

ESG Report

Based on submission dated 13th January 2023

Blackstone Minerals Ltd

and associated mining project(s)

Disclosures in this submission

Type	Name	ESG framework type
Corporate	Blackstone Minerals Ltd	Development stage corporate framework
Project	Ta Khoa	Development stage project framework



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Introduction

Digbee ESG is the industry standard ESG disclosure framework for the mining sector. It provides mining companies with a right-sized, futurelooking set of frameworks against which they can credibly disclose, track, compare and improve their ESG performance.

Digbee ESG has been developed in consultation with mining companies, ESG specialists and capital providers and is endorsed by leading financial institutions, producing mining companies and other industry stakeholders.

This Digbee ESG Report is the resulting output from your recent ESG submission and comprises an executive summary, your score, score breakdown, positives and negatives as well as a summary of your ESG submission responses.

How are scores calculated?

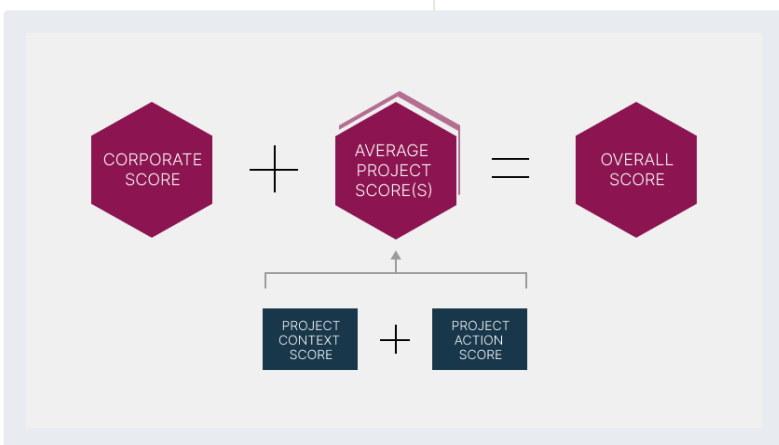
All ESG submissions are manually reviewed and scored against a set of rigorous and standardised scoring criteria.

An ESG submission comprises two types of questionnaire:

1. A single corporate-level questionnaire
2. One or more project-level questionnaires (one for each disclosable project you own).

The questionnaires are tailored to the stage of the mining company and its projects (i.e., exploration, development and/or producing).

The project questionnaires comprise a number of 'Context' questions (relating to the situation of the project) and 'Action' questions (what is being done by the management both in the boardroom and on the ground to mitigate ESG risks).



▲ Visualisation of how Digbee ESG scores are calculated

There is little one can do to influence context scores, however action scores can vary depending on the action being taken by management. Each question is scored in accordance with our scoring criteria and averaged to provide an overall output score along with a confidence banding. A confidence banding illustrates the potential range with which the awarded score can move should any of the risks be realised or mitigated.

Who scores the submission?

Scoring is undertaken by a team of accredited ESG experts who have deep experience in mining projects similar to those being scored. Each scoring team consists of two scorers and a team lead. This team of three ensures consistent scoring through robust peer review and quality control.

Executive summary



Your next ESG submission is due on **13th January 2024**. We will notify you 2 months prior to the expiry of your current Digbee ESG score.

BLACKSTONE MINERALS is an ASX listed company with its primary asset in Vietnam. Focused on producing metals vital for lithium-ion batteries, the Ta Khoa Nickel Project (TKN) and Ta Khoa Refinery Project (TKR) are in Development stage. The Gold Bridge project in Canada that was evaluated last year was not included this year as no work has been undertaken in the last 12 months

Clear improvements have been made since the previous Digbee ESG submission in December 2021 at all levels of the company. BLACKSTONE MINERALS clearly hold sustainability as a core value within their organisation.

