

DFS pending - Vietnam Gov relations improve

BSX.ASX | BLACKSTONE MINERALS LIMITED | MATERIALS | METALS & MINING

PRICE
A\$0.11/sh

TARGET PRICE
A\$0.50/sh
(UNCHANGED)

RECOMMENDATION
SPECULATIVE BUY
(UNCHANGED)

ANALYST
MICHAEL SCANTLEBURY
MSCANTLEBURY@EUROZHARTLEYS.COM

Event

BSX has recently provided an update on the company's strengthening relationship with the Vietnamese Government.

Impact

Delegation Visit: BSX hosted a senior delegation from Son La, which was assisted by the Vietnamese Ministry of Foreign Affairs. The visit aimed to enhance understanding of Blackstone's mining practices, showcase Australia's mining standards, and provide updates on the company's projects.

Son La Party Committee Meeting: BSX met with the Son La Party Committee to discuss commitments regarding the Ta Khoa Project. The committee expressed ongoing support for the project, and Scott Williamson (MD) provided updates on progress, partners, funding, and the Definitive Feasibility Study.

Roundtable on Energy and Resources: Scott Williamson attended a roundtable event in Hanoi, focusing on renewable energy and mineral resource development. The panel discussed issues such as restrictive legislation and bureaucratic delays, with the goal of improving trade and investment between Australia and Vietnam.

Mining Law Update: Blackstone has been invited to participate in workshops for revising Vietnamese Mining and Minerals Law. The aim is to align it with successful mining jurisdictions worldwide, attract foreign direct investment, and streamline processes such as exploration access, taxation, and permitting.

We view this as an encouraging sign which demonstrate Blackstone's commitment to building strong government relationships, promoting responsible mining practices, and contributing to the development of Vietnam's mining sector.

As a reminder:

- Downstream plans for a hydro-met refining in-country (Vietnam). Pilot-study outcomes have been highly successful in achieving battery grade nickel sulphate (+99.95%), cobalt sulphate and copper cathode (4N). The scalable operations is expected to provide 40ktpa nickel sulphate per train, with a partnership funding model being pursued. The indicative PFS capex was ~US\$500m, which we expect will increase, with the fully integrated operations likely in the order of US\$1b (split 1/3 mine, 2/3 refining).
- The DFS for the Downstream Refinery Project, targeting production of a NCM precursor product is expected to be released Q3CY23.

Action

We maintain our **Speculative Buy** recommendation, with our NPV12 model. We continue envisage part project sell-down/project partner (~50%) for the funding solution (equity) and balance via project level debt. Funding remains the key risks to our latest 60cps valuation and Price Target, of 50cps. Cash and liquids are currently ~A\$33m.

Catalyst

- Project Partner and Integrated Ta Khoa DFS
- Debt financing and Offtakes
- FID and Nickel Price

Share Price	0.11	A\$/sh
Price Target	0.50	A\$/sh
Valuation	0.60	A\$/sh
Shares on issue	473.7	m
Market Capitalisation	52.1	A\$m
Enterprise Value	31.9	A\$m
Debt	0	A\$m
Cash and liquids (est)	33	A\$m
Largest Shareholder	Deutsch..	15%

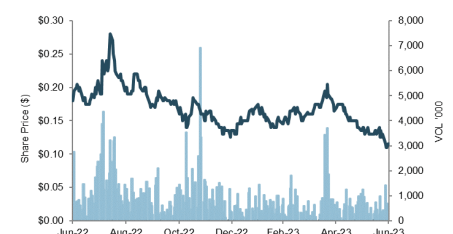
Directors	
H Halliday	NE Chair
S Williamson	MD
A Gaines	NED
F Bierlein	NED
D Lougher	NED

Company Details	
Level 3, 24 Outram Street, West Perth, WA, 6005 www.blackstoneminerals.c...	

Shareholders	
Deutsche Balaton	15%
Fidelity	8%
Board & Manag.	5%

Resources	Mt	Ni%	kt Ni
Indicated	102	0.38	383
Inferred	28	0.36	102
Total - Ta Khoa	130		485
EV/Ni t			66

