Blackstone Resources

Annual Report 2020

KEY FIGURES 2020

		2020	2019	Change
Outstanding shares (at CHF 0.50 par value each)		42’700’000	42’700’000	-
Share capital at nominal value (ISIN CH0460027110)	CHF	21’350’000	21’350’000	-
Total assets	CHF	104’560’123	111’819’043	- 6.5 %
Total liabilities	CHF	21’575’826	37’314’956	- 42.2 %
Current assets	CHF	4’760’870	2’382’803	+ 99.8 %
Equity attributable to shareholders	CHF	38’995’831	25’854’350	+ 50.8 %
Unused equity and convertible commitment	CHF	46’500’000	-	-
Net profit	CHF	17’220’160	5’285’396	+ 225.8 %
Equity per share	CHF	0.91	0.61	+ 49.2 %
Return on Equity	%	20.8	7.1	+ 192.9 %
Equity ratio (attributable to shareholders)	%	37.3	23.1	+ 61.3 %
Share price as of December 31	CHF	2.16	0.94	+ 129.8 %
Profit per share (non-diluted)	CHF	0.42	0.13	+ 219.6 %
Price-to-earnings ratio (P/E ratio)		5.2	7.2	- 30.8 %
Research analyst Alphavalue **BUY** recommendation	CHF	12.60	-	-
Alphavalue credit rating		BBB	-	-

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LETTER TO THE SHAREHOLDERS

Ladies and Gentlemen, dear shareholders,

It is with the greatest pleasure that I announce the activities and successes for 2020. This has been one of the most interesting periods in the company's history. Despite some economic disruption caused by the coronavirus pandemic, Blackstone Resources achieved some significant successes and passed some major milestones.

Our vision is still to provide the world's most sustainable batteries to the electric industry. We believe that zero emissions and the decarbonisation of the world is within reach with advanced battery technologies as a major element among other complementing strategies needed. Everyone should care about the carbon footprint of the battery supply chain and we are committed to a carbon neutral and sustainable future.

We need to be able to store renewable energy at reasonable prices, so we can make it abundant and sustainable in the future. This is where battery storage becomes essential. We are already seeing rising demand and supply constraints in the battery production and the metal mining industry to produce the necessary resources. At present, this is predominantly being driven by the emergence of infrastructure batteries demands and electric vehicles needed besides laptops and mobile phones.

Highlights of 2020

Blackstone Resources delivered strong performance during 2020. A net profit of CHF 17.2 million was recorded, following the sale of some core mining interests, which increased profits by CHF 11.9 million versus the previous year. This resulted in a profit of CHF 0.42 per share versus CHF 0.13 from the previous year, representing a triple increase. The PE Ratio (price-earnings ratio) stood at approx. 5 times for the year ended 2020. The equity attributable to shareholders in 2020 is CHF 38.9 million, an increase of CHF 13.3 million or 51% from CHF 25.9 million from the previous year.

Battery tech metals delivered mixed results during the last 12-month period and were highly dependent on the short-term supply and demand backdrop for each metal.

Nonetheless, all these metals are supported by robust demand fundamentals, which point to a sharp increase in prices over the next 10 years, especially for Lithium, where we have invested heavily. Nevertheless, every battery metal is supported by a huge structural trend for all battery tech, driven by the emergence of the electric vehicle and the infrastructure needed to manufacture batteries.

Demand will not be able to meet supply. We therefore expect a substantial long-term increase in the price of battery metals and the share price of listed companies that have invested in battery metals.

The coronavirus pandemic has also accelerated the technological trend towards battery technology and the electrification of our global road networks.

This year has been a vindication of our vision:

A cleaner and greener world thanks to better and sustainable battery technology.

There is now finally considerable investor interest in battery materials and battery technology, which has increased significantly in 2020 and has been reflected in the significant appreciation of Blackstone's share price around CHF 4.00 in mid-April 2021. There has been a significant increase not only in our share price but also in the volumes of our shares trading on the SIX Swiss Exchange.

The coronavirus pandemic ushered in a significant amount of technological change and accelerated the pace of digitalisation. Companies have become nimbler and have adapted to operate seamlessly across borders through digital technology – Blackstone has been one of these companies.
Consequently, investors are paying far more attention to the new technological Industry 4.0 economy that is emerging and which Blackstone is very much part of.

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 performed during 2020.

Battery Technology
For many years, Blackstone Resources has invested heavily in researching and developing the next generation of battery technology with research institutions and now through its German subsidiary Blackstone Technology GmbH. The company has patented 3D-printing technology and the solid-state technology that allows it to produce batteries in a variety of different form factors and at much higher energy densities. The objective with this technology is to significantly increase the efficiency of batteries, which will lower its costs substantially. This will accelerate the today's structural trend towards mass battery storage, electric vehicles, and decarbonisation of our global economy.

Major achievement made in battery technology
During 2020, a number of significant milestones for the first phase of research programme were passed by Blackstone Technology. The company completed its research and analysis on mass producing the next generation of batteries, which uses patent its 3D-printed technology and an environmentally friendly water-based electrolyte that is non-flammable and non-toxic.

This new type of battery was produced in a small series to deliver approx. 20 percent higher energy density at cheaper production and investments costs. This new achievement has been presented at our Blackstone battery days. It is achieved by using our Blackstone thick layer technology©. This technology shows an increase in energy density by approx. 20% for all cathode materials in comparison to traditional lithium-ion batteries.

Batteries were also produced in a variety of shapes and sizes using this 3D-printing technology. Depending on the choice of cathode material various material costs may be reduced.

The electrolyte that was used by these batteries is environmentally friendly and uses a water-based binder system. The production of this electrolyte is completely free from pollutants and reduces overall costs in the long term.

During the first quarter of 2021, the second phase of the project has successfully tested:

The first 3D screen-printed solid-state battery cells,

which will further increase energy density.

We believe this represents a revolution in battery technology – one that could double the range of electric vehicles in a few years.

Recognition from institutions and grants won
In December 2020, Blackstone and its partners were awarded a CHF 1.3 million grant by Swiss innovation agency Innosuisse as part of its project to further develop solid-state electrolytes. The grant will be used to finance a simulation for mass-producing 3D-printed solid-state batteries and fully develop and scale up the production of the solid-state electrolyte in Switzerland.

As part of the European Commission's Horizon 2020, programme, Blackstone Technology and partners were awarded a EUR 2 million grant. Blackstone Technology is participating in Current Direct – a research and innovation project that aims to electrify Europe's shipping network. Blackstone Technology was selected to be one of the companies within a consortium of 12 other partners to tackle this challenge. The company has been tasked with providing batteries for this project in 2022.

Blackstone Technology has applied for a grant from the Development Bank of Saxony and is hopeful that it will be successful. The development bank provides grants to small and medium-sized enterprises to support the development of new technological knowledge and reduce the technical and financial risk involved in researching new technologies.
During the year, numerous letters of intention were sent for delivering our batteries over the next few years. Requests for cooperation and joint venture were also established with various car manufacturers in different regions and requests for up to 40 Gwh battery capacity were also received.

Technology partners
We have established close working relationships with a number of technology partners. The Fraunhofer Society is a German research organisation that consists of many specialised institutions spread across Germany. Blackstone Technology is working in close cooperation with Fraunhofer IFAM to analyse the properties and performance of the battery cells that Blackstone Technology produces. They are also helping to test and measure the quality and thermal properties of the batteries produced.

The company is also working in close cooperation with Bern University of Applied Science (BFH). Blackstone Technology partnered up with this institution through innovation agency Innosuisse. The organisation is helping test and optimise the company's battery production lines virtually before commencing production.

EMPA is an interdisciplinary Swiss research Institute of applied material sciences and technology. Blackstone Technology has partnered up with this institution, which has extensive knowledge on battery chemistries and the ability to mass produce the next generation of batteries with solid-state electrolytes.

Battery metals
During 2020, Blackstone Resources announced the release of various exploration reports for the further developments of its three lithium projects in Chile. The technical exploration report supports Blackstone's opportunity to explore and further develop a number of license areas that it holds in the Antofogasta region, which is close to widely known lithium resources. These concessions account for approximately 8,000 hectares. In May 2020, 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 an invested interest – announced positive feasibility study results for their Cobalt refinery and got various finances to finish and start production of their Cobalt factory this year.

Precious metals
We own the majority of a gold milling plant in Peru. 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 second quarter of this years.

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. 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. The Cashflow that the milling plant will provide should also serve to stabilise corporate earnings in the future.

Other developments
In January 2020, Blackstone received various buy recommendation from AlphaValue – an independent equity research house that covers over 470 European stocks, split between 32 seasoned analysts. AlphaValue also awarded Blackstone Resources a BBB credit rating.

AlphaValue has continued to upgrade its target price for Blackstone Resources as the share price has appreciated owing to significant milestones past from its battery technology division Blackstone Technology. The current target price, based on the most recent valuation of January 18, 2021 stands at CHF 12.60.

Outlook for 2021 and beyond

The coronavirus pandemic caused disruption across the globe. No region was left untouched by this event. Every sector was affected. However, where there is disruption, there are also new opportunities. 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 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 smartphone. The electric vehicle industry is now booming, and it is turning to battery technology providers and battery material suppliers for solutions. This is exactly how Blackstone has positioned itself.

The success of our lithium exploration project in Chile has perhaps been another highlight of 2020, outside of the tremendous success achieved by Blackstone Technology. The project will soon receive a resource report and is now entering the next phase of exploration. We expect to commence feasibility studies in 2021 prior to entering production.

During the first half of 2021, our factory facilities in Döbeln will be fitted out and tooled. We also expect to start production during the first phase of rolling out our next generation of batteries from our factory facilities in Germany this year, and subsequently begin supplying our first customers.

The company secured in 2020 up to CHF 50 million in financing to invest in it projects. We will continue to strengthen the financial possibilities for the company from this base of support.

In short, 2020 has proved to be a very exciting year. It has been an inflection point for the company. We expect 2021 to be even more exciting and exhilarating as the company participates in the recovery of the global economy and starts mass-producing the next generation of batteries.

I would like to thank our investors for their continued loyalty and support in 2021.

Yours faithfully,

Ulrich Ernst, lic. oec. publ

Chairman and CEO

CORPORATE GOVERNANCE

Blackstone Resources AG (hereafter "the Company" or "Blackstone") assures its customers, shareholders, investors, and employees that it is fully committed to good corporate governance based on the articles of association of the company and the organisational regulations. Moreover, Blackstone adheres to the standards of the Directive on Information relating to corporate governance, published by the SIX Swiss Exchange.

Group structure and shareholders

Blackstone, domiciled in Baar, Switzerland, is organised as a holding company under Swiss law. The Company has a wide range of participation rights worldwide in mining businesses with exploration. Blackstone presently focuses on battery metals such as cobalt, lithium, graphite, manganese, molybdenum. Furthermore, the Company is developing a state-of-the-art battery technology through its German subsidiary Blackstone Technology GmbH. An overview of all Blackstone's companies can be found in note 1 of the consolidated financial statements.

The registered shares of Blackstone are listed on the SIX Swiss Exchange AG, Zurich. The registered shares are listed, as per year end 2020, under the ISIN number CH0258739751 included in the SPI with the symbol BLS. Based on its share price of CHF 2.16 as of 31 December 2020, the company's market capitalisation stood at CHF 92.2 million.

Treasury shares

As of 31 December 2020, the Company held 7'381 of its own registered shares through a subsidiary. This corresponds to a shareholding of 0.02% as of 31 December 2020.

Significant shareholders

As of 31 December 2020, the following shareholders held more than 3% voting rights:

Percentage of shares held (according to the most recent disclosure notice)	**2020**
Ulrich Ernst	63.54%
Marcor Holdings Ltd.	9.83%
Total	**73.37%**

Pursuant to the shareholder agreement dated 12 March 2020 between Ulrich Ernst and Adriatica Group Ltd. (hereafter "Adriatica"), Ulrich Ernst acquired from Adriatica all its 8'297'778 shares in Blackstone Resources AG. As far as the Company is aware there are no further shareholders' agreements in place. Ulrich Ernst is the sole beneficial owner of Marcor Holdings Ltd.

