Blackstone Resources

Semi-annual Report 2020

Semi-Annual Report and outlook by the Chairman of the Board

Dear shareholders,

It is with my greatest pleasure that I announce our activities and successes during the first half of 2020. This has been one of the most interesting periods in the company's history. Despite the huge amount of economic disruption caused by the coronavirus pandemic, we have seen a number of trends accelerate in the aftermath, which favour Blackstone Resources vision for the future. Our goal is to develop a new battery technology that will help ensure a sustainable clean-energy world.

Report for the first half of 2020

- Blackstone delivered a strong performance from our business activities during the first half of 2020, a profit of CHF 19’825’061 was recorded which equates to CHF 0.46 per share.

- During the first half of 2020 the sale of our licenses of rare earth in Norway has been concluded for CHF 22 million. There was strong interest from both Canadian and Australian investors.

- The transaction increased Blackstone’s equity (excluding non-controlling interests) from CHF 25 million to CHF 44.8 million, which equates a book value of CHF 1.05 per share.

- The price – earning ratio (P/E ratio) is 3.4 times at the actual share price of CHF 1.58, compared to other battery manufacturers (Umicore, CATL) having a P/E ratio between 44 to 100 times.

Blackstone Resources is structured into three separate divisions: battery technology, battery metals and cash-flow assets. Below is a quick summary of how each of these areas has developed in the first half of the year.

Battery technology

- Since early 2019, Blackstone Resources has invested heavily in researching and developing the next generation of battery technology through its German subsidiary Blackstone Technology GmbH.
- The company has patented proprietary 3D-printing techniques to produce batteries in a variety of different form factors. The objective here is to reduce the amount of battery materials needed, the cost of the battery and increase energy density.
- The company has also conducted research on the mass production of solid-state batteries, which can offer a significant increase in energy density and a much higher number of charging cycles.
- Blackstone resources has teamed up with several strategic partners from Germany, Belgium, Poland, Austria, the United Kingdom and Switzerland. These include research specialists based at the Fraunhofer Institutes at both Offenburg and Goslar.
- During the first half of the year, a number of significant milestones were past by Blackstone Technology. These included:
  1. The world's first functional battery cells with thick, printed electrodes (C/LFP), which have been successfully tested. This technology increases the energy density for common cathode chemistries by approximately 20%.
  2. Electrodes that use environmentally friendly, water-based binder systems. The production of these electrodes is completely free from pollutants and reduces reduction costs over the long term.
  3. The production step for calendaring electorates is no longer necessary as the necessary porosity is adjusted for in the printing process.
- The short-term goal of Blackstone Technology will be to print complete battery cells, including housings, at an extremely high speed.

Battery metals

- At the start of the year, Blackstone Resources announced the release of an exploration report for its lithium development project in Chile.
- The exploration report supports Blackstone's opportunity to explore and develop a number of licence areas that it holds in the Antofogasta region, which is close to widely known lithium resources. These concessions account for approximately 4,800 hectares, an increase of 1,800 hectares.
- In May, Blackstone received its technical NI 43-101 standard report for its Pajonales Project in Chile.
- In that same month, Blackstone Resources sold its investment interest in rare earths in Norway for CHF 22 million. Blackstone will retain its mining concessions for past producing gold and silver mines and it has a buyback option for these invested interests in the future. The group also has a 2% royalty agreement in place until 2030.
- First Cobalt – a company where Blackstone Resources has a significant invested interest – announced positive feasibility study results for their Cobalt refinery. An additional Investment of CHF 40 million in recommissioning and expanding refinery will achieve its target in the second half of 2020 with a production of more than 5’000 metric tonnes of Cobalt per year.

