

28 September 2023

Ms. Yulia Gurdina
Senior Adviser, Listings Compliance (Sydney)
ASX Limited

By email: yulia.gurdina@asx.com.au

Reference: ODIN73828

Response to Aware Query Letter

Bastion Minerals Limited (ASX: **BMO**, **Bastion** or the **Company**) provides the following responses in relation to the ASX's 'Aware Query' Letter (**Query Letter**) dated 25 September 2023.

Capitalised terms used in this response have the same meaning as given in ASX's Query Letter.

1. Does BMO consider the Impairment to be information that a reasonable person would expect to have a material effect on the price or value of its securities

Yes, noting the qualification below.

While a significant impairment would ordinarily be considered to have a material effect on the price or value of the Company's securities, it is noted that the Company's market capitalisation at the time the impairment was incurred was less than AUD\$3.5m so, from an objective viewpoint, this would appear to indicate to a reasonable person that very little value was being attributed to any of the Company's individual assets by the market, noting that the Company has assets in Chile, Canada and Sweden.

2. If the answer to question 1 is "no", please advise the basis for that view. In your answer, please comment specifically on the quantum of the Impairment compared to BMO's remaining exploration and evaluation assets and total equity, and how this is not considered to be material to BMO.

Not applicable.

3. Please identify when BMO considers it became aware of each of the following:

3.1 the decline in market capitalisation which indicated impairment;

In the 5 ½ month period since the Company released its Financial Year 2022 (**FY22**) accounts to the ASX on 31 March 2023, the share price traded between a low of \$0.02 and a high of \$0.038 with the majority of trading occurring between \$0.02 and \$0.028.

During the course of the FY22 audit, the Company's auditors, following their testing procedures, agreed with management's assessment that there was no impairment required to be recognised in relation to the carrying value of the Company's assets as at 31 December 2022 or up until the time of the audited financial report being released to the ASX on 31 March 2023.

For this reason, and the fact there was little fluctuation in the Company's share price and market capitalisation across the period since the FY22 financial report was issued, there was no reason for the Company to carry out any further assessment in relation to impairment prior to the auditor's review of the Company's interim financial report for the half-year ended 30 June, 2023 (**H1 FY23**) which commenced in early September 2023 and was completed immediately prior to the release of the H1 FY23 accounts.

During the course of the H1 FY23 review, in discussion with the Company's auditors, the issue of impairment was first discussed with the Company's audit committee and the Board, with the final conclusion reached at the time of approving the H1 FY23 accounts, that an impairment needed to be recognised in relation to some of the Company's assets.

3.2 the change in strategy to shift focus from BMO's Chilean projects;

The strategic focus of the Company has been evolving since late 2022 following the Company's announcement on 5 December 2022 that it was looking to diversify beyond Chile to Canada where an option agreement had been signed (which ultimately did not proceed). Since that date, the Company has entered into agreements in Canada (*refer ASX announcement 20 February 2023*) and in Sweden (*refer ASX Announcement 19 June 2023*).

During this time, exploration work continued across the portfolio of assets including Chile (*refer ASX announcement of 3 July 2023*). With the primary focus being on the Cometa project in Chile and the exploration projects in Canada and Sweden, exploration work on the Garin and Capote projects had not been considered a priority over recent quarters as had been stated in the Company's quarterly activities reports. With the Company entering into the binding option agreement with ASX-listed Hot Chili Limited (ASX: HCH) to dispose of the

Cometa project (*refer ASX Announcement of 28 August 2023*) and to focus on Canada and Sweden, a decision was made during the same period that the H1 FY23 review was being undertaken, that the Company would not undertake any further work on Garin and Capote unless funded by a third party, which was when the impairment of those assets was recognised.

3.3 the arms' length transaction in a similar stage gold-silver exploration project in Chile; and

In early September 2023, through the H1 FY23 review process, on the advice of the Company's auditors, the Company identified a transaction between two arm's length parties in respect of a similar stage project and utilised this as a suitable comparable.

3.4 the Impairment.

It was only determined when an assessment for the fair value of the asset was arrived at in discussions with our auditors to complete the H1 FY23 review on September 11, 2023.