Details about disclosure of shareholdings are available on the SIX Swiss Exchange website: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=BLACKR

Cross-shareholdings

Blackstone has no cross-shareholdings exceeding 5% as of 31 December 2020.

Capital structure

Capital

As of 31 December 2020, the capital structure of Blackstone was as follows:

42'700'000 registered shares at CHF 0.50 par value for a total value of CHF 21'350'000.

Authorised and conditional capital

The Company was authorised to increase its authorised capital by issuing up to a maximum of 21'350'000 fully paid-in registered shares with a par value of CHF 0.50 per share, representing a maximum amount of CHF 10'675'000 as well as to increase its conditional capital by issuing up to a maximum of 4'270'000 fully paid-in registered shares with a par value of CHF 0.50 per share, representing a maximum amount of CHF 2'135'000 through the exercise of option rights granted to members of the Board of Directors of the Company, employees of the Group companies and related persons. The period to increase the authorised and conditional share capital was from 21.12.2018 until 20.12.2020. The Company decided however not to exercise upon the option during the two-year period.

Changes in capital during the last two years
Over the past two years the share capital of Blackstone changed as follows:

Balance sheet date	# of registered shares	Share capital in CHF
31.12.2018	42’700’000	21’350’000
31.12.2019	42’700’000	21’350’000
31.12.2020	42’700’000	21’350’000

The detailed evolution of equity, reviewed by the auditors for the consolidated financial statements for the years 2019 and 2020, is published in the consolidated statement of shareholders’ equity. Regarding the previous years, we refer to the annual reports 2017 and 2018 respectively.

The Company’s annual reports can be downloaded from the following website: http://www.blackstoneresources.ch/investors/financial-reports/

Shares, participation certificates and dividend-rights certificates
As of 31 December 2020, the share capital consisted of 42’700’000 registered shares with a par value of CHF 0.50 each, amounting to a total of CHF 21’350’000. All registered shares are fully paid-up. Each share entitles the holder to one vote at the General Meeting. All registered shares are entitled to dividends. Blackstone has no participation certificates or dividend-rights certificates outstanding.

Limitation on transferability and nominee registrations
Transferability is not subject to any restrictions under the Articles of Association. There are no restrictions in relation to nominee registrations.

Share subscription facility agreement for the issuance of equity up to CHF 30 million
On 2 October 2020, Blackstone entered into a Share Subscription Facility Agreement ("SSF") with a third-party investor. Pursuant to the SSF, the investor has committed to provide equity financing to the Company for an aggregate amount of up to CHF 30 million in exchange for registered shares with a nominal value of CHF 0.50 each in the Company (the "Shares"), physical settlement, over a period starting on 2 October 2020 and ending on 2 October 2023, upon a draw-down request at the discretion of the Company. Provided that certain conditions are met, the Company has the right to make drawdowns under the SSF at its discretion by requesting the investor to subscribe for the purchase shares worth up to CHF 30 million, subject to certain exceptions and limitations. The subscription or purchase price will be 90% of the average of the closing bid prices on the SIX Swiss Exchange Ltd. during the reference period, which corresponds to 15 trading days on SIX Swiss Exchange Ltd. following the Company's draw-down request. As an additional commitment defined in the SSF, Blackstone grants the external investor 2.5 million call warrants with anti-dilution protection at a strike price of CHF 3.00 with a maturity date set at 2 October 2023.

Subscription agreement for up to CHF 20 million convertible notes
On 30 December 2020 the Company subscribed to a credit facility of a maximum of CHF 20 million 0.00% convertible notes. On 30 December 2020 the Company drew down the initial notes’ tranche of CHF 2 million. Blackstone grants to the investor a conversion right into Blackstone shares (strike price to be defined according to terms and conditions agreed on in the subscription agreement) until 30 December 2022. Alternatively, Blackstone agreed on an early cash redemption option at 107.5% (if repaid by Blackstone before the maturity date). If the notes are not repaid by Blackstone before maturity nor converted by the investor by December 30, 2022, the notes have to be repaid at 100%. Based on the associated warrant agreement with the investor dated December 30, 2020 Blackstone granted for the first note tranche a drawdown of 138’889 call warrants with a strike price of CHF 2.88 for the investor. The warrants have a maturity date set at 31 December 2023. The Company’s share price was CHF 2.16 as of 31 December 2020.

Convertible bonds
On 15 January 2017, Blackstone issued a Convertible Bond Series A for the amount of CHF 500’000.00 with an expiration date of 31 August 2021. The term of the Convertible Bond Series A is four years and eight months from 15 January 2017 until 31 August 2021. Amounts drawn under the Convertible Bond Series A bear an annual interest of 5.2%. From the 1 January 2018, Convertible Bond Series A can be converted into Blackstone shares at a 10% discount to the market price of Blackstone shares.

On 24 September 2017, Blackstone issued a Convertible Bond Series B in the amount of CHF 10’000.00 with an expiration date of 1 January 2022. The term of the Convertible Bond Series B is four years and three months from 22 September 2017 until 1 January 2022. Amounts drawn under the Convertible Bond Series B bear an annual interest of 5.2%. From the 1 January 2018, the Convertible Bond Series B can be converted into Blackstone shares at a 10% discount to the market price of Blackstone shares with a floor set at CHF 6.00 per Blackstone share.

Options

As set out in the section on conditional capital, drawing on the conditional capital may increase the Company’s share capital through the exercise of option rights granted to members of the Board of Directors of the Company and Group Management. Since the time frame to issue conditional capital elapsed on 20.12.2020, the Board of Directors will apply for new conditional capital which will be allocated for option rights granted to members of the Board of Directors of the Company and Group Management. On 27 April 2018, the Board of Directors agreed on an Option Plan for the Board of Directors and Group Management.

Board of Directors

The board of directors on 31 December 2020 is composed as follows:

Name	Function	Status	Member since
Ulrich Ernst	Chairman	Executive	1995
Dr. Marc Weber	Member	Non-executive	2020
Periasamy Mathialagan	Member	Non-executive	2020

At the Annual General Meeting held on 22 May 2020, Ulrich Ernst was re-elected individually as member of the Board of Directors for a one-year term. Dr. Marc Weber and Mathialagan Periasamy were elected individually as members of the Board of Directors for a one-year term of office. In addition, Ulrich Ernst was re-elected as Chairman of the Board of Directors for a one-year term of office. Ronald Gröflin was not re-elected during the Annual General Meeting held on 22 May 2020. Patrick Stach retired from the Board of Directors on September 18, 2019.

Members of the Board

Other than Ulrich Ernst, none of the other members of the Board of Directors hold executive positions with the company. Other than Ulrich Ernst, none of the other members of the Board of Directors have any significant business relationship with the company. Other than Ulrich Ernst, no other members of the Board of Directors were members of Group Management or the management of a Group company during the two financial years preceding the period under review.

Ulrich Ernst, Swiss citizen, born 1947

Mr Ernst has an MBA from the University of Zürich with the title lic. oec. publ. After his studies he worked as a teacher of law, microeconomics and accountancy at the Swiss Business School. Afterwards, he was assistant at Fides Treuhand AG in Zürich and a trust manager, wealth manager and a buy-side analyst at Credit Suisse. Since 1984, he has been president, CEO, CFO and a board member of various private and public companies spanning trust activities, management and tax consultancy, accountancy, controlling, audit, worldwide incorporation, restructuring, merger and financing of companies. He has 40 years of experience in the mining business. Currently, he is Chairman and CEO of Blackstone.

Mr Ernst is a member of the board of BS Canada AG (Switzerland), BS Norway Ltd (BVI), South American Invest Ltd. (BVI), Cobalt Trading International Ltd. (Hong Kong), Blackstone Resources Management AG (Switzerland), Rewi Immobilien AG (Switzerland), Gold Mining Projects Beteiligungs-AG, Metal Minerals Ltd (BVI) and MMM Trading Ltd (BVI).

Dr. Marc Weber, Swiss citizen, born 1971

Dr. Weber studied law at the University of Zurich, graduated 1996 and received his doctorate in 2001. He holds a LL.M. degree from the University of California at Berkeley (2005). Since 2011 he is a partner at LANTER Attorneys and Tax Advisors in Zurich and teaches at the Universities of Zurich, Vienna and Thessaloniki. As a lawyer for corporate and international business law he has been counselling Swiss and foreign companies for more than 15 years. He is a regular speaker at international conferences and has published extensively on civil procedure law, law of succession and art law.

Periasamy Mathialagan, British citizen, born 1958
Mr Mathialagan first degree was in Chemistry (1981) from Annamalai University, India. He went on to manage his family business in Malaysia and then obtained the LLB (Hons) degree in 1989 from the University of London. He is Barrister and joined Lincoln's Inn in 1990 and in 1997 he obtained an MBA from Nottingham Trent University. Mr Mathialagan went on to provide consultancy services for small and medium size companies worldwide, advising on legal and business aspects in relation to their core businesses, ranging from maritime, construction, professional services, corporate finance, manufacturing, distribution, oil and gas, commodities and international trade. He has a consultancy agreement with Unidaco Ltd.

Other activities and vested interests
During the year under review, the members of the Board of Directors did not have any other management or permanent advisory functions or any mandates from major Swiss or foreign companies other than those mentioned in their CVs, nor did they exercise any important official duties or political mandates.

Stipulations in the articles of association on the number of permissible additional activities and interests
Members of the Board of Directors are permitted to exercise a maximum of 25 additional mandates, including up to five mandates in listed companies.

For the purpose of this rule, the term "mandate" means an activity in the senior management or executive bodies of legal entities which are obliged to have an entry in the commercial register or in an equivalent foreign register. Multiple mandates in legal entities of the same consolidated group are regarded as a single mandate. There are no restrictions on mandates in legal entities that are controlled by the company or that control the company, on mandates exercised on the instructions of the company or companies under its control, or on mandates in associations, non-profit foundations, family foundations or staff welfare foundations.

Election and term of office
In accordance with the company's Articles of Association, the Board of Directors consists of one or more members. There are no age restrictions or other restrictions on members' term of office. The members of the Board of Directors are elected individually at the General Meeting for a one-year term of office, the period between one ordinary General Meeting and the closing of the next being deemed to constitute one year. Members are eligible for re-election. Members newly elected during a term of office are elected for the remainder of the current term of office.

The articles of association do not contain rules that differ from the statutory provisions in relation to the appointment of the Chairman, the members of the Compensation Committee or the independent proxy. See also: http://www.blackstoneresources.ch/_resources/pdfs/ArticlesofAssoc.pdf

Internal organization

Allocation of tasks within the Board of Directors
The General Meeting elects a member of the Board of Directors to serve as the Board's Chairman. The General Meeting also elects the members of the Compensation Committee. The term of office is one year, this being defined as the time between one ordinary General Meeting and the closing of the next ordinary General Meeting. Members are eligible for re-election. If the office of Chairman is vacant, the Board of Directors will appoint a Chairman for the remaining term of office.

The Board of Directors constitutes itself, except that the Chairman and members of the Compensation Committee are elected by the General Meeting. Ulrich Ernst has been Chairman of the Board of Directors since 1995. The Board of Directors elects a Secretary who neither needs to be a member of the Board nor a shareholder. Both the Board of Directors and its committees (Audit Committee and Compensation Committee) meet as often as the Company's business requires.

All key decisions are taken by the Board of Directors as a whole (in particular appointments). The main criteria when selecting candidates for nomination for election to the Board of Directors are professional experience and the relevant expertise. In addition to their regular Board duties, all members of the Board of Directors also attend three to five meetings per year regarding specific issues (see also section entitled "Working methods of the Board of Directors").

Committees of the Board of Directors
In the 2020 reporting year, the Board of Directors had two permanent committees: The Audit Committee and the Compensation Committee. The duration of the committee meetings depends on the issues discussed.

Audit Committee
The Audit Committee is composed of all members of the Board of Directors. The Board of Directors has determined that all Committee members have proven experience and skills in the financial field to enable them to fulfil their tasks.

The Audit Committee's most important tasks are to discuss the outcome of the external audits, to verify the Group's presentation of financial statements and financial control mechanisms, to evaluate and select the external auditors and to verify the scope of the external audit. The Audit Committee holds decision-making powers in relation to all audit-specific tasks, subject to approval by the Board of Directors as a whole. All other key decisions are taken by the Board of Directors as a whole (in particular appointments). Audit Committee meetings are attended by the CEO and CFO.

