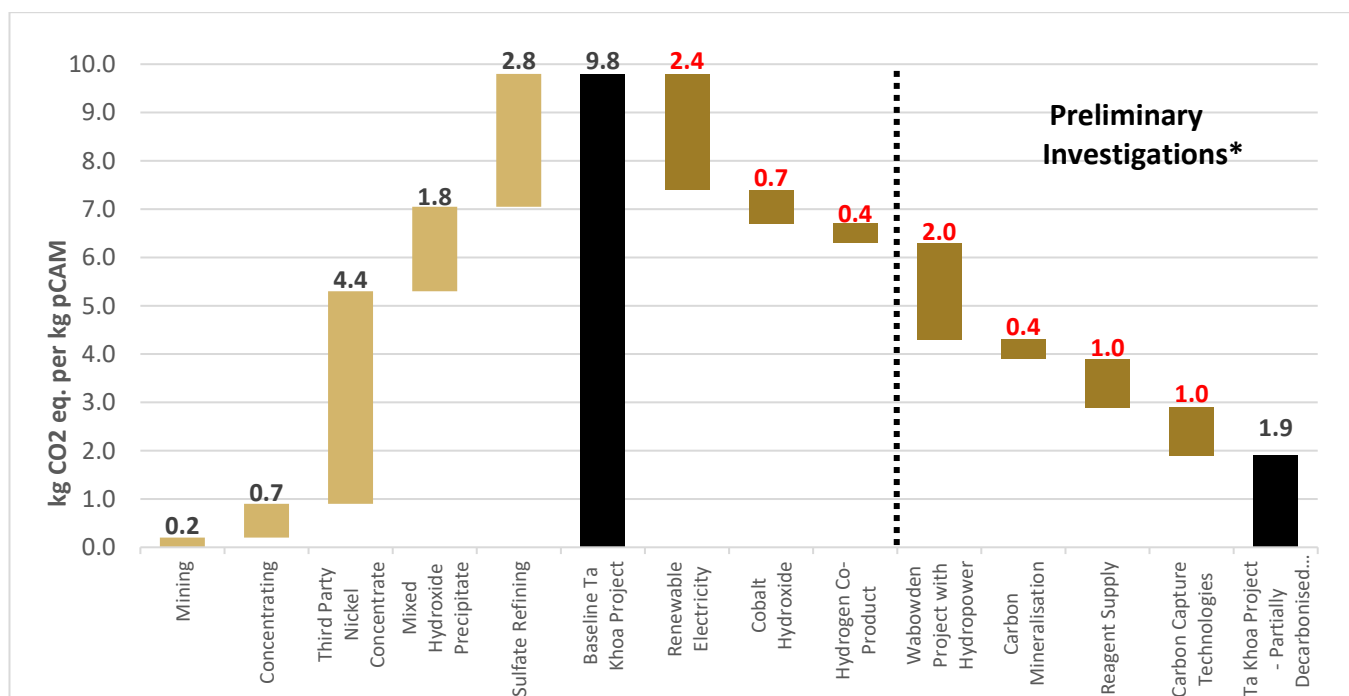


Figure 2: Summary of LCA GWP Results (Scope 1, 2 and 3 Greenhouse Gas Emissions)

\* Quoted potential emission estimates will need to be certified by technical developments and updated with reviewed LCA studies

<sup>3</sup> Blackstone Release 5 December 2023, [“Blackstone Secures Option To Acquire Major Nickel Asset”](#)

Blackstone is exploring opportunities to further reduce its carbon footprint. A pipeline of opportunities is illustrated above in Figure 2, which will be investigated and implemented where practicable. Key near-term opportunities are to lock in power purchase agreements for renewable energy and to seek supply agreements for nickel sulphide concentrates which meet specific greenhouse gas emissions criteria and ESG credentials.

## 2. Low Cost pCAM Production

TKR's current estimated operating cost ranks in the lowest cost quartile of nickel sulphate producers, driven by:

- Low labour cost base of US\$2.99 per hour (Source: US trade office, 2022), approximately half that of China,
- Access to low cost, hydroelectric power (US\$0.06 to 0.10 per kWh),
- Streamlined pCAM focused hydromet flowsheet,
- Low cost concentrate from Blackstone mining operations,
- Opportunistic access to low cost, off-spec nickel concentrates,
- Low neutralisation requirements (reagents) compared to laterites,
- Byproduct credits for copper, magnesium sulphate and sodium sulphate,
- Able to source majority of construction materials and reagents within Vietnam. Close proximity to other S.E Asian supply chains.