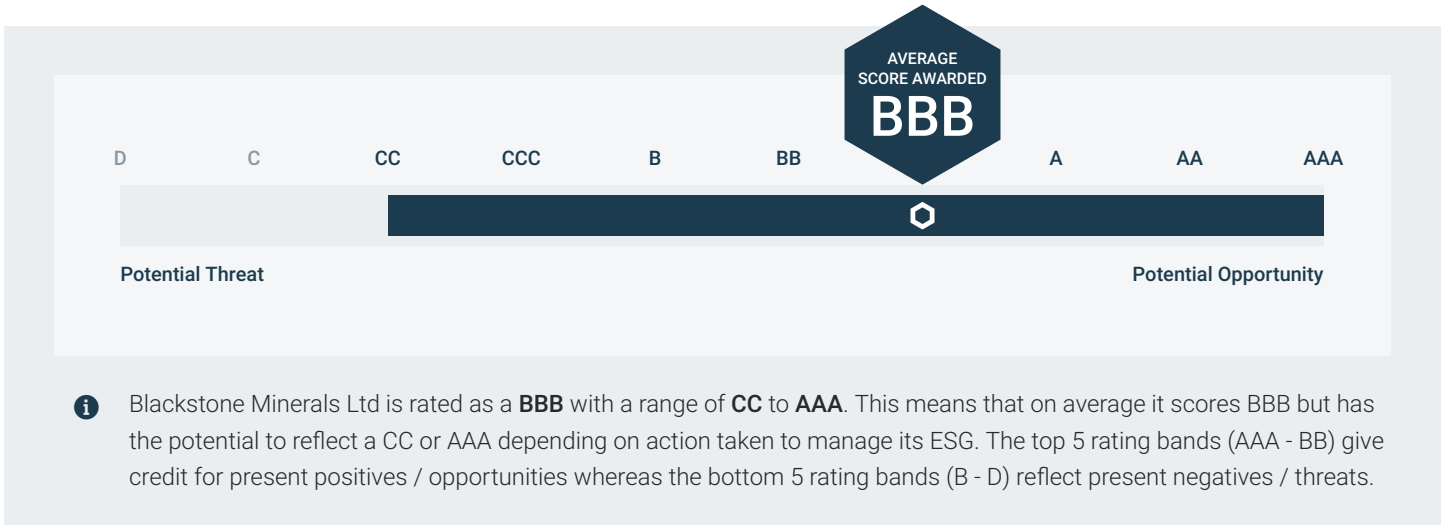
Strengths include the clear respect that the company has for its employees as represented through development programmes. Design changes such as the change in location for the TKR and move to dryco-placement of filtered tailings with waste for TKN show that sustainability is included alongside financial and technical decision making.

Based on the information provided, BLACKSTONE MINERALS has achieved an overarching score of BBB with a range of CC to AAA as of January 2023. This is an improvement from an overarching score of BB with range of C to AAA in 2021. A corporate score of BBB with a range of B to AAA was obtained (improved from BB with a range of CCC to A in 2021), with the Ta Khoa Project scoring an overarching score of a very strong BB with a range of CC to AAA. While this score has not improved since 2021, the underlying components have almost all improved moving the project from the bottom of the BB band to the upper section of the band.

Your submission team

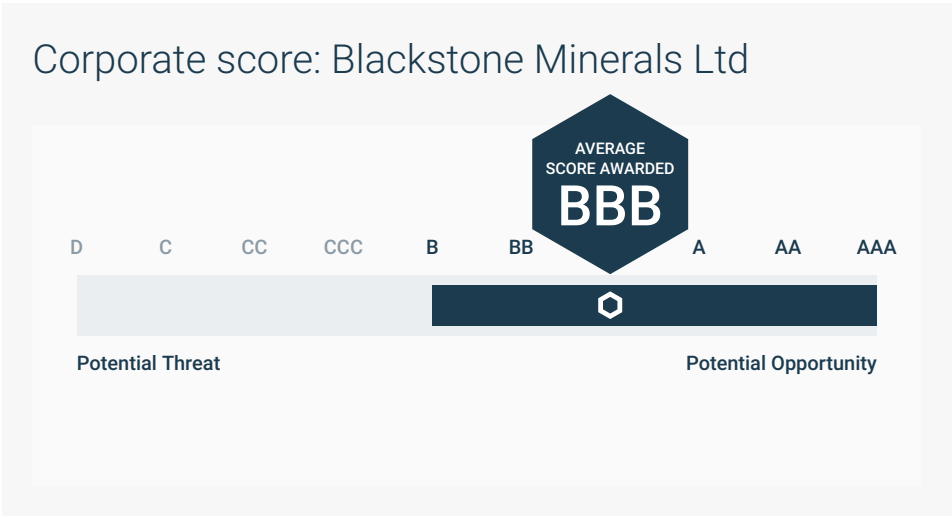
- Robin Budden - ADMIN
- Anna Cranney - VIEWER
- Tessa Kutscher - ADMIN
- Janine Collier - EDITOR
- Scott Williamson - APPROVER

Overall score for this submission



The score breakdown

i
Corporate Score:
This is the score awarded for the responses to the 'Corporate-level' questionnaire.