As a rule, the Audit Committee meets a minimum of two times per year (at least once every six months). During the year under review, the Audit Committee held two meetings. All meetings were attended by the CEO and the CFO. The meetings lasted one to three hours.

Compensation Committee
The General Meeting elects from among the members of the Board of Directors at least three members to serve on the Compensation Committee. The term of office of the members of the Compensation Committee is one year until the closing of the subsequent ordinary General Meeting. Members are eligible for re-election.

In accordance with the articles of association and the organisational regulations the Compensation Committee has, in particular, the following duties and responsibilities in respect of compensation matters concerning the Board of Directors and Group Management:

- Proposals to the Board of Directors concerning the definition of the principles of compensation applicable to Group Management, including the proportion to be paid in shares and the valuation of these shares;
- proposals to the Board of Directors, for submission to the General Meeting, concerning the total amounts of compensation for the Board of Directors and Group Management;
- proposals to the Board of Directors concerning the individual levels of compensation for the members of the Board of Directors and Group Management within the respective total amount approved by the General Meeting; and
- proposals to the Board of Directors, for submission to the General Meeting, concerning amendments to the articles of association with regard to the compensation system in place for remunerating the Board of Directors and Group Management.

As a rule, the Compensation Committee meets two to four times per year (semi-annually to quarterly). In the year under review, the Compensation Committee held two meetings. The meetings lasted up to half a day. After every meeting, the Chairperson of the Compensation Committee reports on the committee's activities to the Board of Directors. The committee meeting minutes are made available to the members of the Board of Directors. Decision making powers in relation to compensation are vested in the Board of Directors and in the General Meeting as far as total compensation amounts are concerned. As a rule, the CEO and the CFO participate in the meetings in an advisory capacity. However, they recuse themselves when their own compensation is being discussed and determined. Other invited members of Management are likewise not present during the part of the meeting where their own compensation is being decided. All meetings held in the 2020 reporting year were attended by the CEO and the CFO.

The Compensation Committee is free to call upon external consultants to address specific compensation matters. During the reporting year, the Board of Directors received advice along with individual questions regarding long-term compensation.

Working methods of the Board of Directors
The Board of Directors is responsible for the strategic management of the Group and for the supervision of those entrusted with its management. To this end, the Board of Directors holds meetings at least four times

per year (i.e., once a quarter). Meetings last on average half a day. In 2020, the Board of Directors held seven meetings of which all were held as a telephone conference call due to the Covid-19 restrictions. In addition, the Board of Directors and the CEO attended all meetings during the financial year; other members of the Group Management were invited when required.

The majority of members of the Board of Directors must be present to ensure a quorum. The Board of Directors adopts resolutions by a majority of votes cast. In the event of a tie, the Chairman shall have the casting vote.

Definition of areas of responsibility
Unless the law or the articles of association provide otherwise, the Board of Directors delegates operational management entirely to Management. The Board of Directors exercises overall leadership and supervises and oversees business operations. It issues business policy guidelines and ensures that it is kept regularly informed of business performance (see also section entitled "Working methods of the Board of Directors" and the company's articles of association (http://www.blackstoneresources.ch/resources/pdfs/ArticlesofAssoc.pdf).

The Board of Directors has in particular, the following non-delegable and inalienable duties:

- Overall management of the company's business and issuing the necessary directives; hence also developing the strategic objectives, defining the means of achieving those objectives and defining business policy;
- defining the organisation;
- defining accounting, financial control and financial planning, and deciding on extraordinary individual investments;
- appointing and dismissing persons entrusted with the management of the Group;
- ultimate supervision of the persons entrusted with the management of the company, specifically in view of their compliance with the law, the articles of association, regulations and directives;
- preparing the annual report and the compensation report as well as making arrangements for the General Meeting and implementing the resolutions passed by the latter;
- notification of the court in the event of over indebtedness;
- adopting resolutions on capital increases and resulting amendments to the articles of association; and
- verifying compliance with legal requirements governing the appointment, election and professional qualifications of the statutory auditor.

Management is responsible for the day-to-day operations of the company in accordance with the directives issued by the Board of Directors and following the customary duty of due diligence and the provisions of the law. At the Board meetings and the regular division meetings, Management reports to the Board on the following matters in particular:

- Progress of business and the financial situation;
- the outlook and measures to be taken in the near future;
- development projects and the status of these;
- major investments and divestments;
- extraordinary events with a substantial bearing on business; and
- personnel policy and planning, and information on important personnel decisions.

Information and control instruments
The Board of Directors is responsible for overseeing the Company's internal control systems, which monitor the risk of inadequate business performance, but cannot rule out such a risk. These systems provide appropriate, though not absolute, security against significant inaccuracies and material losses. Management is responsible for identifying and assessing significant risks (see also section entitled "Definition of areas of responsibility"). In addition to quantitative approaches and formal guidelines, which covers only part of a com-

prehensive risk management approach, it is also considered important to maintain a corresponding risk management culture. In addition to a continuous process of monitoring and assessment, Management also submits detailed monthly reports to the Board of Directors (MIS). These provide a detailed account of the volume and profitability trends (orders received, order backlog, revenues, EBITDA and net income). Deviations from the budget or from the previous year are presented and commented in detail. Important balance sheet figures (cash and cash equivalents and net assets) and headcount data are prepared on a monthly basis with commentaries. Within the scope of the annual plan, a forecast is prepared at the middle of the year and in the fourth quarter. Management members are consulted on individual topics.

The Audit Committee and Board of Directors identify additional topics which are taken up in the context of the internal controlling processes and subject to in-depth analysis and investigation. However, there is no institutionalised internal auditing process. The Audit Committee also focuses on defining the scope and content of the external audit. Each Board member is also sent the full minutes of all Audit Committee meetings. The CEO and the CFO attend the meetings of the Audit Committee.

Risk management

As part of the risk assessment process, the likelihood of occurrence of risks and the potential damage are considered. Based on the outcome of the assessment of the likelihood of occurrence and the expected damage, a risk matrix is drawn up. Further information regarding risk management can be found in the notes to the financial statements.

Internal Control System (ICS)

Blackstone has an Internal Control System (ICS). The ICS follows a risk-oriented approach, under which – on the basis of a risk assessment – key controls in significant internal business processes are systematically monitored with regard to existence, compliance and documentation. All significant Group companies have an ICS. The scope of the ICS depends on size and risks. ICS documentation and test programmes are in place for the following processes, which have been defined as financially relevant: purchasing, inventories, production, property, plant and equipment, payroll, finances, information technology, preparation of financial statements and consolidation. The Group Finance department monitors the Group companies' ICS documentation, is responsible for company-wide controls and ensures that effective controls are performed in respect of consolidated financial statements. Furthermore, the Group Finance department also ensures on an annual basis that suggestions for improvement and measures proposed by the external auditor's report are realised and implemented.

In the course of the annual audit, the external auditors monitor the existence and the relevant documentation of an ICS and submits a report to the Audit Committee. The scope of the annual audit is discussed yearly with the Audit Committee. The Board of Directors reviews the internal information and control systems annually regarding their effectiveness to identify, assess and manage the risks associated with business operations.

Group Management

Ulrich Ernst, Swiss citizen, born 1947

Mr Ulrich Ernst has an MBA from the University of Zurich with the title lic. oec. publ. After his studies he worked as a teacher of law, microeconomics and accountancy at the Swiss Business School. Afterwards, he was assistant at Fides Treuhand AG in Zurich and a trust manager, wealth manager and a buy-side analyst at Credit Suisse. Since 1984, he was president, CEO, CFO and board member at various private and public companies spanning trust activities, management and tax consultancy, accountancy, controlling, audit, worldwide incorporation, restructuring, merger and financing of companies. He has 40 years of experience in the mining business. Currently, he is Chairman, President and CEO of Blackstone.

Mr Ernst is a member of the board of BS Canada AG (Switzerland), BS Norway Ltd (British Virgin Islands), South America Invest Ltd. (British Virgin Islands), Cobalt Trading International Ltd. (Hong Kong), Blackstone Resources Management AG (Switzerland), Rewi Immobilien AG (Switzerland), Metal Minerals Ltd (British Virgin Islands) and MMM Trading Ltd (British Virgin Islands).

Marco Dazzi, Swiss citizen, born 1967

Mr Marco Dazzi holds a Master's in Economics and Business Administration the University of Bern as well as a General Management Qualifier MBA from the Graduate School of Business Administration in Zurich. Mr Dazzi held various Group Controlling and CFO positions in the logistics and banking industry. Before joining

Blackstone he founded Orizonts GmbH, a company that specialises in transactions and advisory activities for M&A and lending solutions for SMEs, as well as for interim management and board member positions.

Mr Dazzi is a board member in GLARO Immobilien AG, Excellion AG, Alpha Portfolio Consultants AG, Smart Capital AG, Rotany AG, Unit Capital AG, Unit Estates AG, Unit Estates Opfikon AG and e-comm Beteiligungen AG (all Swiss companies).

Morné Moolman, South African citizen, born 1980
Morné Moolman is a seasoned commodity professional with global business experience gained at Glencore International AG where he was a senior member of the asset management team. He was responsible for the financial, operational and HSEC performance of two subsidiary mines. He is a chartered accountant (South Africa) and member of the Institute of Directors (United Kingdom).

Paul Schlatter, Swiss and Chilean citizen, born 1970
Mr Schlatter graduated in business administration at the University of Gabriela Mistral in Chile and the University St. Gallen. He also studied environmental consultancy at University St. Gallen and EMPA and is an active member of the Peruvian Institute of Mining Engineers. Paul Schlatter has extensive experience in the mining sector and has managed projects throughout the exploration, evaluation and production phases. This includes designing and implementing exploration work programs, obtaining environmental permits and seeing projects through to production.

Holger Gritzka, German citizen, born 1968
Dipl. Ing. Holger Gritzka studied electrical and communications engineering at the Technical University of Dresden. He was the Co-founder and Managing Director of TerraE Holdings and TerraE Engineering GmbH. Prior to that, he was Head of Battery Plant Technologies at thyssenkrupp System Engineering GmbH, Head of industrial sales at battery cell manufacturer Li-Tec and Head of Sales & Business Development, Central Europe at Marconi Communications GmbH. From December 2018 to May 2020, Mr Gritzka worked for Blackstone Technology GmbH (formerly Blackstone Research GmbH) as interim manager supporting the initial ramp up of battery development. In June 2020, he was appointed CEO.

Michael Hingst, German citizen, born 1967
Mr Hingst holds an MBA from the University of Hamburg and has more than 30 years of experience in mining and commercial activities. He started his career with various management positions in the areas of financial, administrative and marketing consulting in large German companies such as ESSO AG, Airbus Industries, Tchibo AG as well as Barclays and Opel Bank. Later, as an independent entrepreneur and owner, he successfully managed his own financial house with several thousand customers with a focus on international investments before becoming founder and CEO of German Engineering S.A.C. in Peru. Since 2014, he has been the COO of Blackstone Resources AG.

Ingo Meyer, German citizen, born 1964
Mr Meyer has worked decades in the international gem trade industry and has more than 35 years of experience in mining and commercial activities. There he gathered his expertise as a precious metal and gem specialist. Simultaneously, he started his second career in the area of financial advising and portfolio management with several German Banks such as Deutsche Bank, Dresdner Bank, Commerzbank and Augsburger Aktienbank. Later, as an independent entrepreneur and owner, he successfully managed his own financial house with a focus on alternative investments, focused on gold and silver for many years, before becoming founder and CEO of Goldmining Projects Beteiligungs-AG in Switzerland. He is Co-Founder and CTO of German Engineering S.A.C. in Peru and he has joined the Management of Blackstone Resources AG in 2014 as CTO.

Mr Meyer is a board member of Goldmining Projects Beteiligungs-AG and owner of Ingo Meyer Consulting as well as a director for various small non-listed Swiss companies and is a member at VTAD (Association of Technical Analysts) in Germany.

Change in Management during 2020
During 2020 Morné Moolman joined as Chief Marketing Officer and Head of Asset Management and Holger Gritzka as CEO of Blackstone Technology GmbH in Germany.