Cash-flow assets

- The milling plant is intended to produce a healthy cash flow for the company and is not a major part of the company's operations.
- Prior to the coronavirus pandemic, significant progress had been made in bringing this gold milling plant online. However, the coronavirus pandemic hampered progress as the country came under heavy lockdown and subsequently, progress has been paused and will resume in the next few months.
- The purpose of the milling plant is to pay for the company's growth in its exploration activities for battery metals and the research and development of new battery technology.
- Cash flow that the milling plant will provide should also serve to stabilise corporate earnings in the future.

Other developments

- In January 2020, Blackstone received a buy recommendation from AlphaValue – an independent equity research house that covers over 470 European stocks, split between 32 seasoned analysts.
- AlphaValue gave Blackstone a target price of CHF 5.57 after significant stock price appreciation occurred after major breakthroughs were made by Blackstone Technology.
- AlphaValue also awarded Blackstone Resources a BB credit rating.

Outlook for 2020

What we have witnessed is an acceleration and pickup in interest for the battery technology that we are developing. The pandemic if anything, has acted as a catalyst and raised even greater awareness about the importance of how better battery technology could lead to a more sustainable world with abundant renewable energy.

The long-term fundamentals that support the battery metal market remain strong. Electric vehicle sales are expected to increase 28 times from their current level by 2040. Each electric vehicle uses more than 10,000 times the lithium than a smart phone today. The electric vehicle industry is now booming and is turning to battery technology and battery material suppliers for solutions. This is exactly how Blackstone has positioned itself.

Lithium faces technical challenges and the supply of ethically sourced cobalt hinges on the success of new projects. The good news is that Blackstone is well-positioned in both areas.

The success of our lithium exploration project in Chile has been the highlight of 2020. The project now has a NI-43 resource report and is now entering the next phases of exploration.
We also foresee First Cobalt – where we have invested interests – to commence production from the only cobalt refinery in North America. This would be a tremendous milestone to achieve.

In the second half of 2020, we also expect to achieve a number of milestones for our battery technology business. We have already achieved success with our proprietary next gen 3D-printing technology. Our expectation is that we will apply the same printing techniques to the solid-state batteries.

In short 2020 has proved to be a very exciting and profitable year. It could be an inflection point for the firm and its future success. We expect the second half of the year to be even more exciting and exhilarating as the company participates in the recovery of the global economy.

I would like to thank our investors for their continued loyalty and support in 2020.

Yours sincerely,

Ulrich Ernst, lic. oec. publ.

Chairman and CEO

Consolidated Statement of Financial Position

(unaudited)

in CHF	Note	June 30, 2020		December 31, 2019 Adj	
Assets					
Non-current assets					
Property, plant and equipment	9	10'851'437		11'518'200	
Exploration & evaluation assets	10	222'467		388'843	
Intangible assets	11, 12	95'005'432		97'326'676	
Advances and loans		205'552		194'141	
Deferred tax assets		9'301		8'380	
Total non-current assets		**106'294'189**	**98.6%**	**109'436'240**	**97.9%**
Current assets					
Trade and other receivables		18'071		19'549	
Accrued income		342'475		665'539	
Other current assets		557'550		407'909	
Marketable securities and short-term financial assets		143'266		384'782	
Cash and cash equivalents		402'067		840'823	
Restricted cash		64'200		64'200	
Total current assets		**1'527'629**	**1.4%**	**2'382'803**	**2.1%**
Total assets		**107'821'818**	**100.0%**	**111'819'043**	**100.0%**
Equity and liabilities					
Capital and reserve - attributable to equity holders					
Share capital	13	21'350'000		21'350'000	
Share premium		26'049'517		25'755'236	
Treasury shares		-5'357		-6'964	
Retained earnings/(losses) and other reserves		-2'523'411		-21'243'922	
Equity attributable to equity holders of the parent		**44'870'749**	**41.6%**	**25'854'350**	**23.1%**
Non-controlling interest		47'234'521		48'649'737	
Total equity		**92'105'270**	**85.4%**	**74'504'087**	**66.6%**
Non-current liabilities					
Borrowings		8'405'710		29'530'153	
Deferred tax liabilities		6'483'207		6'777'174	
Pension liability		77'511		69'837	
Total non-current liabilites		**14'966'428**	**13.9%**	**36'377'163**	**32.5%**
Current liabilities					
Trade and other payables		213'433		336'433	
Accrued expenses		506'541		570'540	
Borrowings		30'146		30'820	
Total current liabilities		**750'120**	**0.7%**	**937'792**	**0.8%**
Total liabilities		**15'716'548**	**14.6%**	**37'314'956**	**33.4%**
Total equity and liabilities		**107'821'818**	**100.0%**	**111'819'043**	**100.0%**