The score breakdown continued...



Project Score:

These are the scores awarded to any 'Project-level' questionnaires that have been submitted.

Action:

Within each project, action questions try to understand what action is being taken by the mining companies to mitigate ESG risks.

Risk Context:

Within each project, context questions try to understand the inherent risks of where the mining companies are operating.

Project score: Ta Khoa

Overview



Overarching positives and negatives

Positives	Negatives
<ul style="list-style-type: none"> • The outputs from Ta Khoa Nickel Project (TKN) and Ta Khoa Refinery Project (TKR) are vital for the Energy Transition - Nickel, Cobalt and Manganese. • Improvements across the organisation are evident since the previous Digbee ESG submission in 2021, particularly in policy, procedure, and linkage of ESG performance and remuneration across the workforce. • A change in design for tailings management has resulted in the decision to use dry co-placement of filtered tailings with waste for TKN which is significantly lower risk than the previous plan for management of tailings. • The location of TKR has been moved in part to improve ESG factors. • The company is proactively engaged in sourcing renewable power for its operations. 	<ul style="list-style-type: none"> • Land clearing in steep topography upstream of the historic tailings storage facility at TKN may increase the likelihood of increased runoff, sediment loading and therefore landslides. This therefore increases the threat posed on the site locality from upstream factors. • Plans to manage water use during construction and operation, and mitigate possible acid mine drainage (AMD), are still in development. • Updated EIAs for the TKN and TKR have not been submitted.

Corporate positives and negatives

Corporate positives

- In its second year of reporting BLACKSTONE MINERALS remains an ASX listed mineral resources company led by a sector-experienced leadership team.
- Robust improvements are evident since last years' Digbee ESG submission.
- The company's current primary focus is the Ta Khoa Project, located in Vietnam. This is comprised of an integrated mine and concentrator (Ta Khoa Nickel Project – TKN) and refinery (Ta Khoa Refinery – TKR), and is in Development stage.
- Target outputs from the operations are vital for the Energy Transition, specifically supporting lithium-ion batteries, namely Nickel, Cobalt, Manganese, Copper, Palladium, Platinum and Gold.
- ESG continues to be a fundamental focus within the company, as evidenced in this Digbee ESG submission and the company's 2022 Sustainability report.
- In Q1 2022 a member of the Executive Team was appointed with oversight of Government Engagement.
- In Q3 2022 a Representative Office was established in Vietnam and led by the in-country General Director.
- A number of reporting frameworks are being considered for their true value to

BLACKSTONE MINERALS including UN Global Compact / SDGs and those more focused on climate change. This careful consideration of which frameworks to align to is a sign of maturity.

- A lifecycle assessment (LCA) was conducted by a third party consultant (Minviro), enabling the Company to plan for what the operation will look like once constructed, and therefore adapt any design aspects prior to construction.
- Funding is available for key ESG requirements such as environmental baseline monitoring and the filling of key roles. There is an indication that ESG related budgets are integrated into budgets focused on the Feasibility Study.
- A third-party review into anti-corruption and bribery was undertaken during 2022. This resulted in the introduction of the Whispli platform, which provides an avenue for employees to anonymously report issues.
- The Whistleblower Policy was updated in 2022.
- Anti-harassment training was undertaken in 2022, both onsite and in the Hanoi office. Education is undertaken on a regular basis.
- Increased accessibility of company documents is ongoing, with many corporate policies being made available on the website in both English and Vietnamese.
- Evidence of plans to further reduce emissions was provided in this years' submission. These included the potential to make use of hydroelectric power and hydrogen power, together with the option to produce cobalt sulphate rather than cobalt hydroxide, thereby reducing the carbon footprint per 1kg of product by 0.7kg.
- A 20% bonus incentive relating to ESG performance is in place for corporate-level employees and Vietnamese based senior leaders. As yet, this does not apply or have an equivalent for Vietnamese employees.
- Equal Employment Opportunities (EEO) are firmly entrenched in how business is done in Vietnam, with clear opportunities for development for individuals within the company. This is outlined in the People, Remuneration, Culture and Diversity Committee Charter and accompanying Policy.
- While no link to ESG performance is made, and despite it not being normal practice, all Vietnamese workers are provided with a 13th paycheque in approximately January every year.
- A board level skills matrix has been completed.
- Community relations, social performance and stakeholder engagement methodologies have been developed and shared across the company in the form of appropriate standards and policies.
- Stakeholder engagement on ESG issues has improved through the establishment of an Audit, Risk and ESG Committee to support the Board's understanding of sustainability concerns of shareholders. Shareholders continue to be engaged via emails, phone calls and meetings, together with all normal modes of announcements.