Other activities and vested interests
During the year under review, the members of Group Management had neither other management or permanent advisory functions mandates from major Swiss or foreign companies other than those mentioned in their CVs, nor did they exercise any important official duties or political mandates.

Stipulations in the articles of association on the number of permissible additional activities and interests
Members of the Group Management may exercise a maximum of ten additional mandates, including up to two mandates in listed companies.

For the purposes of this rule, the term "mandate" means an activity in the senior management or executive bodies of legal entities which are obliged to have an entry in the commercial register or in an equivalent foreign register. Multiple mandates in legal entities of the same consolidated group are regarded as a single mandate. There are no restrictions on mandates in legal entities that are controlled by the Company or that control the Company, on mandates exercised on the instructions of the Company or companies under its control, or on mandates for associations, non-profit foundations, family foundations or staff welfare foundations.

Group Management contracts
The contracts of employment with the members of the Group Management are entered into for an indefinite period of time and can be terminated by both parties and the notice period is pursuant to the relevant country law. In case of cancellation, no termination payment will be due. No entry bonus is paid by Blackstone.

Compensation, shareholdings and loans
Details on compensation, shareholdings and loans are set out in the separate Compensation Report included in this annual report.

Shareholders' participation rights

Restriction of voting rights and representation
There are no voting-right restrictions under the Articles of Incorporation. In accordance with Art. 689 para. 2 of the Swiss Code of Obligations, every shareholder can represent his shares at the General Meeting in person or have them represented by a third-party of his choice. The Articles of Association do not lay down any restrictions on the representation of voting rights.
Shareholders' participation rights are governed by the company's Articles of Incorporation (http://www.blackstoneresources.ch/_resources/pdfs/ArticlesofAssoc.pdf).

Independent proxy
The Articles of Association contain no provisions on the issuing of instructions to the independent proxy or on electronic participation in the General Meeting.

The General Meeting elects the independent proxy for the Annual General Meeting. He or she is eligible for re-election. The Covid-19 Annual General Meeting held on 22 May 2020, which was held in line with Covid-19 rules, elected Mr Oliver Habke from GHM Partners AG in Zug to serve as the independent secretary during the Annual General Meetin. According to the prevailing Covid-19 measures the Annual General Meeting will not allow any physical participation of shareholders and thus needs to be held in writing only.

Statutory quorum
Under Art. 703 of the Swiss Code of Obligations, resolutions of the General Meeting must, in principle, be passed by an absolute majority of the voting rights represented. Exceptions to this rule are the eight resolutions listed in Art. 704 of the Swiss Code of Obligations, which require a minimum of two-thirds of the votes represented and an absolute majority of the nominal values of the shares represented (any amendment of the company's objects; the introduction of shares with preferential voting rights; any restriction on the transferability of registered shares; an authorised or conditional capital increase; a capital increase funded by equity capital, against contributions in kind or to fund acquisitions in kind and the granting of special privileges; any restriction or cancellation of the subscription right; a relocation of the domicile of the company; the dissolution of the company).

The articles of association do not provide for any divergent arrangements. See also: http://www.blackstoneresources.ch/resources/pdfs/ArticlesofAssoc.pdf

Convening of the General Meeting and inclusion of items on the agenda
The General Meeting is convened by the Board of Directors, or if necessary, by the auditors. The General Meeting must be convened by the publication of a notice in the Swiss Official Gazette of Commerce at least 20 days before the date on which the meeting is due to be held. The Annual General Meeting takes place each year within six months of the end of the financial year. The right to propose items to the agenda of the General Meeting is governed by the provisions of Swiss company law.

Extraordinary General Meetings should be called as frequently as is necessary, particularly in the cases provided by the law. The convening of a General Meeting may also be requested in writing by one or more shareholders representing at least ten percent of the share capital, specifying the agenda item and the proposals. In this case, the Board of Directors must convene the General Meeting within four weeks.

Change of control and defense measures

Duty to make an offer
An acquirer of shares of the Company is not obliged to submit a public purchase offer pursuant to Articles 135 and 163 of the Financial Market Infrastructure Act of 19 June 2015.

Clauses on changes of control
No clauses on changes of control are in place for members of the Board of Directors or Management or in favour of other senior executives holding a key function within the Company.

Statutory auditor

Duration of mandate and term of office of the auditor in charge
The General Meeting elects the statutory auditor, who must be independent in accordance with the provisions of Art. 728 of the Swiss Code of Obligations. The statutory auditor is elected for a one-year term of office ending on the conclusion of the General Meeting at which the statutory auditor's report is to be submitted. The statutory auditor is eligible for re-election.

MOORE STEPHENS EXPERT (ZURICH) AG has been elected as the statutory auditor at the Annual General Meeting held on 22 May 2020 for a one-year term of office. The auditor in charge of Blackstone is Claudia Suter. In accordance with Art. 730a of the Swiss Code of Obligations, the auditor in charge rotates every seven years. The duration of the mandate and the auditor in charge is two years.

The audit fees charged during 2020 consisting of the audit of consolidated financial statements and statutory statements of the company was CHF 63'412. Furthermore, the Company had to absorb, during the 2020 reporting period, additional audit fees in the amount of CHF 30'000 which were related to audit work from previous years.

Supervisory and control instruments vis-à-vis the auditor
Auditing services are defined as standard tasks in an audit, to prepare reports on the statutory annual financial statements and to be able to provide an opinion on the consolidated financial statements. The Audit Committee met the auditors three times during the 2020 and 2021 (related to the 2020 audit) financial year either physically or by conference call. They are responsible for supervising and monitoring the audit and regularly report back to the Board of Directors. The auditors periodically prepare a comprehensive report on the outcome of their auditing activities. The auditors' report is supported by an accompanying annual management letter and a comprehensive report to the Board of Directors.

The auditors may not be members of the Board of Directors or Company employees, nor may they carry out any other work for the company which would be incompatible with the audit assignment. They must be independent of the Board of Directors and of any shareholders that hold more than five percent of the voting rights. The auditors must adhere to the independence guidelines of their profession. The Audit Committee verifies the auditors' qualifications on an annual basis as part of its supervisory and monitoring functions. Particular emphasis is placed on the following criteria: independence of the auditors and an understanding of the Company's business activities and the specific business risks it faces.

In respect of the year under review, the Audit Committee and Board of Directors have concluded that the independence of the auditors is fully ensured.

Compensation Report

The Compensation Report describes the underlying basics, governing principles and elements of the compensation of the senior Management of Blackstone and also contains information on the actual compensation paid to the members of the Board of Directors and Group Management. The information provided refers in each case to the financial year ending on December 31, 2020 (where required with comparative figures for the previous financial year).

The Compensation Report also incorporates the disclosure obligations set out in article 14 eT seqq. VegüV and article 663c para 2 OR, the requirement of Chapter 5 of the Annex to the Corporate Governance Directive of the SIX Swiss Exchange and the recommendations of the "Swiss Code of Best Practice for Corporate Governance" issued by Economiesuisse in its last published version of February 29, 2016.

The Compensation Report will be submitted to a consultative vote at the Ordinary General Meeting on May 19, 2021.

This Compensation Report is structured as follows:

I. Compensation policy and principles
II. Governance framework
III. Compensation for the Board of Directors
IV. Compensation for the Group Management
V. Participation
VI. Additional fees, compensation, and loans to company officers
VII. Compensation to former members of corporate bodies

I. Compensation policy and principles

The Compensation Committee continuously reviews and evaluates the compensation programs in order to ensure that they still fulfill their purpose in the evolving environment in which the Company operates and are aligned with the interests of our shareholders and other stakeholders.

The objective of the Company's compensation policy is to attract and motivate qualified executives with the required expertise and relevant experience and to develop a long-term working relationship with them using a progressive and forward-looking compensation structure. The compensation policy is aligned with the business strategy of profitable growth and promotes and supports the Company's values. The compensation policy encompasses the following principles:

- compensation is aligned with the business strategy;
- compensation is performance based and executives share in the Company's success; and
- compensation is in line with market practice and is reasonable.

II. Governance framework

General meeting and provisions of the Compensation Charter
The role of shareholders in compensation matters has been strengthened in recent years. Especially, shareholders have to approve the compensation amounts for the Board of Directors and the Executive Committee by way of binding votes at the Ordinary General Meeting. In addition, the compensation principles are defined in the Charter:

- **Principles governing compensation for members of the Board of Directors:** The members of the Board of Directors receive fixed compensation in cash for their services to the Board of Directors and its committees, stock options as well as a potential fee for consulting services.
- **Principles governing compensation for members of Management:** Compensation for the members of management consists of a fixed and a performance-based component, which may amount to a maximum of 200% of the fixed component. The performance objectives to be achieved for the performance-based compensation component are set by the Board of Directors, acting on the proposal of the Compensation Committee, for each member of Management, with due consideration being given to company-wide and individual criteria.

In order to encourage individual key employees to remain with the Company long term, the Board of Directors may decide that the fixed and/or performance-based compensation component can be fully or partly paid out in shares or stock options of the Company. The Board of Directors determines what proportion is to be paid in shares or stock options.

- **Loans, advances and pension benefits:** The Company may grant loans and credits to executive members of the Board of Directors and management team at market terms.

Committees

The General Meeting elects members of the Board of Directors to serve on the Compensation Committee. The same members are also elected to the Audit Committee. The term of office of the members of the Compensation and Audit Committee is one year ending with the conclusion of the subsequent ordinary General Meeting. Re-election is possible. In accordance with the Charter and the organisational regulations, the Compensation Committee has, in particular, the following duties and responsibilities in respect to compensation matters concerning the Board of Directors and management:

- putting forward proposals to the Board of Directors concerning the definition of the principles of compensation applicable to Management, including the proportion to be paid in stock options or shares;
- putting forward proposals to the Board of Directors, for submission to the General Meeting, concerning the total compensation amounts of the Board of Directors and Group Management;
- putting forward proposals to the Board of Directors concerning the individual levels of compensation of the members of the Board of Directors and Group Management within the respective total compensation amounts approved by the General Meeting; and
- putting forward proposals to the Board of Directors, for submission to the General Meeting, concerning amendments to the Articles of association regarding the compensation system applicable to the Board of Directors and Group Management.

Outline level of responsibility and approval process:

Level of responsibility	Recommendation	Review	Approval
Compensation policy and plans	Compensation Committee		Board of Directors
Total compensation amount for Board Of Directors and Management	Compensation Committee	Board of Directors	General Meeting
Individual directors' compensation	Compensation Committee		Board of Directors[1]
CEO compensation	Compensation Committee		Board of Directors
Group Management compensation	CEO	Compensation Committee	Board of Directors

1 In the event of conflict of interest, the member concerned abstains from voting.

In the year under review, the Compensation Committee held two meetings. All members attended all meetings. The Compensation Committee is free to call upon external consultants to address specific compensation matters. The Board of Directors did not seek external advice during the year under review.

III. Compensation for the Board of Directors

The members of the Board of Directors each receive an annual fixed compensation for the term of office for their activities. It is paid in cash and is not linked to any performance objectives. The term of office is the period from one Ordinary General Meeting to the next.

The members of the Board of Directors may be remunerated separately at market conditions for additional consultancy services provided to the Company. Furthermore, additionally to the contributions made to retirement benefits schemes (employer's contributions to social insurance), members of the Board of Directors are granted stock options.

	Function on 31.12.2020	**2020**			**2019**		
in CHF		Fixed cash compensation	Options[1]	Other compensation[2]	Fixed cash compensation	Options[1]	Other compensation[2]
Ulrich Ernst	Executive Chairman	10'000	52'000	680	10'000	-	664
Dr. Marc Weber	Board member	10'000	52'000	680	-	-	-
Periasamy Mathialagen	Board member	10'000	52'000	-	-	-	-
Dr. Patrick Stach[3]		-	-	-	22'500	-	30'454
Ronald Gröflin[4]		-	-	-	-	-	-
Total		**30'000**	**156'000**	**1'360**	**32'500**	**-**	**31'118**

[1] Option grants under the terms and conditions of the Blackstone's option plan (see also note 23 in the consolidated financial statements).
[2] AHV share of the employee on salary respectively fees paid by the employer.
[3] Incl. CHF 29'054 for legal services rendered by Stach Rechtsanwälte. Patrich Stach retired from the Board of Directors on September 18, 2019.
[4] Ronald Gröflin retired from the Board of Directors on May 22, 2020

IV. Compensation for the Group Management

In principle, the individual compensation of members of the Group Management consists of a fixed and a performance-based compensation component, as well as pension benefits.