Consolidated Statement of Profit and Loss

(unaudited)

in CHF	Note	**January-June 2020**	January-June 2019
Revenues		-	-
Cost of goods sold		-	-
Gross profit		**-**	**-**
Operating expenses			
General and administrative expenses		436'420	681'502
Other expenses		85'702	58'690
Personnel expenses		731'097	375'450
Marketing expenses		17'435	37'373
Depreciation and amortization		631'736	-
Total operating expenses		**1'902'390**	**1'153'015**
Non-operating income/(expenses)			
Interest income		-	31'696
Disposal of mining rights/E&E assets (gain/loss)	14	22'140'000	6'551'458
Unrealized revaluation gain/(loss)		14'410	-99'926
Interest expense		-487'111	-139'431
Foreign exchange differences		-65'383	-
Other financial expense		-44'169	-12'997
Total non-operating income/(expenses)		**21'557'748**	**6'330'800**
Profit/(loss) before tax		**19'655'358**	**5'177'785**
Income tax expense		-169'703	-108'369
Profit/(loss) of the year		**19'825'061**	**5'069'416**
of which attributable to equity holders of parent		20'134'320	5'177'785
of which attributable to non-controlling interests		-309'258	-133'871
Non-diluted earnings per share		0.46	0.12
Diluted earnings per share		0.46	0.12

Consolidated Statement of Comprehensive Income and Loss

(unaudited)

in CHF	Note	January-June 2020	January-June 2019 Adj.
Net income		**19’825’061**	**5’069’416**
Other comprehensive income:			
Items not be reclassified to net income/(loss):			-
Defined benefit plan actuarial gains/(losses)		-	-
Net items not to be reclassified to net income/(loss)		-	-
Items that will or maybe not be reclassified to net income/(loss):			-
Foreign currency translation adjustment	12	-1’039’109	-3’289’972
Net items that will or maybe reclassified to net income/(loss)		**-1’039’109**	**-3’289’972**
Total comprehensive income/(loss)		**18’785’952**	**1’779’445**
of which attributable to equity holders of parent		19’612’090	2’226’085
of which attributable to non-controlling interests		-826’138	-446’641

Consolidated Statement of Changes in Equity

(unaudited)