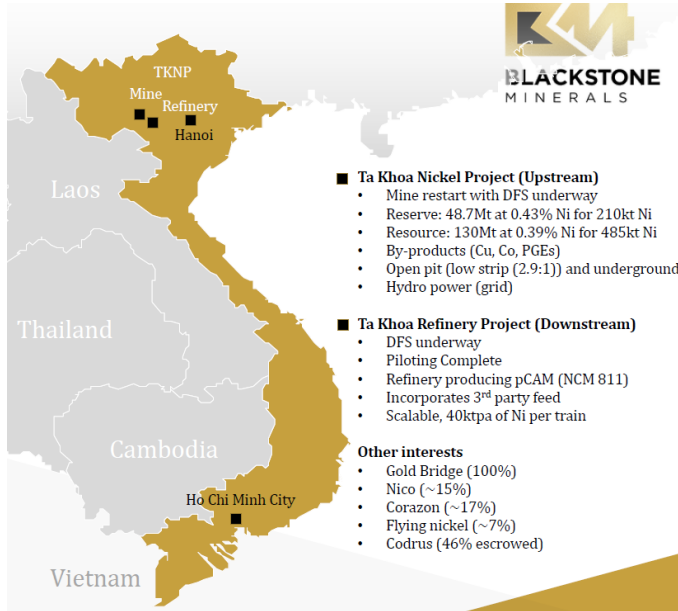
Performance



Source: Euroz Hartleys

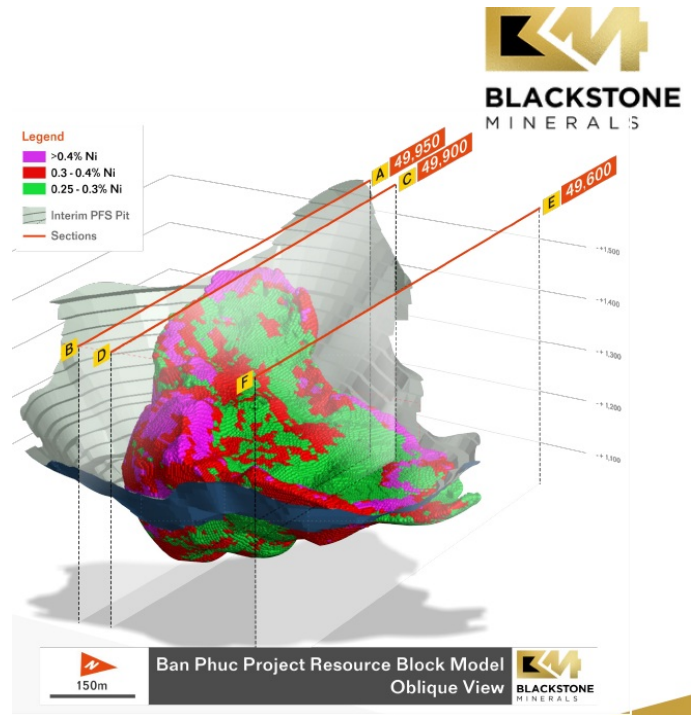
Ta Khoa Nickel Operations - Vietnam

Figure 1: Project Location Northern Vietnam



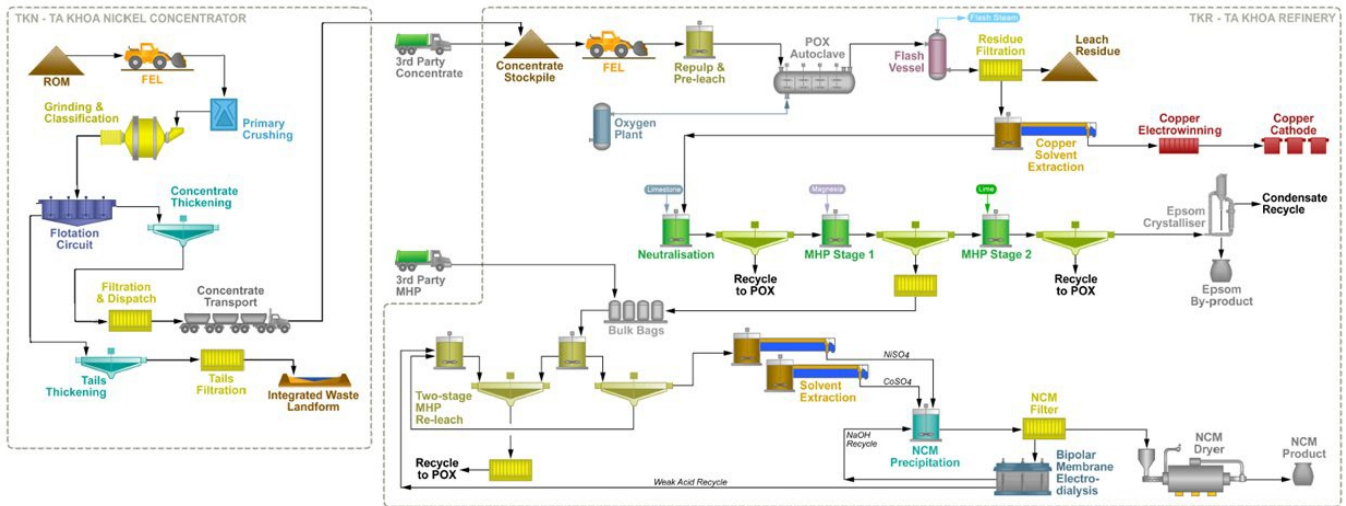
Source: BSX

Figure 2: Ban Phuc Resource Block Model



Source: BSX

Figure 3: Ta Khoa Process Flowsheet for the Vertically Integrated Operations



Source: BSX

Figure 4: Infrastructure: 450ktpa Nickel Concentrator



Source: EH Site Image

Figure 5: Infrastructure: Underground Portal



Source: EH Site Image

Figure 6: Infrastructure: Core Shed



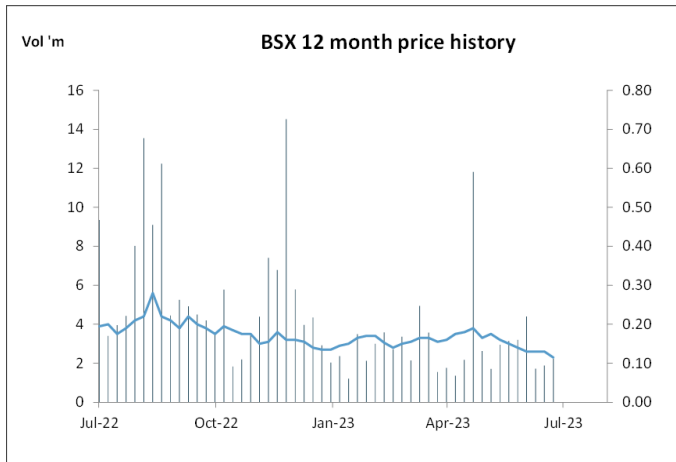
Source: EH Site Image

Figure 7: Nickel Sulphide Concentrate



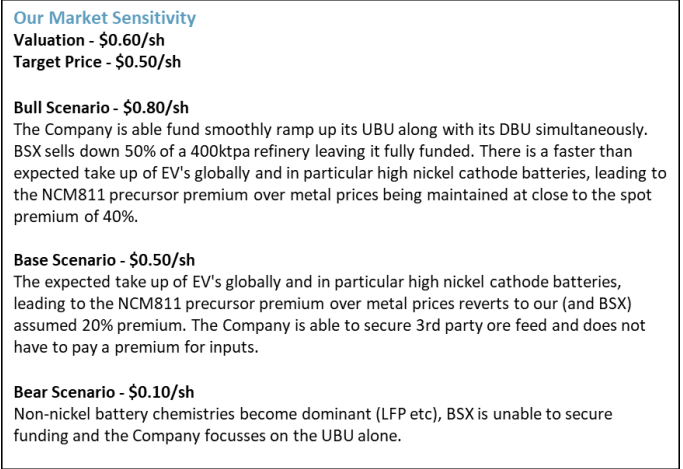
Source: EH Site Image

Figure 8: Price History Bear, Base and Bull



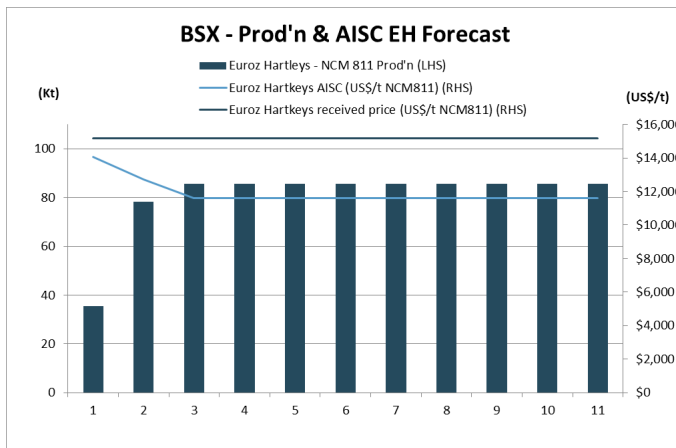
Source: EH estimates

Figure 9: Bull, Base and Bear Scenarios



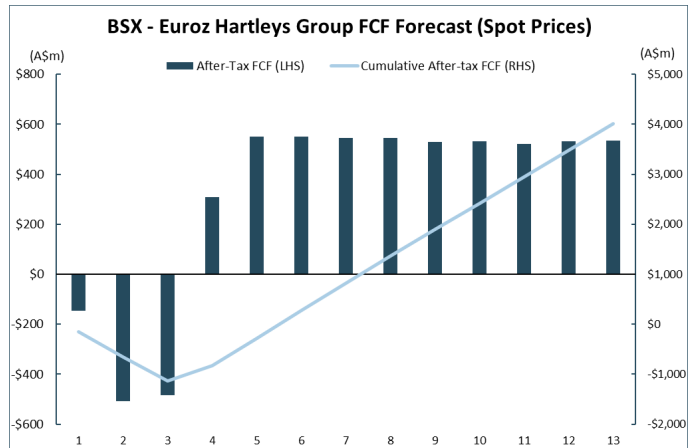
Source: EH estimates

Figure 10: Production Profile (100% basis)



Source: EH estimates (subject to change)

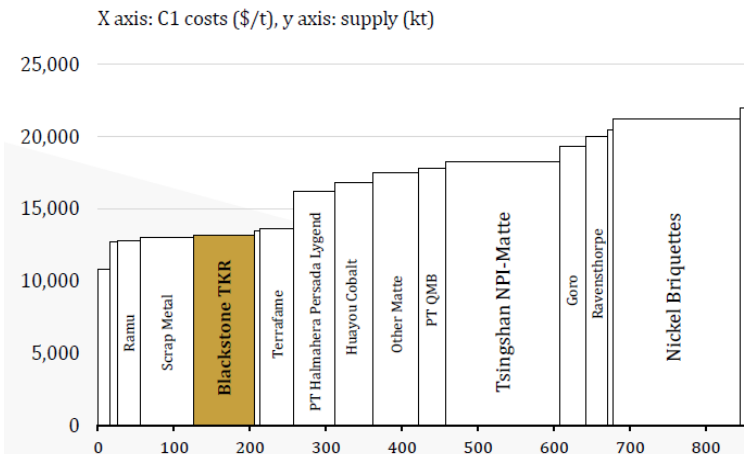
Figure 11: Forecast FCF (100% basis)



Source: EH estimates (subject to change)

Figure 12: Nickel Sulphate Cost Curve

Nickel Sulphate cost curve
 First quartile positioning for Ta Khoa nickel sulphate



Source: BSX after Trafigura

Personal disclosures

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities, and we are not in possession of, nor does this Research contain any inside information.