The fixed basic compensation component is based on the function, responsibilities and scope of the role, the skills and experience of the incumbent. It is paid out in cash and shares of Blackstone; typically, monthly. Payment of the performance-based compensation depends on the performance achieved.

	Function on 31.12.2020	**2020**			**2019**		
in CHF		Fixed gross compensation[1]	Shares[2]	Options[3]	Fixed gross compensation[1]	Shares[2]	Options[3]
Ulrich Ernst	CEO	-	-	-	-	-	-
Marco Dazzi	CFO	117'930	27'333	52'000	58'007	12'026	-
Morné Moolman	CMO	26'867	1'500	-	-	-	-
Paul Schlatter	CDO	168'875	2'100	-	-	-	-
Holger Gritzka	CEO Blackstone Technology GmbH	111'552	-	52'000	-	-	-
Ingo Meyer[4]	CTO	53'445	2'050	-	48'000	12'000	-
Michael Hingst[4]	COO	53'088	2'050	-	48'000	-	-
Peter-Mark Vogel[5]	CFO	-	-	-	42'615	2'000	-
Total		**531'756**	**35'033**	**104'000**	**196'622**	**26'026**	**-**

[1] Total paid-out gross compensation including pension fund and social insurance contributions paid by the employer, that establishes or increases employee benefits.
[2] The shares are granted at nominal value of CHF 0.50.
[3] Option grants under the terms and conditions of the Blackstone's option plan (see also note 23 in the consolidated financial statements).
[4] Ingo Meyer and Michael Hingst were external consultants for the period 01.01.-31.03.2020 and thereafter entered into a permanent employment engagement with Blackstone. In 2019, Ingo Meyer and Michael Hingst acted as external consultants and the amount reported is considered as consultancy fee.
[5] Peter-Mark Vogel retired on 30.04.2019 as CFO of Blackstone.

Participation

The following table provides information on the registered shares and options of Blackstone held by members of the Board of Directors and the Group Management as of December 31.

		Number of registered shares		Number of options	
		2020	2019	**2020**	2019
U. Ernst	Chairman and CEO	27’078’500	19’499’224	50’000	-
R. Gröflin[1]	Member of the Board	-	-	-	-
Dr. M. Weber	Member of the Board	-	-	50’000	-
P. Mathialagen	Member of the Board	-	-	50’000	-
Marco Dazzi	Group Management	43’718	24’052	50’000	-
Morné Moolman	Group Management	3’000	-	-	-
Paul Schlatter[2]	Group Management	1’500	-	-	-
Holger Gritzka	Group Management	-	-	50’000	-
Michael Hingst	Group Management	1’900	-	-	-
Ingo Meyer	Group Management	49’100	39’000	-	-
Total		**27’177’718**	**19’562’276**	**250’000**	**-**

1 R. Gröflin retired from the Board of Directors on May 22, 2020.
2 P. Schlatter joined the Group Management on January 1, 2020.

V. Additional fees, compensation, and loans to company officers

Apart from the benefits listed in this report, no other compensation was provided in the reporting year 2020 – neither directly nor indirectly – to the executive and non-executive members of the Board of Directors or to the members of Group Management, to former members of Group Management or Board of Directors, as well as to related persons of the aforementioned persons. In addition, as per December 31, 2020, no loans, advances or credits were granted by the Company or by any of its subsidiary companies to this group of persons.

VI. Compensation to former members of corporate bodies

No other compensation, apart from the benefits listed in this report, was paid in 2020 to former members of corporate bodies officers of the Company.

MOORE Expert Zurich

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Zurich, April 28, 2021

Report of the Statutory Auditor
to the General meeting of
Blackstone Resources AG
6340 Baar

Report of the Statutory Auditor on the Compensation Report

We have audited the accompanying compensation report (pages 15-18) of **Blackstone Resources AG** for the year ended December 31, 2020.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibility
Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the compensation report for the year ended December 31, 2020 of Blackstone Resources AG complies with Swiss law and articles 14–16 of the Ordinance.

MOORE STEPHENS EXPERT (ZURICH) AG

Claudia Suter
Licensed audit expert
Auditor in charge

Mathieu Jaus
Licensed audit expert

CONSOLIDATED FINANCIAL STATEMENTS OF BLACKSTONE GROUP

Consolidated Balance Sheet

in CHF	Notes	December 31, 2020	December 31, 2019 adj.
Assets			
Property, plant and equipment	8	9'808'451	11'518'200
Right-of-use assets	9	1'258'555	-
Exploration & evaluation assets	10	261'861	388'843
Goodwill	11	77'630'455	85'047'620
Other intangible assets	11	10'824'424	12'279'056
Advances and loans		-	194'141
Deferred tax assets	13	15'506	8'380
Total non-current assets		**99'799'253**	**109'436'240**
Trade and other receivables		70'358	19'549
Convertible note	12	1'890'000	-
Accrued income		335'602	665'539
Other current assets		1'409'496	407'909
Marketable securities and short-term financial assets	14	317'738	384'782
Cash and cash equivalents		673'477	840'823
Restricted cash		64'200	64'200
Total current assets		**4'760'870**	**2'382'803**
Total assets		**104'560'123**	**111'819'043**
Liabilities			
Share capital	15	21'350'000	21'350'000
Share premium		26'049'517	25'755'236
Treasury shares	15	-85'095	-6'964
Retained earnings/(losses) and other reserves		-8'318'591	-21'243'922
Equity attributable to shareholders		**38'995'831**	**25'854'350**
Non-controlling interest		43'988'466	48'649'737
Total equity		**82'984'297**	**74'504'087**
Borrowings	17	9'700'441	29'353'697
Convertible note	12	1'885'192	-
Deferred tax liability	13	5'913'983	6'777'174
Pension liability	19	129'219	69'837
Non-current lease liabilities	9	1'053'526	-
Total non-current liabilities		**18'682'361**	**36'200'707**
Trade and other payables		639'606	336'433
Accrued expenses		1'028'945	570'540
Borrowings	18	996'926	207'276
Current lease liabilities	9	227'988	-
Total current liabilities		**2'893'465**	**1'114'249**
Total liabilities		**21'575'826**	**37'314'956**
Total liabilities and equity		**104'560'123**	**111'819'043**

Consolidated Income Statement

in CHF	Notes	**2020**	2019 Adj.
Revenues		9’480	19’790
Cost of goods sold		-	-179
Gross profit		**9’480**	**19’611**
Personnel expenses	20	-1’082’437	-632’776
General and administrative expenses	21	-1’772’737	-848’960
Marketing expenses		-52’398	-78’779
Other expenses		-157’153	-183’762
Depreciation and amortization		-1’376’675	-750’360
Total operating expenses		**-4’441’400**	**-2’494’637**
Operating profit/(loss)		**-4’431’919**	**-2’475’026**
Financial income		53’367	30’852
Unrealised revaluation gain/(loss)		225’610	-60’137
Realised gain/(loss) on securities		-	-35’190
Impairment investment in associate		-	-
Net realised gain/(loss)	22	22’140’000	8’237’008
Interest expense		-643’853	-381’891
Foreign exchange differences		-203’676	-53’598
Other financial expenses		-74’499	-38’928
Income before taxes		**17’065’030**	**5’223’090**
Income taxes		155’130	62’127
Net income		**17’220’160**	**5’285’396**
of which attributable to non-controlling interests		-515’359	-438’271
of which attributable to shareholders of the parent		17’735’520	5’723’488
Non-diluted earnings per share	16	0.42	0.13
Diluted earnings per share	16	0.25	0.13

Consolidated Statement of Comprehensive Income

in CHF	2020	2019 Adj.
Net income	17’220’160	5’285’396
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	-29’673	-49’968
Items that may be reclassified subsequently to profit or loss		
Currency translation	-8’862’464	-4’334’616
Total comprehensive income	**8’328’023**	**900’812**
of which attributable to non-controlling interests	-4’937’406	-2’520’197
of which attributable to shareholders of the parent	13’265’429	3’420’830

Consolidated Statement of Changes in Equity

CHF thousand	Note	Share capital	Share premium	Treasury shares	Retained earnings	Foreign currency translation adjustment	Equity attributable to shareholders	Non-controlling interests	Total equity
Balance as at January 1, 2020 (reported)	15	**21’350**	**25’755**	**-7**	**-22’141**	**9**	**24’966**	**48’120**	**73’087**
Adjustments		0	0	0	3’083	-2’195	888	529	**1’417**
Balance as at January 1, 2020 (adjusted)		**21’350**	**25’755**	**-7**	**-19’058**	**-2’186**	**25’854**	**48’650**	**74’504**
Profit/(loss) of the year		-	-	-	17’736	-	17’736	-515	17’220
Other comprehensive income		-	-	-	-30	-4’440	-4’470	-4’422	-8’892
Total comprehensive income		**-**	**-**	**-**	**17’706**	**-4’440**	**13’265**	**-4’937**	**8’328**
Revaluation business combination		-	294	-	-415	-	-120	276	156
Cost of IFRS 2 employee stock option plan	23	-	-	-	260	-	260	-	260
Warrants issued linked to convertible debenture note	12	-	-	-	115	-	115	-	115
Costs related to conditional capital increase option	12	-	-	-	-300	-	-300	-	-300
Revaluation of treasury shares		-	-	-78	-	-	-78	-	-78
Balance as at Decemer 31, 2020	15	**21’350**	**26’050**	**-85**	**-1’692**	**-6’626**	**38’996**	**43’988**	**82’984**
Balance as at January 1, 2019	15	**21’350**	**30’339**	**-6’980**	**-29’907**	**30**	**14’831**	**-87**	**14’744**
Profit/(loss) of the year					5’723		5’723	-438	5’285
Other comprehensive income		-	-	-	-50	-2’253	-2’303	-2’082	-4’384
Total comprehensive income		**-**	**-**	**-**	**5’674**	**-2’253**	**3’421**	**-2’520**	**901**
Acquisition/disposal of business		-	-	-	-	-20	-20	51’257	51’237
Reclass into retained earnings		-	-2’853	-	2’853	-	-	-	-
Sale of treasury shares		-	-274	6’973	-	-	6’699	-	6’699
Non-cash contribution		-	-1’456	-	2’323	57	924	-	924
Balance as at December 31, 2019, adjusted	15	**21’350**	**25’755**	**-7**	**-19’058**	**-2’186**	**25’854**	**48’650**	**74’504**

Consolidated Cash Flow Statement

CHF thousand	Note	2020	2019 adj.
Operating activities			
Net Profit		17’220	5’285
Adjustments to reconcile earnings for the year to net cash flows:			
Income tax		-155	-
Financial income		-53	-
Other financial expenses		74	289
Unrealised mark-to-market movements on investments		-226	60
Depreciation and amortization	8,9,10,11	1’377	516
Impairments		-	927
Gain from sale of exploration and evaluation assets	22	-22’140	-6’891
Gain from business combination		-	-1’793
Expenses for share-based compensation plan	23	260	-
Accrued income		330	-1’006
Other non-cash items net[1]		59	-6
Cash generated by operating activities before working capital changes		**-3’253**	**-2’619**
Working capital changes			
Decrease/(increase) in trade and other receivables		-51	534
Decrease/(increase) in marketable securities		67	1’874
Decrease/(increase) in other current assets		-1’002	-408
Increase/(decrease) in trade and other payables		303	109
Increase/(decrease) in accrued expenses		458	317
Change in long-term payables with shareholder		1’207	-
Income tax paid		-90	-
Total working capital changes		**893**	**2’426**
Net cash generated by operating activities		**-2’361**	**-193**
Investing activities			
Increase/(decrease) in E&E assets and other assets		-72	-167
Decrease/(increase) in loans and advances		194	2’445
Net cash used by investing activities		**122**	**2’278**
Financing activities			
Increase/Repayment of borrowings		2’178	-1’408
Interest paid on lease liabilities		-6	-
Interest paid		-26	-21
Repurchase and proceeds from treasury shares		-	132
Net cash used by financing activities		**2’146**	**-1’296**
Net change in cash and cash equivalents		-93	789
Currency translation effect on cash and cash equivalents		-75	13
Cash and cash equivalents at the beginning of the year		841	39
Cash and cash equivalents at the end of the year		**673**	**841**
Non-cash disclosures:			
Property, plant and equipment from business combination		-	12’495
Disposal of E&E Assets	22	22’140	22’909
Intangible assets		-	101’532
Disposal of investment in associate		-	19’568
Deferred tax assts and liabilities		-	6’769

[1] Include change in pension liability

Notes to the Consolidated Financial Statements

1. Organisation

Blackstone Resources AG (the Company or Blackstone) is incorporated in Baar, Switzerland. Blackstone develops new battery technology and manufacturing techniques. Furthermore, it acquires mining rights, concessions, licenses and mining technologies for development purposes. The Company will grow its already existing interests in mineral deposits and battery technology by acquiring additional licenses and making new investments.