## 3. Developing Vietnamese Economy

Vietnam has been a development success story. Economic reforms since the launch of Đổi Mới in 1986, coupled with beneficial global trends, have helped propel Vietnam from being one of the world's poorest nations to a middle-income economy in one generation. Between 2002 and 2022, GDP per capita increased 3.6 times, reaching almost US\$3,700. Up to the end of October 2023, Vietnam had received US\$25.8B in foreign direct investment, 14.7% higher than the same time last year, and up 6,450% since 2010<sup>4</sup>. Chinese investment has led this growth, but it has been closely followed by Singapore and South Korea. Vietnam is the only country in 2023 that hosted heads of state from both the United States and China, confirming the strategic and opportunistic value that Vietnam currently presents.

## 4. Ta Khoa Refinery Feed Flexibility

The Ta Khoa Refinery hydromet flowsheet provides an opportunity to process a variety of different nickel feed stocks, enabling Blackstone and its partners to source the lowest cost nickel units available. For example, nickel concentrates sold into the conventional pyrometallurgical stainless industry are heavily penalised for high levels of magnesium contaminants. The TKR is not sensitive to this material and can access lower cost nickel concentrates.

Other feed types which can be considered for TKR include:

- MHP: may be fed within the TKR flowsheet. The flowsheet can support 100% MHP feedstock, or a blend of MHP and nickel concentrate,
- High copper / cobalt concentrates: which historically have poor recovery and payability in smelting operations would be suitable,

<sup>4</sup> <https://www.reuters.com/markets/asia/vietnam-jan-oct-foreign-investment-inflows-up-24-year-on-year-2023-10-27/#:~:text=Since%20the%20start%20of%20the,the%20manufacturing%20and%20processing%20industry.>

- Nickel matte: may be blended with nickel concentrate feed and provides a significant upgrade in sulphur content which is required for efficient POX operation,
- Potential future feedstocks for consideration pending further studies include, but are not limited to, battery recycle products (black mass). These feed stocks will require additional processing steps within the TKR flowsheet and require further investigation.

## 5. Government Support and Permitting

In July 2023<sup>5</sup>, Blackstone received confirmation that the project had been incorporated into the Vietnamese National Mineral Masterplan, a key document, approved by the Prime Minister, Vietnam's mineral development strategy up until 2030, with a vision to 2050. The Project aligns with Vietnam's objective for maximising value creation from their natural resources. Blackstone is pleased that both TKR and TKN projects were included in the approved National Mineral Masterplan, demonstrating that these projects are considered as "significant value" for Vietnam.

This was an important step in the project permitting and licensing process. It will enable Blackstone to be issued the Investment Policy for the project which is required prior to receiving key construction permits and licenses to operate.

## Project Financing

Following the successful JV Partner process, Blackstone will work with its advisors to secure the full Ta Khoa Project financing package. The combined package is expected to be made up of a combination of a minimum of 60% debt, which will be sourced from a combination of Export Credit Agencies (ECA's), development banks and commercial banks. Initial discussions with several development banks such as U.S. International Development Finance Corporation (DFC) indicates that the Ta Khoa Project sits in the "sweet spot" for potential funding, for example, Vietnam is a high priority investment jurisdiction and TKP aligns with both their critical mineral and net zero strategies. The remaining funding will be raised by the JV partners, with their contributions commensurate with their ownership proportion.

## Wabowden Project Restart Financing

Blackstone is also investigating alternate funding strategies for the Wabowden Project. The Company has identified a low capex restart scenario which could generate meaningful cashflows for the Company. This strategy has received great interest from mining project debt providers, royalty companies and other alternative sources of project finance. The Wabowden project also qualifies for Canadian and US government funding and grants.

## Retail Entitlement Offer

On 12 December 2023, the company opened the retail offer following successful completion of the institutional component of its accelerated non-renounceable pro rata entitlement offer as announced on 5 December 2023 ("**Entitlement Offer**").

Under the Entitlement Offer, eligible shareholders are invited to subscribe for four (4) New Shares for every thirteen (13) existing Shares held at an offer price of \$0.07 per share.

Retail shareholders with a registered address in Australia, New Zealand, Canada (British Columbia, Ontario and Quebec provinces), Singapore, Germany, Hong Kong or the United Kingdom as at 5.00pm (AWST) on Thursday, 7 December 2023 ("**Record Date**") ("**Eligible Retail Shareholders**") are invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer.

The Retail Entitlement Offer opened at 9.00am (AWST) Tuesday, 12 December 2023 and expected to close at 5.00pm (AWST) on Thursday, 21 December 2023 unless otherwise extended. Eligible Retail Shareholders can choose to take up all, or part or none of their Entitlement under the Retail Entitlement Offer.

The Retail Entitlement Offer will be made under the transaction specific prospectus lodged with ASIC and the ASX on Tuesday, 5 December 2023 ("**Prospectus**"). The Prospectus will be dispatched to Eligible Retail Shareholders, together with a personalised entitlement and acceptance form on Tuesday, 12 December 2023.