in CHF	Note	Issued capital	Share premium	Treasury shares	Retained earnings	Foreign currency translation adjustment	**Equity attributable to share-holders**	Non-controlling interest	**Total equity**
Balance as at January 1, 2019	13	**21’350’000**	**30’338’643**	**-6’980’203**	**-29’907’080**	**29’523**	**14’830’884**	**-86’992**	**14’743’892**
Profit/(loss) of the year					5’203’287		5’203’287	-133’871	5’069’416
Other comprehensive income		-	-	-	-	-54’626	-54’626	29’523	-25’103
Sale of treasury shares		-	-	6’894’428	-	-	6’894’428	-	6’894’428
Repurchase of treasury shares		-	-	-	-	-	-	-	-
Change in ownership interest		-	-	-	16’317’553	-	16’317’553	11’250’215	27’567’768
Balance as at June 30, 2019	13	**21’350’000**	**30’338’643**	**-85’775**	**-8’386’240**	**-25’103**	**43’191’526**	**11’058’875**	**54’250’401**
Balance as at January 1, 2020, reported	13	**21’350’000**	**25’755’236**	**-6’964**	**-22’141’283**	**9’296**	**24’966’286**	**48’120’368**	**73’086’654**
Adjustment	12				3’083’336	-2’195’272	888’065	529’369	1’417’434
Balance as at January 1, 2020, adjusted	13	**21’350’000**	**25’755’236**	**-6’964**	**-19’057’947**	**-2’185’976**	**25’854’350**	**48’649’737**	**74’504’088**
Profit/(loss) of the year		-	-	-	20’134’320	-	20’134’320	-309’258	19’825’061
Other comprehensive income		-	-	-	-	-1’039’109	-1’039’109	-1’105’958	-2’145’067
Total comprehensive income		**-**	**-**	**-**	**20’134’320**	**-1’039’109**	**19’095’210**	**-1’415’216**	**17’679’994**
Sale of treasury shares		-	-	-	-	-	-	-	-
Non-cash contribution		-	294’281	1’607	-374’700	-	-78’812	-	-78’812
Balance as at June 30, 2020	13	**21’350’000**	**26’049’517**	**-5’357**	**701’673**	**-3’225’085**	**44’870’748**	**47’234’521**	**92’105’270**

Consolidated Statement of Cash Flows
(unaudited)

in CHF	January-June 2020	January-June 2019
Operating activities		
Net Profit/(loss)	19'825'061	5'069'416
Adjustments for:		
Depreciation and amortisation	631'736	-
Share of income from associates	-	2'979
Unrealised mark-to-market movements on investments	26'412	99'926
Gain on disposal of E&E asset	-22'140'000	-6'891'094
Accrued income	323'064	-
Deferred tax asset and liability	-294'887	-
Other non-cash items net [1]	8'537	58'646
Interest expenses net	129'799	107'735
Cash generated by operating activities before working capital changes	**-1'490'279**	**-1'552'392**
Working capital changes		
Decrease/(increase) in trade and other receivables	1'479	9'124
Decrease/(increase) in other current assets	-149'641	860'025
Increase/(decrease) in trade and other payables	-123'000	80'091
Increase/(decrease) in other current liabilities	-64'673	149'548
Total working capital changes	**-335'835**	**1'098'788**
Net cash generated by operating activities	**-1'826'113**	**-453'604**
Investing activities		
Investment in E&E assets	45'803	-
Disposal of E&E assets	-196'668	-503'963
Investment in intangible assets	7'957	-
Investment/disposal of marketable securities	215'105	1'083'758
Net cash used by investing activities	**72'197**	**579'795**
Financing activities		
Decrease/(increase) in loans and advances	-11'411	2'217'257
Increase/(repayment of borrowings)	1'324'752	-2'137'059
Repurchase and proceeds from treasury shares	-	44'928
Net cash used by financing activities	**1'313'340**	**125'126**
Net change in cash and cash equivalents	-440'576	251'317
Currency translation effect on cash and cash equivalents	1'819	-54'627
Cash and cash equivalents as at January 1	840'823	38'870
Cash and cash equivalents as at June 30	**402'067**	**235'560**

[1] Includes change in pension liability, share-based payment expense and foreign currency difference

Notes to the Semi-Annual Report

1. Organisation

Blackstone Resources AG (hereafter "the Group" or "Blackstone") has its registered offices at Blegistrasse 5, 6340 Baar, Switzerland. The Company's purpose consists of acquiring mining rights, concessions, licenses, mining technologies, developing and operating mining facilities, and developing new battery technology and manufacturing techniques.

The Company will grow its already existing interests in mineral deposits and battery technology by acquiring additional licenses and making new investments.

2. Statement of compliance

The unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended December 31, 2019.

3. Basis of preparation

The Condensed Consolidated Interim Financial Statements are presented in Swiss Francs (CHF) million. They are prepared on a historical cost basis except for certain financial instruments, which are stated at fair value.