4. Did BMO disclose or otherwise provide any indication to the market prior to the release of its Half Yearly Report and Accounts that it would be incurring the Impairment.

No. As stated above, the Company did not consider, nor did it consider there was any requirement to consider, the impairment of its assets or undertake any form of impairment testing or notify the market accordingly between the release of the Company's FY22 Financial Accounts and its H1 FY23 Financial Accounts.

5. If the answer to question 4 is "yes", please identify the announcement in which this was disclosed.

N/A.

6. If the answer to question 4 is "no", please:

6.1 explain why not; and

A calculation was not determined as necessary at any time prior to the commencement of the H1 FY23 review process.

6.2 explain how BMO considers the lack of disclosure at an earlier time to be compliant with Listing Rule 3.1?

Refer to the response to question 4 above. It could not have been disclosed any earlier, the impairment was not determined until a meeting with the Company's auditor took place on September 11, 2023.

7. Please confirm that BMO is complying with the Listing Rules and, in particular, Listing Rule 3.1?

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

8. Please confirm that BMO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BMO with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that this response to the Query letter has been authorised by the Executive Chairman, Ross Landles, on behalf of the Bastion Minerals Limited.

Contact details regarding this announcement:

Ross Landles

Executive Chairman

0438 959 144

ross.landles@bastionminerals.com



25 September 2023

Reference: ODIN80776

Mr Justin Clyne
Company Secretary
Bastion Minerals Limited
Level 6 22 Pitt Street
Sydney NSW 2000

By email

Dear Mr Clyne

Bastion Minerals Limited ('BMO'): Aware Query

ASX refers to the following:

- A. BMO's Half Yearly Report and Accounts released on the ASX Market Announcements Platform ('MAP') on 13 September 2023, which disclosed (relevantly):
- i. An 'Impairment of exploration and evaluation assets' of \$3,478,325 (the 'Impairment');
 - ii. A remaining 'Exploration and evaluation' account balance of \$3,511,257 and 'Total equity' balance of \$3,225,385;
 - iii. The following explanation relating to the Impairment:
"The Group's exploration assets have been assessed for indicators of impairment at 30 June 2023. A deficiency between the Group's market capitalisation and the pre-impairment carrying value of its net assets, combined with a change in strategy to shift focus from the Group's Chilean projects to its Canadian and Swedish projects, were identified as indicators of impairment for the Capote and Garin projects. The recoverable amounts of these projects were estimated with reference to the value per square kilometre of exploration area implied by a recent arm's length transaction in a similar stage gold-silver exploration project in Chile. As a result of this analysis, an impairment charge of \$3,478,325, has been recognised in relation to the Capote project. No impairment was required in relation to Garin."
- B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 *A reasonable person would not expect the information to be disclosed."*
- E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:
- "Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Request for information

Having regard to the above, ASX asks BMO to respond separately to each of the following questions and requests for information:

1. Does BMO consider the Impairment to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view. In your answer, please comment specifically on the quantum of the Impairment compared to BMO's remaining exploration and evaluation assets and total equity, and how this is not considered to be material to BMO.
3. Please identify when BMO considers it became aware of each of the following:
 - 3.1 the decline in market capitalisation which indicated impairment;
 - 3.2 the change in strategy to shift focus from BMO's Chilean projects;
 - 3.3 the arms' length transaction in a similar stage gold-silver exploration project in Chile; and
 - 3.4 the Impairment.
4. Did BMO disclose or otherwise provide any indication to the market prior to the release of its Half Yearly Report and Accounts that it would be incurring the Impairment?
5. If the answer to question 4 is "yes", please identify the announcement in which this was disclosed.
6. If the answer to question 4 is "no", please:
 - 6.1 explain why not; and
 - 6.2 explain how BMO considers the lack of disclosure at an earlier time to be compliant with Listing Rule 3.1.
7. Please confirm that BMO is complying with the Listing Rules and, in particular, Listing Rule 3.1.

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8. Please confirm that BMO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BMO with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.00 AM AEST on Friday, 29 September 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BMO's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require BMO to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in BMO's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BMO's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BMO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that BMO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Regards

Yulia Gurdina

Senior Adviser, Listings Compliance