No part of our compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in this research, nor has any attempt been made to influence this Research.

Company disclosures

The companies and securities mentioned in this report, include:

Blackstone Minerals Limited (BSX.ASX) | Price A\$0.11 | Target price A\$0.50 | Recommendation Speculative Buy;

Price, target price and rating as at 30 June 2023 (not covered)*

Additional disclosures

This report was prepared solely by Euroz Hartleys Limited. ASX Limited ABN 98 009 642 691 and its related bodies corporate ("ASX") did not prepare any part of the report and has not contributed in any way to its content. The role of ASX in relation to the preparation of the research reports is limited to funding their preparation, by Euroz Hartleys Limited in accordance with the ASX Equity Research Scheme. ASX does not provide financial product advice. The views expressed in this research report may not necessarily reflect the views of ASX. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by ASX as to the adequacy, accuracy, completeness or reasonableness of the research reports for: Blackstone Minerals Limited (BSX.ASX)

Other disclosures, disclaimers and certificates

Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Limited (ACN 104 195 057) only.

Euroz Hartleys Limited is the holder of an Australian Financial Services Licence (AFSL 230052) and is a participant of the Australian Securities Exchange Group.

The information contained herein is confidential. If you are not the intended recipient no confidentiality is lost by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys Limited on (+618) 9488 1400. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys Limited.

Disclaimer & Disclosure

Euroz Hartleys Limited, and their associates declare that they deal in securities as part of their securities business and consequently may have an interest in the securities recommended herein (if any). This may include providing equity capital market services to the issuing company, hold a position in the securities, trading as principal or agent and as such may effect transactions not consistent with the recommendation (if any) in this report.

You should not act on any recommendation issued by Euroz Hartleys Limited without first consulting your investment adviser in order to ascertain whether the recommendation (if any) is appropriate, having regard to your objectives, financial situation and needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz Hartleys Limited believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz Hartleys Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference. The author of this publication, Euroz Hartleys Limited, its directors and their associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Euroz Hartleys Limited, and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of transactions arising from any advice mentioned in publications to clients.