The preparation of the Condensed Consolidated Interim Financial Statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual result may differ from these estimates. Judgements made by the management in the application of International Financial Reporting Standards that have a significant effect on the Condensed Consolidated Interim Financial Statements and estimates with a significant risk of material adjustment in the next period were the same as those applied to the Consolidated Financial Statements for the year ended December 31, 2019.

4. Accounting policies

The accounting policies applied in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2019. The new or amended IFRS 16 and interpretations, which must be applied for the reporting period starting on January 1, 2020 had no significant impact on this semi-annual report.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Other new, revised and amended standards, amendments, improvements and interpretations apply for the first time in 2020, but do not have a material impact on the Condensed Consolidated Interim Financial Statements of the Group.

5. Impact from COVID-19

Covid-19 has had a significant impact on the company's operations. More specifically, it has affected the business' portfolio of mining interests.

Gold mill

Prior to the global pandemic, significant progress had been made on the controlling interest Blackstone has in a Peruvian gold milling plant. The test mill had been operating and processing ore into doreé. The main mill, which has already been constructed, was ready to go into operation after extensive testing and planning. However, work had to be put on hold as Peru has been heavily impacted by the coronavirus pandemic.

Peru underwent a significant lockdown that prevented travel in and out of the country. However, the demand for gold has increased significantly in recent months as the US dollar continues to weaken. Investors have been rotating into gold as part of an inflation trade over concerns about the ever-increasing supply of fiat money, such as the US dollar. Consequently, Blackstone has received a significant pickup in enquiries about purchasing doreé from the milling plant. Once the milling plant is back in operation, the fundamentals supporting gold will have a significant impact on the success of the plant.

Battery metals
Covid-19 has had a negligible impact on the company's portfolio of exploration interests. In most cases, feasibility studies and technical reports on some of the company's invested interests had been carried out before the global pandemic broke out.

One of the most promising projects that the company is pursuing is its exploration project in Chile. It has already received its NI-43 prior to the outbreak. Travel restrictions also did not prevent the company's team from travelling to and from Peru. Consequently, the project has not been impacted by Covid-19.
Restrictions were in place in Norway. However, they have since been lifted and the company has been able to visit the areas where it owns concessions.

Battery technology
Covid-19 has had zero impact on a battery technology division, which is managed by a wholly owned subsidiary Blackstone Technology, based in Erfurt, Germany. During the lockdown, research continued and consequently significant breakthroughs were made during this period. The company's management team believes that Covid-19 may have actually provided a tailwind for battery technology and could see an increase in the adoption of electric vehicles, which has seen significant government support.

Robust earnings figures from companies like Tesla confirmed this trend. The news flow surrounding electric vehicles and battery technology has also increased since the start of the year. This indicates that there is a lot of momentum supporting this market and its long-term story. Battery technology has, therefore, offered significant resilience during this crisis.

6. Foreign exchange rates

Conversion rates of major foreign currencies are applied as follows.

Income statement and cash flow statement (average rates for the period):

Currency	Jan.-June 2020 CHF	Jan.-June 2019 CHF
EUR 1.00	1.0617	1.1165
USD 1.00	0.9658	0.9684
GBP 1.00	1.2176	1.2477

Balance sheet (period end rates):

Currency	June 2020 CHF	Dec. 2019 CHF
EUR 1.00	1.0604	1.0870
USD 1.00	0.9472	0.9684
GBP 1.00	1.1746	1.2831

7. Seasonality

The Group is not exposed to significant seasonal or cyclical variations in its operations.

8. Segment reporting

The Group is organised and managed by means of individual countries. Since the Group does not yet generate revenues and profits from its assets and trading activities, a segment income disclosure is not feasible and therefore omitted for disclosure purposes.