The consolidated financial statements of the Company for the year ended December 31, 2020, comprise the Company and its interests in subsidiaries.

The subsidiaries of Blackstone as of December 31 are:

					2020		2019	
Country	Domicile	Subsidiary	Business activity	Currency	Ownership %	Capital	Ownership %	Capital
Switzerland	Geroldswil	Blackstone Resources Management AG	Management services	CHF	100	100'000	100	100'000
Switzerland	Zug	BS Canada AG	Investment vehicle	CHF	100	100'000	100	100'000
Germany	Döbeln	Blackstone Technology GmbH	Development of battery technology	EUR	100	200'000	100	25'000
Gibraltar	Gibraltar	Marcor Ltd	Investment vehicle	GBP	100	2'000	100	2'000
Chile	Santiago	Blackstone Resources Chile SpA	Development of lithium resources	CLP	100	500'000	100	500'000
BVI	Tortola	South America Invest Ltd	Gold mining plant in Peru	USD	50.94	3'986'208	50.94	3'986'208
Peru	Lima	German Engineering & Cie, S.A.C. (GESAC)	Gold mining plant in Peru	SOL	50.24	6'141'692	50.24	5'074'594
BVI	Tortola	Blackstone Norway Ltd	Exploration in Norway, gold, rare earth	USD	100	50'000	100	50'000
Hong Kong	Hong Kong	Cobalt Trading International Ltd	Trading vehicle	HKD	100	1	100	1

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and comply with Swiss Law as well as with the listing rules of the SIX Swiss Exchange.

3. Significant accounting policies and basis of preparation

Basis of presentation
These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which are classified as fair value through profit or loss ("FVTPL") and pension obligations which are measured at revalued amounts or fair values at the end of each reporting period. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Consolidation method
These consolidated financial statements include the accounts of the Company and its controlled entities. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Where the Company's interest is less than 100%, the interest attributable to outside shareholders is reflected in non-controlling interests (NCIs).

Profit or loss and each component of other comprehensive income or loss are attributed to the equity holders of the parent of the Company and to the NCIs, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies.

All intra-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statement of each Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss Francs (CHF), which is Blackstone's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain and loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follow:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at end of the reporting period;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, exchange differences are reclassified to profit and loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(iv) Exchange rates

Blackstone applied the following exchange rates:

		Balance sheet year-end rates		**Income statement average rates**	
CHF		**2020**	2019	**2020**	2019
Euro zone	1 EUR	1.08	1.09	1.07	1.11
USA	1 USD	0.88	0.97	0.94	0.97
United Kingdom	1 GBP	1.21	1.28	1.20	1.27
Hong Kong	100 HKD	11.39	12.47	12.09	12.57
Peru	100 SOL	24.20	29.20	26.77	29.41
Chile	1'000 CLP	1.24	1.31	1.18	1.53

Investments in associates
Associates in which the Company exercises significant influence are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Significant influence is presumed if the Company holds between 20% and 50% of the voting rights unless evidence exists to the contrary.

Equity accounting involves the Company recording its shares of the Associates net income in equity. The Company's interest in an Associate is initially recorded at cost and is subsequently adjusted for the Company's share of changes in net assets of the Associate less any impairment in the value of individual investments. Where Blackstone transacts with an Associate, unrealized profits and losses are eliminated to the extent of Blackstone's interest in that Associate.

Changes in Blackstone's interest in Associates are accounted for as a gain or loss on disposal with any difference between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognised directly in the consolidated statement of profit or loss.

Business combinations and goodwill
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the former owners of the acquiree, and the equity interests issued in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ("identifiable net assets") are recognised at their fair value at the date of acquisition. Acquisition related costs are recognised in the consolidated statement of profit or loss as incurred**.**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed**.** If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value if the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurements are recognised in profit or loss.

Under the acquisition method, the Company has up to 12 months post the acquisition date to finalise the fair values of identifiable assets and liabilities.

Goodwill on acquisitions of subsidiaries is included in intangible assets and is carried at cost less accumulated impairment losses. Goodwill is not amortised but tested for impairment in the fourth quarter of each reporting period or more frequently if events or changes in circumstances indicate that it might be impaired. Gains and losses on disposal of an entity include the carrying amount of goodwill relates the entity sold.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Calculation of a recoverable amount
The recoverable amount of an asset is the greater of its fair value less costs of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit the assets belong to.

Borrowing costs
Borrowing costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets in which case they are capitalised up to the date when the qualifying asset is ready for its intended use.

Retirement benefits
Blackstone operates various pension schemes in accordance with local requirements and practices of the respective countries.

Blackstone uses the Projected Unit Credit Actuarial method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

This method is based on the amount of working years at the date of the actuarial valuation and considers the future by including:

- A discount rate;
- the salary development and leaving probability up to the beginning of the benefit payment, and
- inflation adjustments for the years after the first payment for recurring benefits.

The cost of providing pensions is charged to the consolidated statement of profit and loss so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets. Actuarial gains and losses are recognised directly in other comprehensive income and will not be reclassified to the consolidated statement of profit and loss. The retirement benefit obligation/asset recognised in the consolidated statement of financial position represents the actual deficit or surplus in Blackstone's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Income taxes
Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognised in profit or loss, except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilites for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.
- The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity,

or on different tax entities, but they intend to settle current tax liabilites and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

- A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Property, plant and equipment (PP&E)
Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost (if the asset was previously classified as assets in development), any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment. Costs of replacing parts of PP&E are recognised as PP&E only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in profit or loss as incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, as follows:

Properties:	20-40 years
Plant and equipment:	5-15 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate at each reporting date. An asset carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Exploration & evaluation assets (E&E)
The acquisition costs of mineral property interests and any subsequent exploration and evaluation (E&E) costs are capitalised. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as exploration costs.
Properties that have close proximity, are considered separate cash generating units (CGU) for the purpose of determining future mineral reserves and impairments.

E&E activity involves the search for mineral resources, determination of technical feasibility and the assessment of commercial viability of an identified resource. E&E activity includes:

- Researching and analysing historical exploration data
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Once the legal right to explore has been acquired E&E expenditure are capitalised. These costs include directly attributable employee remuneration, materials and fuel, surveying costs, drilling costs and payments made to contractors. Capitalised E&E expenditure is considered to be a tangible asset.

License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

The acquisition costs include the cash consideration paid and the fair market value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements. Proceeds received from a partial sale or option of a mineral property interest are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in the statement of profit or loss and comprehensive income in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in the statement of profit or loss and comprehensive income in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.
Management reviews its mineral property interests at each reporting period for signs of impairment and annually if there is impairment in value taking into consideration current year exploration results and management's assessment of the future probability of profitable operations from the property, or likely gains from the disposition or option of the property. If a property is abandoned, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to the consolidated statement of profit or loss.

Should a project be put into production, the costs of acquisition and evaluation will be amortised over the life of the project based on estimated economic reserves. If the carrying value of a project exceeds its estimated net realizable value or value in use, an impairment provision is recorded.

Intangible Assets with finite useful life
Mining concessions and other intangible assets are recognised at cost of acquisition. Development cost are capitalised only if the project is expected to deliver future economic benefits and these benefits can be measured reliably or the intangible can be sold.

Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives, as follows, once commercialization or production commences:

Concessions:	25-35 years
Other intangible assets:	3-20 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Leasing
Under IFRS 16, Blackstone assesses whether a contract contains a lease at inception of a contract and recognises a right-of-use asset and a corresponding lease liability for all arrangements in which it is a lease, except for short-term leases with terms of 12 months or less and low value leases. For these leases, Blackstone recognises the lease payments as an operating expense on a straight-line basis over the lease term. Expenses from short-term leases, which at the same time are of low value are shown within the position expenses from short-term leases.

Lease liabilities are initially measured at the present value of the future lease payments from the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, Blackstone uses an incremental borrowing rate specific to the term and currency of the contract. Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date as well as extension or purchase options payments, if Blackstone is reasonably certain to exercise. The lease liability is subsequently measured at amortised cost using the effective interest rate method and re-measured with a corresponding adjustment to the related right-of-use asset, when there is a change in future lease payments in case of renegotiation, changes of an index or rate, or in case the likelihood to execute options changes upon reassessment.

The right-of-use assets are initially recognised on the balance sheet at cost, which comprises the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease, any lease incentive received by the Blackstone, and expected costs for obligations to dismantle and remove right-of-use assets when they are no longer used. Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are linearly depreciated to reduce the carrying amount to the expected residual value over the following usual periods in time:

Buildings:	5-10 years
Vehicles:	2-4 years
Other fixed assets:	2-5 years

Right-of-use assets are assessed for impairment whenever there is an indication that the balance sheet carrying amount may not be recoverable.

Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the future decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalised at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates, using a pre-tax rate that reflect the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight- line method. The related liability is adjusted at each period-end, for the unwinding of the discount rate, for changes to the current market-based discount rate and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no known restoration, rehabilitation or environmental costs related to its mineral property interest.

Provisions

Provisions are recognised when Blackstone has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, including interpretation of specific laws and likelihood of settlement.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank and cash on hand and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets approximates their fair value. The Company had no short-term bank deposits at December 31, 2020 or 2019.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's consolidated statement of financial position when the Company becomes a party to the contractual provisions of the instrument.
Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, other investments, provisionally priced trade receivables and derivatives are carried at fair value and trade receivables that do not contain provisional price features, loans and other receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities, other than derivatives and those containing provisional price features, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Financial liabilities that contain provisional pricing features and derivatives are carried at FVTPL.

(i) Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets are estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- A review of overdue amounts,
- Comparing the risk of default at the reporting date and at the date of initial recognition, and
- An assessment of relevant historical and forward-looking quantitative and qualitative information.

For those balances that are beyond 30 days overdue it is presumed to be an indicator of a significant increase in credit risk.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date. The Company considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Company without taking into account any collateral held by the Company or if the financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(ii) Derecognition of financial assets and financial liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Company derecognises financial liabilities when the Company’s obligations are discharged, cancelled or have expired.
On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss. On derecognition of equity investments designated and measured at FVTOCI, the cumulative gain or loss recognised in other comprehensive income is reclassified directly to retained earnings.

Earnings per share

The Company presents basic and diluted net income or loss per share (E/LPS) data for its common shares. Basic E/LPS is calculated by dividing the gain/loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for treasury shares held. Diluted E/LPS is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for treasury shares held and for the effects of all dilutive potential common shares related to outstanding stock options, hybrid instruments and warrants issued by the Company.

Treasury shares
The cost of purchases of own shares is deducted from equity. Where they are purchased, issued to employees or sold, no gain or loss is recognised in the consolidated statement of income. Such gain and losses are recognised directly in equity. Any proceeds received on disposal of shares or transfers to employees are recognised in equity.

Share-based payments
Blackstone grants options on registered shares to members of the Board of Directors and Group Management. Equity-settled share-based payments are measured at the fair value of the awards based on the market value of the shares at the grant date. Fair value excludes the effect of non-market-based vesting conditions. The fair value is charged to the consolidated income statement and credited to retained earnings on a straight-line basis over the period the estimated awards are expected to vest.