- A number of senior employees are active members within the relevant industry body.
- Intra-group financing arrangements are fully audited and guided by the internal treasury policy.
- A detailed in-country process has been established for permitting for each project. This is supported by the multi-party working group established in June 2022, comprising representatives with an interest in the permitting process and outcomes. It is also supported by the Permitting Committee who have the mandate to monitor progress of the permits. Progress is reported to the Board every quarter.
- While not highlighted in the answers to the corporate questions, the relocation of TKR and redesign of the management of tailings have the potential for significant ESG benefit.

Corporate negatives

- While the Board has changed in composition since the previous Digbee ESG submission, with the addition of a very well qualified mining engineer, the diversity at Board level has not improved. With the project moving towards an operational level, diversifying the Board to include members with expertise in ESG and/or international development, along with having perspectives from diverse cultural/gender diversity, would be advantageous.
- There is currently no succession planning in place for the Board of Directors or the Executive Management Team.
- The name “Green Nickel” has been trademarked by the company, however to date, this is a strategy in a research phase rather than an actual product.
- While it is a strength that ESG performance is linked to remuneration targets, results are linked to the employee share plan rather than a monetary bonus. This has potential to devalue this component of remuneration. For many individuals, the share plan is incredibly important, however for others, they may be more focused on the shorter term cash benefits.
- While having ESG linked performance for senior individuals is a strength, the targets are all lagging indicators relating to incidents. There is the opportunity to improve these to be more forward looking.
- As yet, the only influence that shareholders may have on Board and management remuneration is at the AGM.
- TCFD reporting was referred to as a strategy towards integrated ESG in this year’s and last year’s report, but no action has been undertaken to date.
- There is currently no formal mechanism for community members to raise issues, concerns, grievances or opportunities.
- While a risk management process is in place with quarterly and ad hoc reporting mechanisms, no examples of this process, reporting or decisions made as a result of this business tool were provided.

- Reports indicate that water quantities may be diminishing in the region, however no action plans to mitigate this concern were provided. Studies are however underway and are expected to result in these actions.
- A number of systems have been implemented in 2022. While this is a positive, their true impact remains to be seen as they require time to be fully embedded within the organisation.

Project positives and negatives

Project positives - Ta Khoa

- The Ta Khoa Project consists of the Ta Khoa Nickel Project (TKN) and Ta Khoa Refinery Project (TKR). The TKN is located on the site of the original Ban Phuc Nickel underground mine and concentrator. The TKR will be constructed together with necessary infrastructure in the Bac Phong Commune in Phu Yen District.
- The TKN is on a brownfield site, providing opportunity to remediate old workings that may otherwise pose a threat to the environment and society.
- The location of the TKR was moved during 2022 as a result of ongoing engagement with the Son La Province People's Committee and after further technical and financial assessment. The new location boasts strong support at both government and district levels, a reduced need for resettlement, lower impact of noise on people, superior residue storage facility placement and better logistics regarding the option for river transport when compared to the previous potential location of the refinery.
- The output from the operation(s) is expected to include Nickel, Cobalt and Manganese to support the Lithium-ion battery industry. It is also anticipated that Copper, Palladium, Gold, Platinum will be extracted from both disseminated sulphite and massive sulphide veins. It is also anticipated that Nickel concentrate will be sourced from a third party.
- Future looking studies such as a Taskforce on Climate-related Financial Disclosure (TCFD) is planned for 2023.
- There is no recent history of conflict, be it ethical or political, within the area.
- Studies to update the environmental and social baseline are underway.
- Wherever possible employment opportunities are created and utilised in Vietnam. Currently only four of the current workforce are expatriates from outside Vietnam.
- The workforce is predominantly composed of employees rather than contractors.
- While two health and safety near misses have been recorded, both were fully investigated with lessons learned incorporated into the OHS system.
- A safety culture of "you are my family" is being nurtured on site, leveraging the Vietnamese culture.
- The Health and Safety Policy was updated and management systems introduced in 2022. This work also includes Hygiene factors. While further work is needed, this provides a good foundation.
- No firearms are permitted on site (note: only police are permitted to carry firearms in Vietnam).
- A robust relationship with the government has been developed to ensure TKN and TKR supports government plans, but also so that requirements of TKN and TKR are considered for government development plans.
- There is no informal or artisanal mining in the region.