9. Property, plant and equipment

The summarised financial information in respect of Blackstone's property, plant and equipment is set out below:

in CHF	Real estate buildings	Plant and equipment	Total
Property, plant and equipment			
31 Decmeber 2019, reported	**5'187'556**	**7'064'957**	**12'252'513**
Adjustment [1]	-311'082	-423'231	-734'313
1 January 2020, adjusted	**4'876'474**	**6'641'726**	**11'518'200**
Depreciation	-69'526	-230'451	-299'977
Currency translation	-208'190	-158'597	-366'787
Net property, plant and equipment as at June 30, 2020	**4'598'758**	**6'252'679**	**10'851'437**

[1] The assets as shown in the table are 100% attributable to GESAC, the Peruvian gold refining operation. The adjustment is due to the final purchase price allocation (PPA) on the acquisition of the majority of South America Invest ("SAI") on May 30, 2019 within the one-year adjustment period that included the adoption of the functional currency of SAI and its 100% subsidiary GESAC to USD.

10. Exploration & evaluation assets

The summarised financial information in respect of Blackstone's E&E assets is set out below:

in CHF	Norway	Chile	Total
Acquisition costs as at January 1, 2020	**386'591**	**93'750**	**480'341**
Additions		45'803	45'803
Disposal	-196'668	-	-196'668
Currency translation	-4'557	-10'954	-15'511
Acquisition costs as at June 30, 2020	**185'366**	**128'599**	**313'965**
Accumulated depreciation as at January 1, 2020	**91'498**	**-**	**91'498**
Additions	-	-	-
Disposal	-	-	-
Currency translation	-	-	-
Accumulated depreciation as at December 30 June, 2020	**91'498**	-	**91'498**
Net E&E Assets as at June 30, 2020	**93'868**	**128'599**	**222'467**

Pursuant to the shareholder agreement dated June 5, 2020 between Blackstone and Adriatica Group Ltd ("Adriatica"), Blackstone disposed five rare earth concessions in Norway to Adriatica for a total consideration of CHF 22'340'000. Blackstone will retain its remaining mining concessions for past producing gold and silver mines.

Blackstone has a buyback option, but not an obligation to repurchase those concessions for the same price consideration. The option expires on December 31, 2021. Furthermore, Adriatica Group Ltd grants Blackstone a royalty agreement until 2030 for the amount of 2% of the actual turnover which is payable semi-annually. The realised gain on the disposal is described in note 14.

11. Intangible assets

The summarised financial information in respect of Blackstone's intangible assets is set out below:

in CHF	Goodwill	Concessions	Other intangible assets	Total
Intangible assets				
31 Decmeber 2019, reported	**82'998'665**	**12'772'256**	**3'942**	**95'774'863**
Adjustment [1)]	2'048'955	-497'143	0	1'551'813
1 January 2020, adjusted	**85'047'620**	**12'275'113**	**3'942**	**97'326'675**
Additions	-	-	7'957	**7'957**
Retirements	-		-	**-**
Currency translation	-1'859'208	-23'767	-460	**-1'883'435**
Acquisition costs as at December 30 June, 2020	**83'188'412**	**12'251'347**	**11'439**	**95'451'197**
Accumulated depreciation as at January 1, 2020	**-**	**-**	**-**	**-**
Additions	-	-445'765	-	**-445'765**
Currency translation	-		-	**-**
Accumulated depreciation as at June 30, 2020	**-**	**-445'765**	**-**	**-445'765**
Net intangible assets as at June 30, 2020	**83'188'411**	**11'805'582**	**11'439**	**95'005'432**

[1)] The adjustment is due to the final purchase price allocation on the acquisition of the majority of South America Invest ("SAI") on May 30, 2019 within the one-year adjustment period that included the adoption of the functional currency of SAI and its 100% subsidiary GESAC to USD. SAI is fully consolidated. The transaction was treated as a business combination and accounted for using the acquisition method pursuant to IFRS 3 (refer to note 12).