Eligible Retail Shareholders may also apply for New Shares in addition to their Entitlement at the Offer Price, to the extent there is any shortfall under the Retail Entitlement Offer and will be offered on the same terms and conditions as the Retail Entitlement Offer. Further details of the terms and conditions of the Entitlement Offer are detailed in the Prospectus dated 5 December 2023.

### Indicative Timetable

Event	Date
Retail Entitlement Offer opens	Tuesday, 12 December 2023
Last day to extend Retail Entitlement Offer closing date	Prior to noon Sydney time Monday, 18 December 2023
Retail Entitlement Offer closes	Thursday, 21 December 2023
Announce results of Retail Entitlement Offer	Friday, 22 December 2023
Settlement of New Shares issued under the Retail Entitlement Offer	Wednesday, 27 December 2023
Issue of New Shares under Retail Entitlement Offer	Wednesday, 27 December 2023

**Note:** This timetable is indicative only and subject to change. The Company reserves the right to amend the timetable for the Entitlement Offer without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the closing date of the Entitlement Offer at any time, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Securities under the Entitlement Offer. The commencement of quotation of New Shares is subject to confirmation from ASX.

Eligible retail shareholders should consider the Prospectus in full before deciding whether to apply for new shares under the retail entitlement offer pursuant to the Prospectus and will need to complete the personalised entitlement and acceptance form that will accompany the Prospectus.

Authorised by the Managing Director on behalf of the Board.

For more information, please contact,

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Investors are also encouraged to join and engage through the Blackstone Minerals Investor Hub, post questions and feedback through the Q&A function accompanying each piece of content, and [engage directly](#) with the Blackstone team.

## How to join the Blackstone Minerals InvestorHub

1. Head to our [Investor Hub](#) or scan the QR code with your smart device
2. Follow the prompts to sign up for an Investor Hub Account
3. Complete your account profile and link your shareholdings if you are a current shareholder.



## About Blackstone

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 3: Ta Khoa Project Location

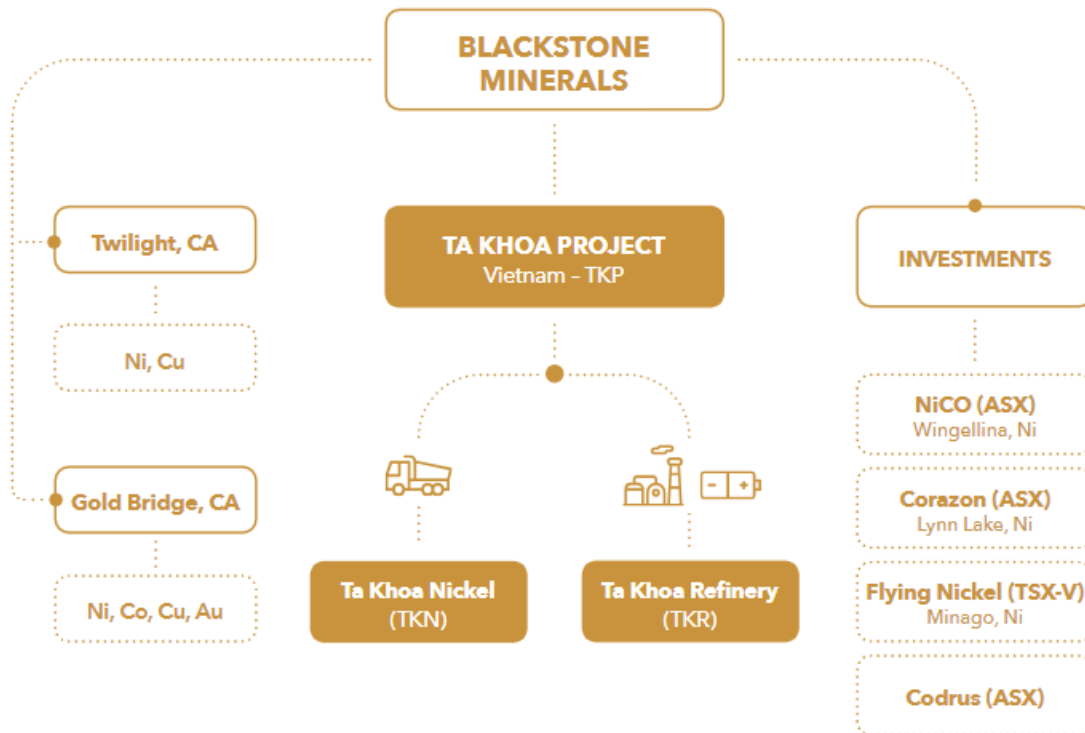


Figure 4: Blackstone Minerals Business Structure Schematic