- Active rehabilitation is undertaken of any disturbed areas, and discussions are being held with a conservation-focused NGO regarding what may be done in the long term.
- All land in Vietnam is owned by the people with the State acting as the owner's representative. The company is working closely with the State to ensure all appropriate land-use rights are clear and obtained.
- Electrical power will be drawn from the local Son La Hydro Electric Dam through the use of a Power Purchasing Agreement with the Vietnamese Energy Provider (EVN), thereby affording BLACKSTONE MINERALS to potentially be net zero regarding carbon emissions.
- While water requirement studies have yet to be completed, TKN currently makes use of recycled water from the processing facilities. Water is also treated on site prior to discharge to the source (Da River). This practice will be reviewed as part of the DFS.
- A waste audit has been completed. Opportunities for the re-purposing of refinery residue waste streams for beneficial reuse have been highlighted.
- Dry co-placement of filtered tailings with waste in the mine waste rock area has replaced the original plan for a more conventional valley-fill tailings facility for TKN. This is significantly lower risk. Dry-stack storage is being investigated for TKR.
- Closure and rehabilitation of the Ban Phuc Nickel Mine was undertaken prior to its acquisition by BLACKSTONE MINERALS. Future closure and rehabilitation for both TKN and TKR is included in the PFS and will be further refined during the DFS.
- Vietnamese legislature requires strict management of drill hole backfill and rehabilitation of disturbed areas.
- Engagement takes place in both English and Vietnamese, with Thai and Muong being used when required. All company – government documents are translated from English into Vietnamese before transmission (and vice-versa). Training for Community Relations staff is delivered in both languages.
- A new process for receiving and responding to community questions, concerns and complaints was implemented during 2022.
- While no formal government inspections have been carried out, a number of government agencies have been hosted on site to familiarise them with the projects and company practices.
- A local supplier capability assessment has been commissioned to support the preparation of the local content plan which aims to support socio-economic enterprises and development.
- A strong project management team is in place with teams in both Perth, Australia and Vietnam. Tier 1 process engineering, design and construction companies have been retained to deliver both the TKR and TKN feasibility studies. Vietnamese consultancies provide in-country support to engineering, environmental and social studies.
- Baseline monitoring is in place for everything from air quality through to community health.

- Positive working relationships have been established with both Provincial and Central level governmental permitting teams, with the permitting process being clearly understood by the Company.
- BLACKSTONE MINERALS clearly recognises the challenges of involving a diverse array of stakeholders in decision making and has instigated a robust programme of engagement with a wide variety of stakeholders. It is recognised that this is a work in progress with improvements being made on a regular basis.
- It is recognised that an individual responsible for Operations will need to be recruited early to ensure a smooth hand over and ramp up of operations. Baseline studies are also under way to understand the potential impact of construction and operations on the local government, community and environment, with focus on the management of contractors.