12. Acquisition of business and subsidiaries

On May 30, 2019, the Group acquired 30.46 % of the shares and voting interests in SAI. As a result, the Company's equity interest in SAI increased from 20.48% to 50.94%, granting it control of SAI. It was highlighted in note 24 C of the Annual Report 2019 that if new information is obtained within one year of the date of acquisition relating to facts and circumstances that existed at the date of acquisition, which identifies adjustments to the reported figures, then the accounting for the acquisition will be revised accordingly.

The Group decided, after the year-end closing 2019, to apply USD as its functional currency for SAI and GESAC respectively. Despite the fact that the purchase price and its financing was paid in CHF, the future expected cash flows from revenues and earnings of SAI and GESAC will be in USD. Thus, the functional currency of SAI and GESAC is the USD. The final purchase price allocation (PPA) and pushdown of PPA-adjustments have been calculated in USD resulting in a currency translation difference (CTA). The adjustments have been made in line with IFRS 3.49.

A. Consideration transferred

in CHF	
Loan payable	31'770'000
Total consideration transferred	**31'770'000**

Pursuant to the shareholder agreement dated May 30, 2019 between the Company and Adriatica, the Company acquired 30.46% participation in SAI for a total consideration of CHF 31.77 million. The purchase price was settled through an increase in the existing loan facility with Adriatica. The loan is secured through the Company's participation in SAI. The loan bears 1% interest p.a. and expires on December 31, 2023.

B. Acquisition-related costs
The Company did not incur any acquisition-related costs as the negotiation took place with one single shareholder, Adriatica who sold its entire participation to the Company.

C. Identifiable assets acquired and liabilities assumed
The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

in CHF	
Property, plant and equipment	12’495’480
Mining concessions (intangible assets)	13’028’997
Cash, accrued income, other current assets, 3rd party loans	912’588
Subtotal assets	**26’437’066**
Loans and borrowings	-3’295’664
Deferred tax liabilities	-7’233’182
Trade and other payables	-106’555
Total identifiable net assets acquired	**15’801’665**

The acquired cash flow was CHF 28’269.

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Property, plant and equipment	*Market comparison technique and cost technique:* The valuation considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. The Company has applied a combination of two different valuation approaches, i.e. replacement cost based on current market prices and the Canadian method of Hatch Ltd. which is suitable to value such assets. The Company decided to apply the average value resulting from both valuations. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence, if necessary.
Intangible assets	*Market comparison technique:* The fair value is determined based on a comparable transaction method. It is being measured based on providing reliable market value benchmark comparisons. The Company has compared the overall price paid per ounce for such transactions as well as applying a common standard industry practice approach by using a 10% EBITDA potential of this material.

D. Goodwill
Goodwill arising from the acquisition has been recognised as follows:

in CHF	Note	**2019**
Consideration transferred	(12A)	31’770’000
NCI, based on fair values (full goodwill method)		51’169’934
Fair Value of pre-existing interest in SAI		21’360’788
Fair Value of identifiable net assets	(12C)	-15’801’665
Goodwill		**88’499’058**

The remeasurement to fair value of the Company’s existing 20.48% interest in SAI resulted in a gain of CHF 1’793’024 (CHF 21’360’788 less the CHF 19’567’764 carrying amount of the equity-accounted investee at the date of acquisition. This amount has been included in the ‘net realized gain and loss’.

The goodwill is mainly attributable to two important factors. Firstly, to the skills and technical expertise of the management and workforce to accelerate the two projects. The gold mining plant in Peru and manganese exploration in Columbia. Secondly, on the long-term market potential in exploring these commodities. None of the goodwill recognised is expected to be deductible for tax purposes.

The following table shows a comparison of the consolidated statement of the financial position as of December 31, 2019 as reported in the Annual Report 2019 vs. the adjusted numbers as a result of the adjustment of the final purchase price allocation and the adoption of a functional currency as explained in Note 12. It is important to note that the balance sheet does not change fundamentally.