At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the consolidated income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

Related party transactions
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities and include key management of the Company and its parent. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

4. Recently adopted accounting standards and accounting standards issued but not yet effective

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. There were no significant impacts from changes in accounting policies in 2020. For the year ended December 31, 2020, the Group has applied for the first time IFRS 16 for a lease contract of its German subsidiary.

A number of new standards and amendments to standards and interpretations are effective for the financial year 2021 and later and have not been applied in preparing these consolidated financial statements. If they had been applied in 2020, they would have had no significant effect on the consolidated financial statements of the Company:

- Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (applicable as of January 1, 2021)
- Annual improvements to IFRS Standards 2018-2020 (applicable as of January 1, 2022)
- Property, Plant and Equipment – Proceeds before intended use – Amendment to IAS 16 (applicable as of January 1, 2022)
- Onerous contracts – Cost of fulfilling a contract – Amendment to IAS 37 (applicable as of January 1, 2022)
- Reference to the Conceptual Framework – Amendments to IFRS 3 the Conceptual Framework in IFRS Standards (applicable as of January 1, 2022)
- Amendments to the classification of liabilities as current or non-current – Amendments to IAS 1 (applicable as of January 1, 2023)
- IFRS 17 Insurance contracts (applicable as of January 1, 2023)

5. Impact of Covid-19

Subsequent to some uncertainty in the first semester of 2020, during the full calendar year 2020, the Covid-19 pandemic has overall no material impact on the Company's earnings or profitability. Although lockdown restrictions halted some business activity, none of those business lines that were affected are currently cash generating. This includes the gold milling plant in Peru, a country that is heavily impacted by the coronavirus pandemic and the lithium exploration project in Chile. However, in both instances, these are long-term investments and despite some delays being incurred, they are still on track to deliver the future earnings potential once they are operational in the years to come. There was a negligible impact on our battery technology operations as most activity was not required on site. The opening process of our battery factory in Germany was also not affected as it is not expected to commence operations until mid of 2021.

6. Capital Management

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for future general and administrative expenses, the Company expects to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established, and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2020.

7. Segment reporting

The Group provides integrated solutions across the value chain of battery metals, development of state-of-the art battery technology and other assets related to mining and sourcing of metals which are required for the production of battery cells.

The three reportable segments, battery technology, battery metals and other assets, reflect the internal management and reporting structure through specific organisational hierarchies which was reorganised during the financial year 2020. Before, Blackstone was organised and managed by means of individual countries. Since Blackstone currently does not generate any revenues and profits from its organisational units, a segment income disclosure is not feasible and therefore, for the time being, omitted for disclosure purposes.

8. 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
Acquisition costs as at January 1, 2020, reported	**5'290'425**	**7'205'055**	**12'495'480**
Adjustment[1]	-311'082	-423'231	-734'313
Acquisition costs as at January 1, 2020, adjusted	**4'979'343**	**6'781'824**	**11'761'167**
Acquisitions	-	-	-
Retirements	-	-	-
Currency translation	-235'767	-252'031	-487'799
Acquisition costs as at December 31, 2020	**4'743'576**	**6'529'793**	**11'273'369**
Accumulated depreciation as at January 1, 2020	**207'626**	**293'918**	**501'544**
Additions	398'341	565'033	963'374
Currency translation	-	-	-
Accumulated depreciation as at December 31, 2020	**605'967**	**858'951**	**1'464'918**
Net fixed assets as at December 31, 2020	**4'137'608**	**5'670'841**	**9'808'451**

in CHF	Real Estate Buildings	Plant and equipment	Total
Acquisition costs as at January 1, 2019	**-**	**-**	**-**
Additions	5'290'425	7'205'055	12'495'480
Retirements	-	-	-
Currency translation	-206'325	-269'411	-475'736
Acquisition costs as at December 31, 2019, adjusted	**5'084'100**	**6'935'644**	**12'019'744**
Accumulated depreciation as at January 1, 2019	**-**	**-**	**-**
Additions (pro rata since acquisition)	207'626	293'918	501'544
Currency translation	-	-	-
Accumulated depreciation as at December 31, 2019, adj.	**207'626**	**293'918**	**501'544**
Net fixed assets as at December 31, 2019, adjusted	**4'876'474**	**6'641'726**	**11'518'200**

[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.

9. Leases

Right-of-use assets

in CHF	Buildings
Cost	
Balance as of January 1, 2020	-
Accumulated depreciation	-
Additions	1'302'715
Depreciation of the period	-43'707
Currency translation	-453
Balance as at December 31, 2020	**1'258'555**

Lease liabilities

in CHF	Buildings
Balance as of January 1, 2020	-
Additions	1'302'715
Payments	-20'748
Currency translation	-453
Right-of-use assets as at December 31, 2020	**1'281'514**
of which	
- Current portion	227'988
- Non-current portion	1'053'526

Amounts recognised in the income statement

in CHF	2020	2019
Depreciation of right-of-use assets	43'707	-
Interest expense on lease liabilities (incl. financial expenses)	6'849	-
Expenses relating to short-term and low value leases		
(incl. in selling, general and administrative expenses)	-	-
Profit on sale-and-leaseback transactions	-	-
Total expense recognised in the income statement	**50'555**	**-**

The total cash flow for leases (including short-term leases and low value assets) was CHF 27'832 in 2020 (2019: CHF nil).

10. Exploration & evaluation assets

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

in CHF	Mongolia	Norway	Chile	Total
Acquisition costs as at January 1, 2020	**-**	**386'591**	**93'750**	**480'341**
Acquisitions	-	-	72'044	72'044
Retirements	-	-200'000	-	-200'000
Currency translation	-	-	-	-
Acquisition costs as at December 31, 2020	**-**	**186'591**	**165'794**	352'385
Accumulated depreciation as at January 1, 2020	-	**91'498**	**-**	**91'498**
Additions (pro rata since acquisition)	-	-	-	-
Currency translation	-	-974	-	-974
Accumulated depreciation as at December 31, 2020	-	90'524	-	90'524
Net E&E assets as at December 31, 2020	**-**	**96'067**	**165'794**	**261'861**

in CHF	Mongolia	Norway	Chile	Total
Acquisition costs as at January 1, 2019	**22'987'295**	**322'303**	**-**	**23'309'598**
Additions	33'189	60'022	93'750	186'961
Retirements	-23'020'484	-	-	-23'020'484
Currency translation	-	4'266	-	4'266
Acquisition costs as at December 31, 2019	**-**	**386'591**	**93'750**	**480'341**
Accumulated depreciation as at January 1, 2019	**111'898**	**71'491**	**-**	**183'389**
Additions	-	20'007	-	20'007
Retirements	-111'898	-	-	-111'898
Currency translation	-	-	-	-
Accumulated depreciation as at December 31, 2019	-	**91'498**	**-**	**91'498**
Net E&E assets as at December 31, 2019	**-**	**295'093**	**93'750**	**388'843**

In 2019 and 2020, Blackstone acquired various concessions in the area of Antofogasta region, Chile, to explore and develop its lithium project.

11. Goodwill and other Intangible assets

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

in CHF	Goodwil	Concession	Other
Acquisition costs as at January 1, 2020, reported	**82'998'665**	**13'025'530**	**3'942**
Adjustment[1]	2'048'955	-497'143	-
Acquisition costs as at January 1, 2020, adjusted	**85'047'620**	**12'528'387**	**3'942**
Acquisitions	-	-	-
Retirements	-	-	-3'941
Currency translation	-7'417'165	-1'016'506	-
Acquisition costs as at December 31, 2020	**77'630'455**	**11'511'881**	**1**
Accumulated depreciation as at January 1, 2020	-	**-253'274**	**-**
Additions	-	-434'184	-
Currency translation	-	-	-
Accumulated depreciation as at December 31, 2020	-	**-687'458**	-
Carrying amount			
As of January 1, 2020	85'047'620	12'275'113	3'942
As of December 31, 2020	**77'630'455**	**10'824'423**	**1**

in CHF	Goodwil	Concession	Other
Acquisition costs as at January 1, 2019	**-**	**-**	**-**
Additions	88'499'056	13'028'997	3'942
Retirements	-	-	-
Currency translation	-3'451'436	-508'127	-
Acquisition costs as at December 31, 2019, adjusted	**85'047'620**	**12'520'870**	**3'942**
Accumulated depreciation as at January 1, 2019	**-**	**-**	**-**
Additions	-	-245'757	-
Retirements	-	-	-
Currency translation	-	-	-
Accumulated depreciation as at December 31, 2019, adjusted	-	**-245'757**	**-**
Carrying amount			**-**
As of January 1, 2019	-	-	-
As of December 31, 2019, adjusted	**85'047'620**	**12'275'113**	**3'942**

[1] The adjustment is due to the final purchase price allocation on the acquisition of the majority of the 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 24)

Goodwill arising from an acquisition represents the excess of fair value of the consideration transferred (including the fair value of any previously held equity interests in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested annually for impairment at year-end. For the purpose of impairment testing, goodwill is allocated to cash-generating units which are expected to benefit from the corresponding business combination. The goodwill impairment test is performed at the level of a cash-generating unit or a group of cash-generating units. The Company has performed an impairment test of goodwill at the end of the financial year 2020 for its Peruvian gold mining plant (GESAC) where goodwill amounting to CHF 82'998'665 is allocated.

For the goodwill allocated to the cash-generating units, the impairment tests are based on calculations of value in use which require the use of assumptions. Cash flow projections are based on financial forecast covering a five-year period for the financial years 2021 to 2025. Cash flows beyond the five-year period are extrapolated by using estimated long-term growth rates and applying a terminal value. Future cash flows are discounted based on the weighted average cost of capital (WACC), taking into account risks that are specific to the cash-generating units. Management has considered the impact of the Covid-19 pandemic, resulting in a certain delay of generating revenue and potentially increasing costs.

The following key assumptions (level 3 inputs) have been applied for the year 2020:

Basis for recoverable amount:	Value in use
TCF-WACC rate:	8.95% (equates to 11.73% equivalent pre-tax TCF-WACC)
Projection period:	5 years
Terminal growth rate:	0%

Sensitivity analysis
The management has provided a sensitivity analysis based on the following three important key assumptions:

1. gold price +/- 10%
2. operating costs +/- 5%
3. TCF-WACC +/- 0.5%point

The underlying gold price assumed was USD 1’850 per ounce. This analysis assumes that all other assumptions in the model remain constant. A higher discount rate and costs and a lower gold price will result in a lower recoverable value. The effect of the sensitivity analysis is shown in the table below and would not result in an impairment loss.

	gold price	operating costs	TCF-WACC
Reasonably possible change +/-	10%	5%	0.5% point
Effect on valuation (in USD million)	22.9	31.6	9.8

For 2020, the recoverable amount exceeds the carrying value and consequently no impairment of goodwill was recognised in the year 2020.

12. Convertible note

On December 30, 2020 the Company subscribed to a credit facility of a maximum of CHF 20 million 0% convertible notes. On December 30, 2020 the Company drew down the initial notes’ tranche of CHF 2 million. The investor remitted the funds early January 2021 and therefore were recognised as a receivable from convertible note as of December 31, 2020.

Conditions for the CHF 2 million note tranche

Blackstone grants to the investor a conversion right into Blackstone shares (strike price to be defined according to terms and conditions agreed on in the subscription agreement) until December 30, 2022. Alternatively, Blackstone agreed on an early cash redemption option at 107.5% (if repaid by Blackstone before the maturity date). If the note will not be repaid by Blackstone before maturity nor converted by the investor until December 30, 2022 the notes have to be repaid at 100%.

Warrants issued for the CHF 2 million note tranche

Based on the associated warrant agreement with the investor dated December 30, 2020, Blackstone granted for the first note tranche a drawn down of 138’889 call warrants with a strike price of CHF 2.88 to the investor. The warrants have a maturity period until December 31, 2023. The Company’s share price was CHF 2.16 as of December 31, 2020.

Guarantee agreement

Pursuant to the associated guarantee agreement dated December 30, 2020, Blackstone as the “Issuer”, Blackstone Technology GmbH, South America Invest Ltd., Blackstone Norway Ltd. and Blackstone Resources Chile SpA (all four subsidiaries of Blackstone as “Guarantors”) and the third-party investor as the (Secured Party) agree that each Guarantor guarantees to the Secured Party punctual performance by the Issuer relating to the payment up to CHF 20 million convertible notes.