Project negatives - Ta Khoa

- Land clearing in steep topography upstream of the historic tailings storage facility at TKN may increase the likelihood of increased runoff, sediment loading and therefore landslides. This therefore increases the threat posed on the site locality from upstream factors, potentially inclusive of historic tailings workings.
- While studies are planned, it is currently unclear the extent to which water resources may be impacted by activities carried out on either site.
- The submission notes that ore is hosted in disseminated and massive sulphide veins, suggesting that there is a potential for acid mine drainage (AMD) to need to be considered and / or managed in the future.
- While an employee union is in operation at the site, no evidence was provided of other employee focused representation bodies such as health and safety committees.
- There is currently no due diligence process in place for individuals filling key roles when supplied by contractors. While in depth due diligence of individuals may not be critical at this stage, ideally those being sourced from outside Vietnam should be screened to ensure they have an understanding of the local context / provided with this knowledge.
- While existing land uses are understood for TKN (as reported in the 2022 PFS), the full understanding of the socio-economic context for TKR is still underway.
- Unlike many other countries, resettlement is managed by the government in Vietnam. BLACKSTONE MINERALS recognises that in order for any resettlement(s) to be inline with IFC PS5, a Supplementary Resettlement Plan may need to be developed to address any gaps between standard and international best practice.
- While rehabilitation is undertaken regarding disturbed areas for e.g. drilling, no active rehabilitation appears to be underway of old mine workings within the licence area (including tailings storage facilities).
- While a preliminary transport feasibility study was completed in 2022, it concluded

that transportation would likely continue to be via road and waterway. A more detailed study will be developed during the DFS and further design phases. It is unlikely that an alternative to road transport will be developed for certain components which may negatively impact on local communities.

- While water monitoring is underway close to the mine, and additional monitoring bores are expected to be sunk as part of the ongoing environmental baseline studies at both TKN and TKR, water management plans have yet to be developed for construction and operations.
- While hazardous waste is currently managed via a well-defined process, methods for future hazardous waste management for both TKN and TKR have yet to be determined.
- The submission did not include insight to the management of emissions from the newly placed refinery. It is assumed this will be included in future studies.
- The submission noted that: “Noise and vibration-related building damage due to blasting is a common source of complaint and will require particular attention by the TKN mine engineering team.”
- While closure and rehabilitation plans for both TKN and TKR are included in the PFS, and a bond is held at bank for these purposes, the value of \$542,717 assumes that significant ongoing rehabilitation will be carried out during the period of operations.
- While recognised as an area to focus on, little has been undertaken regarding cultural heritage understanding and management to date.
- While significant focus is placed on the support of local people and businesses, the data regarding proportion of local spending is not captured.
- While Scope 1, 2 and 3 emissions have been reported since 2020, no other public commitments have been made public e.g. regarding water, biodiversity etc.
- While material risks (including both threats and opportunities) are clearly articulated in the PFS for TKR, it is unclear if a truly integrated form of risk management has been developed and embedded across the organisation.
- While an EIA from 2014 is in place for the Ban Phuc Nickel Mine, EIAs have yet to be prepared for TKN and TKR.



Corporate Score Distributions: Blackstone Minerals Ltd

Development Framework: Scores valid for 12 months as of 13th Jan 2023

The following visual is an overview of the corporate-level questionnaire scores.

Question IDs & theme	Potential Threat					Potential Opportunity				
	D	C	CC	CCC	B	BB	BBB	A	AA	AAA
C-01.01 ESG Risk Strategy								A		
C-01.02 Organisational Commitment							BBB			
C-01.03 ESG Budgetary Provision					B			A		
C-01.04 Updated ESG KPIs							BBB			
C-01.05 Presence & Influence of Significant Partners							BBB			
C-01.06 Management of Operating Partner										
C-02.01 Board and Leadership Structure								A		
C-02.02 Independent Directors							BB			
C-02.03 Director Rotation					B	BB				
C-02.04 Executive Pay					B				AA	
C-02.05 Board Capability						BB	BBB			
C-02.06 Board Diversity									AA	
C-02.07 Succession Planning					B					
C-02.08 Labour Management										AAA

C-03.01	Government Engagement Processes								AA
C-03.02	Accessibility of ESG Information								AAA
C-03.03	Government Engagement Monitoring								NOT APPLICABLE
C-03.04	Shareholder Oversight								BBB
C-03.05	Management of Shareholders								AAA
C-03.06	Participation in Industry Bodies								BBB
C-04.01	Verification of Financing								AAA
C-04.02	Permitting Compliance Processes								AAA
C-05.01	Feedback Management								B A
C-05.02	Tax Transparency								NOT APPLICABLE
C-05.03	Corruption								BBB
C-06.01	Promotion of Risk Management								BBB
C-06.02	Emergency Preparedness								BBB
C-06.03	Governance Structures								A
C-06.04	Prioritisation of ESG								BB AA

Project Score Distributions: Ta Khoa

Development Framework: Scores valid for 12 months as of 13th Jan 2023

i This is an overview of the project-level questionnaire scores. In some instances a question may elicit multiple responses (e.g., context and action). In these cases, we provide multiple scores for that question ID. The individual scores noted on each bar are the scores that have been awarded for that question. If an individual bar comprises 2 scores, it's because the scores covered a range across multiple bandings and are represented as a range.