There was no impact on the Consolidated Statement of Profit and Loss except for the foreign currency translation adjustment (CTA) in the Consolidated Statement of Comprehensive Income and Loss as well as for the Consolidated Statement of Cash Flows since the CTA is cash neutral. The adjustment on the Consolidated Statement of Changes in Equity is reflected in the separate statement.

		December 31, 2019		Variance
in CHF	Note	Adjusted	Reported	IFRS 3.49
Assets				
Non-current assets				
Property, plant and equipment	5	11'518'200	12'252'512	-734'312
Exploration & evaluation assets	6	388'843	388'843	0
Intangible assets	7, 24	97'326'676	95'774'863	1'551'813
Advances and loans	9	194'141	203'607	-9'466
Deferred tax assets	10	8'380	8'380	0
Total non-current assets		**109'436'240**	**108'628'206**	**808'035**
Current assets				
Trade and other receivables	11	19'549	19'549	0
Accrued income		665'539	665'629	-90
Other current assets		407'909	408'013	-104
Marketable securities and short-term financial assets	12	384'782	384'782	0
Cash and cash equivalents		840'823	840'829	-6
Restricted cash		64'200	64'200	-
Total current assets		**2'382'803**	**2'383'002**	**-199**
Total assets		**111'819'043**	**111'011'208**	**-204**
Equity and liabilities				
Capital and reserve - attributable to equity holders				
Share capital	13	21'350'000	21'350'000	-
Share premium		25'755'236	25'755'236	-0
Treasury shares	13	-6'964	-6'964	0
Retained earnings/(losses) and other reserves		-21'243'922	-22'131'986	888'064
Equity attributable to equity holders of the parent		**25'854'350**	**24'966'286**	**888'064**
Non-controlling interest		48'649'737	48'120'368	529'369
Total equity		**74'504'087**	**73'086'654**	**1'417'433**
Non-current liabilities				-
Borrowings	15	29'530'153	29'372'933	157'220
Deferred tax liabilities	10	6'777'174	7'168'072	-390'898
Pension liability	18	69'837	69'837	-
Total non-current liabilites		**36'377'163**	**36'610'842**	**-233'679**
Current liabilities				
Trade and other payables		336'433	338'784	-2'351
Accrued expenses		570'540	767'651	-197'111
Borrowings	15	30'820	207'276	-176'456
Total current liabilities		**937'792**	**1'313'712**	**-375'919**
				-
Total liabilities		**37'314'956**	**37'924'554**	**-609'598**
				-
Total equity and liabilities		**111'819'043**	**111'011'208**	**807'836**

13. Equity

At June 30, 2020, the share capital consisted of 42'700'000 registered shares issued and outstanding, with a par value of CHF 0.50 each, amounting to a total share capital of CHF 21'350'000. The share capital has been unchanged compared to December 31, 2019.

14. Disposal of mining rights and E&E assets

Pursuant to the shareholder agreement dated June 5, 2020 between Adriatica Group Ltd and Blackstone, Adriatica Group Ltd acquired 5 rare earth concessions in Norway for a total consideration of CHF 22’340’000. The net gain from the disposal of the Norwegian mining rights was CHF 22’140’000. The purchase price was settled through the existing loan facility with Adriatica Group. As of June 30, 2020, the loan facility between Adriatica and Blackstone have been settled in full.

Pursuant to the shareholder agreement dated June 5, 2019 between Blackstone and Adriatica, Blackstone sells to Adriatica its E&E interest in Troi Gobi, Mongolia for a total consideration of CHF 30’000’000. The disposal resulted in a net gain of CHF 6’551’458.

15. Events after the balance sheet date

There have been no other material events between June 30, 2020, and the date of authorisation that would require adjustments of the Condensed Consolidated Interim Financial Statements of disclosure.

These unaudited Condensed Consolidated Interim Financial Statements of Blackstone Resources AG were authorised for issue by the Board of Directors on September 23, 2020.