Question IDs & theme		Potential Threat					Potential Opportunity					
		D	C	CC	CCC	B	BB	BBB	A	AA	AAA	
		■ Action Question ■ Context Question										
P-01.01	Project Location					B	BB					
P-01.02	Natural Hazard Risk				CCC		BB					
P-01.03	Impact of Upstream Activities				CCC							
P-01.04	Impact on Downstream Activities				CCC							
P-01.05	Instability							BBB				
P-02.01	Planned Activities				CCC		BB					
P-02.02	Planned Mine Products			CC								AAA
P-03.01	Project Team Size			CC			BB					
P-03.01	Project Team Size			CC			BB					
P-03.02	Management Changes							BBB				
P-03.03	State Shareholding & Rep. on Board											
P-03.04	Local Representation in Team											AAA
P-03.04	Local Representation in Team											AAA

P-03.05	Employee and Contractor Employment								AAA
P-03.06	Local Employment Requirements								AA
P-03.07	Local Representation Requirements			CCC				BBB	
P-03.08	Health and Safety Record			CCC					A
P-03.09	Health and Safety Activities							BBB	
P-03.10	Security and Firearms								AAA
P-03.11	Team and Equipment Security								AA
P-03.12	Contractor Due Diligence								D
P-04.01	Acquisition History			CC					A
P-04.02	Existing Land Use					B			AAA
P-04.03	Adjacent Land Use			C					AAA
P-04.04	Competing Land Use								A
P-04.05	Changes to Adjacent Land Use								A
P-04.06	Presence of Local Communities			CC		B			
P-04.07	Resettlement and Compensation			CCC					A
P-04.08	Presence of Informal Mining								AAA
P-04.09	Regulation of Informal Mining								AAA
P-04.10	Biodiversity Management							BB	
P-05.01	Ownership								A
P-05.02	Property Access							BBB	

P-05.02	Property Access	CC	BB
P-05.03	Product Distribution	B	
P-05.04	Integration to State Development Plan	CCC	BB
P-05.05	Energy Sources		BB
P-05.05	Energy Sources		BB
P-05.06	Energy Sharing	NOT APPLICABLE	
P-05.07	Water Stress	CC	
P-05.08	Water Use	CC	BB
P-05.08	Water Use	CC	
P-05.09	Water Impact Minimisation		BB
P-05.10	Water Discharge		BB
P-05.10	Water Discharge		BB
P-05.11	Waste Management	B	A
P-05.11	Waste Management	B	A
P-05.12	Toxic Waste	B	
P-05.13	Tailings Facility Requirement	CCC	AA
P-05.14	Incorp. of New Info on Future Plans		BBB
P-05.15	Noise Reduction		A
P-05.16	Emission Reduction	B	A
P-05.17	Vibration Reduction	CC	BB

P-05.18	Major Facility Rehabilitation	B	BB
P-05.19	Approved Rehabilitation Plan		BBB
P-05.20	Financing Rehabilitation		A
P-05.21	Property Transfer Post-Closure		AA
P-05.22	Current Remediation Activity		A
P-06.01	Social Media Plan		A
P-06.02	Stakeholder Engagement Appointee	CCC	BB
P-06.03	Local Language Engagement		A
P-06.04	Cultural Preservation	B	BB
P-06.05	Past and Current Mining		BBB AA
P-06.06	Local Mining Support	B	BB
P-06.07	External Feedback on Activities	B	BBB
P-06.08	Government Inspections		A
P-07.01	Community-Government Relationship		A
P-07.02	Local Procurement Requirements		AA
P-07.03	Local Procurement Practices	CC	BB
P-07.04	Definition of Regulatory Framework		AAA
P-07.05	Regional Governmental Bodies		BB
P-07.06	State Development Plan		AAA
P-07.07	Alignment w/ State Developmental Plan		AAA