Subordination agreement

Pursuant to the associated subordination and assignment agreement dated December 30, 2020, between Ulrich Ernst, Blackstone and the third-party investor, Ulrich Ernst has agreed as the subordinated lender to grant a subordination of his shareholder loan up to CHF 5 million based on the loan agreement with the Company and any further loans already made or to be made in the future by the subordinated lender to Blackstone.

Share lending agreement

Pursuant to the share lending agreement dated December 30, 2020, between Ulrich Ernst and Marcor Holdings Ltd., jointly as the "Lenders" and Blackstone who is obliged to deliver Blackstone shares to the third-party investor, if and when a conversion, in accordance with the terms of the notes documents, is being exercised. The Lender agrees, jointly and severally, to assist Blackstone with its delivery obligation by lending Blackstone up to any necessary amount of Blackstone shares which are required to fulfill the delivery obligation.

13. Income tax

A. Deferred tax assets and liabilities

The net value of deferred tax liabilities is as follows:

in CHF	2020	2019, adj.
As at January 1, reported	7'159'692	-
Adjustment	-390'898	-
As at January 1, adjusted	6'768'794	-
Tax charged to comprehensive income	-3'080	-8'380
Tax charged to other components of equity	-	6'777'174
Tax charged to income statement	-288'808	-
Currency translation	-578'429	-
As at December 31	**5'898'477**	**6'768'794**

Deferred tax assets and liabilities were generated from the following positions:

in CHF	2020	2019, adj.
Deferred tax assets		
Pension plan	15'506	8'380
Total deferred tax assets	**15'506**	**8'380**
Deferred tax liabilities		
Real estate buildings	1'155'285	922'781
Plant, machinery and equipment	1'566'511	1'973'453
Intangible assets	3'192'187	3'880'940
Total deferred tax liabilities	**5'913'983**	**6'777'174**
Net deferred tax	**5'898'477**	**6'768'794**

The position of deferred tax liabilities in 2019 is related to the business combination of SAI (refer to note 24).

B. Tax expense

in CHF	2020	2019, adj.
Current tax expense	136'757	-62'127
Deferred tax expense/benefit	-291'888	-
Total tax expense/(credit)	**-155'131**	**-62'127**

C. Reconciliation of the effective tax rate

The contributing factors for the difference between the expected tax rate (the Company's domestic tax rate) and the effective tax are as follows:

in CHF	2020	per cent	2019, adj.	per cent
Earnings before tax according to the income statement	17'065'030		5'223'090	
Expected tax expense/(benefit) using the Company's domestic tax rate	**2'133'129**	**12.5%**	**731'233**	**14.0%**
Tax exempt (income)/non-deductable expenses	-2'618'750	-15.3%	-964'753	-18.5%
Impact of tax losses and loss carry-forwards	522'206	3.1%	155'772	3.0%
Under/(over) provided in previous years	90'391	0.5%	-	0.0%
Step acquisition gain SAI	-	0.0%	251'023	4.8%
Deferred tax impact business combination (PPA adjustments)	-288'808	-1.7%	-173'916	-3.3%
Other	6'702	0.0%	-61'486	-1.2%
Tax (credit)/expense recorded in the consolidated financial statements	**-155'130**	**-0.9%**	**-62'127**	**-1.2%**

D. Aging of non-recognised tax losses

No deferred tax assets have been recognised from loss carry-forwards. The non-recogised tax losses expire s follows:

in CHF / Expiry	2020		2019
2021	-700'569	2020	
2022	-601'022	2021	
2023	-431'872	2022	-
2024 and later	-6'429'672	2023 and later	-3'665'755
Total unused tax losses	**-8'163'134**		**-3'665'755**

14. Marketable securities and short-term financial assets

The summarised financial information in respect of Blackstone's marketable securities is set out below:

in CHF	2020	2019
First Cobalt Corp.	317'738	384'782
Total marketable securities and short-term financial assets	**317'738**	**384'782**

The shares are categorized as trading shares (fair value through profit or loss). Fair value is determined using quoted bid prices from the market.

15. Share capital

A. Authorized and conditional share capital

The Company was authorised to increase its authorised capital by issuing up to a maximum of 21'350'000 fully paid-in registered shares with a par value of CHF 0.50 per share, representing a maximum amount of CHF 10'675'000 as well as to increase its conditional capital by issuing up to a maximum of 4'270'000 fully paid-in registered shares with a par value of CHF 0.50 per share, representing a maximum amount of CHF 2'135'000 through the exercise of option rights granted to members of the Board of Directors of the Company, employees of the holding companies and related persons. The period to increase the authorized and conditional share capital was from 21.12.2018 till 20.12.2020. The Company decided however not to exercise upon the option.

B. Issued share capital

At December 31, 2020 and 2019, the Company had 42'700'000 registered shares issued and outstanding.

C. Share subscription facility agreement for the issuance of equity up to CHF 30 million

On October 2, 2020, Blackstone entered into a CHF 30 million share subscription facility with an external investor. Blackstone has the call option right, but not the obligation to draw tranches of new shares from the Share subscription facility agreement at market price.

As an additional commitment defined in the share subscription facility agreement, Blackstone grants the external investor 2.5 million call warrants with an anti-dilution protection at a strike price of CHF 3.0 and maturity until October 2, 2023.

D. Subscription agreement for up to CHF 20 million convertible notes

On December 30, 2020 the Company subscribed to a credit facility of a maximum of CHF 20 million 0% convertible notes. On December 30, 2020 the Company drew down the initial notes' tranche of CHF 2 million (refer to further details in note 12). Blackstone grants to the investor a conversion right into Blackstone shares for the note tranches drawn down with a maturity of two years each. If not converted by the investor, the note tranches have to be repaid at 100% on the respective maturity date.

Based on the associated warrant agreement with the investor dated December 30, 2020, Blackstone has to grant for each note tranche drawn down additional call warrants. The number of warrants to be granted will be calculated based on the terms defined in the warrant agreement. For the first note tranche drawn 138'889 call warrants with a strike price of CHF 2.88 were issued to the investor. The warrants have a maturity period until December 31, 2023.

E. Treasury shares

At December 31, 2020 and 2019, the Company held 7'381 and 7'440 treasury shares, respectively.

16. Earnings per share

A. Basic earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

i. Profit/(loss) attributable to ordinary shareholders (basic)

in CHF	Note	**2020**	2019 adj.
Profit/(loss) for the year, attributable to the owners of the company		**17'735'520**	**5'723'488**

ii. Weighted average number of ordinary shares (basic)

in shares	Note	**2020**	2019 adj.
Issued ordinary shares at 1 January	15	42'700'000	42'700'000
Effect of treasury shares held	15	-7'381	-7'440
Weighted average number of ordinary shares at 31 December		**42'692'619**	**42'692'560**

iii. Basic earnings per share

in CHF	Note	**2020**	2019 adj.
Profit/(loss) for the year, attributable to the owners of the company		17'735'520	5'723'488
Weighted average number of ordinary shares at 31 December		42'692'619	42'692'560
Basic earnings per share		**0.42**	**0.13**

B. Diluted earnings per share

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

i. Profit/(loss) attributable to ordinary shareholders (diluted)

in CHF	Note	**2020**	2019 adj.
Profit (loss) attributable to ordinary shareholders (basic)		17'735'520	5'723'488
Interest expense on convertible bonds		26'338	17'238
Profit/(loss) attributable to ordinary shareholders (diluted)		**17'761'858**	**5'740'726**

ii. Weighted average number of ordinary shares (diluted)

in shares	Note	2020	2019 adj.
Weighted average number of ordinary shares (basic)		42’692’619	42’692’560
Share-based compensation plans	23	250’000	-
Effect of conversion of convertible notes[1]	12	27'402’534	510
Weighted average number of ordinary shares (diluted) at 31 December		**70'345’153**	**42’693’070**

iii. Diluted earnings per share

in CHF	Note	2020	2019 adj.
Profit (loss) attributable to ordinary shareholders (diluted)		17’761’858	5'740’726
Weighted average number of ordinary shares (diluted) at 31 December		70'345’153	42’693’070
Diluted earnings per share		**0.25**	**0.13**

[1] Pursuant to the share subscription facility agreement for the issuance of equity up to CHF 30 million (refer to note 15 C.), the share price was calculated at CHF 2.16 (share price as of December 31, 2020) which corresponds to 13’888’889 ordinary shares. Pursuant to the subscription agreement for up to CHF 20 million convertible notes (refer to note 15 D.), the share price was calculated at CHF 2.16 (share price as of December 31, 2020) which corresponds to 9’259’259 ordinary shares respectively 23’148’148 ordinary shares combined for both subscription agreements. This is under the assumption that the Company will draw both subscription agreements in full.

Both subscription agreements are linked to the issuance of warrants. The total combined number of warrants for both subscription agreements is 4’254’386 and under the assumption that the Company will draw both subscription agreements in full.

17. Borrowings non-current

A. Related party

in CHF	2020	2019
Ulrich Ernst[1]	8’827’565	5’008’269
Adriatica Group Ltd[2] ("Adriatica")	-	22’249’195
Total related party borrowings	**8’827’565**	**27’257’464**

[1] Loan agreement bearing interest of 1.5% p.a. with a 12-month termination notice at the end of each calendar year. CHF 5 million is subordinated (refer to Note 12)

[2] Pursuant to the loan offsetting agreement dated June 30, 2020 between Blackstone and Adriatica, the Company has settled the entire outstanding loan. The existing liability was settled with proceeds related to the purchase agreement dated June 5, 2020 whereby Adriatica purchased 5 concessions for the consideration of CHF 22’340’000 (refer to note 22 for more details).

B. Third party

in CHF	2020	2019
Third party loans	862’875	1’572’307
Convertible Series A	-	513’926
Convertible Series B[1]	10’000	10’000
Total third party borrowings	**872’875**	**2’096’233**

[1] The convertible bond Series B bears interest of 5.2% p.a. and matures on December 31, 2022. The convertible bond Series B can be converted into Blackstone shares at a 10% discount to the Blackstone quoted market price from January 1, 2018 with floor set at CHF 6.00. Blackstone has the option to repurchase the convertible bond Series B from January 1, 2019 at the nominal value.

18. Borrowings current

A. Related party

in CHF	2020	2019
U. Ernst[1]	-	207’276
Total related party borrowings	**-**	**207’276**

[1] Loan agreement bearing interest of 1.5% p.a. with a 12-month termination notice at the end of each calendar year.

B. Third party

in CHF	2020	2019
Convertible Series A[1]	513’926	-
COVID-19 bridging loan[2]	483’000	-
Total third party borrowings	**996’926**	**-**

[1] The convertible bond Series A bears interest of 5.2% p.a. and matures on August 31, 2021. The convertible bond Series A can be converted into Blackstone shares at a 10% discount to the Blackstone quoted market price from January 1, 2018. Blackstone has the option to repurchase the convertible bond Series A from September 1, 2018 at the nominal value.

[2] The COVID-19 bridging loan facility was applied and approved on March 26, 2020 as part of the Government program for companies affected by the consequences of the coronavirus pandemic. The loan was repaid on March 11, 2021.

19. Pensions and other post-employment benefits

The company operates a defined benefit plan in Switzerland. The benefit payments are from trustee-administered funds. Plan assets held in trusts are governed by local regulations and practices in each country. The movement in the defined benefit pension plan for the year ended December 31, 2020 and 2019 respectively is as follows:

A. Reconciliation of defined benefit obligation

in CHF	2020	2019
Benefit obligation at beginning of year	-38’371	-425’177
Change in consolidation scope	-	-
Current service cost (employer)	-49’033	-24’420
Interest expense	-136	-2’493
Contributions by plan participants	-23’475	-16’567
Actuarial gains and (losses) arising from changes in demographic assumptions	-	-
Actuarial gains and (losses) arising from changes in financial assumptions	-	-6’510
Experience gains/(losses)	-69’615	107’344
Exchange rate changes	-	-
Benefits paid	-57’181	329’452
Past service cost	-	-
Business combinations	-	-
Plan curtailments	-	-
Plan settlements	-	-
Benefit obligation at end of year	**-237’811**	**-38’371**

B. Reconciliation of fair value of plan assets

in CHF	2020	2019
Fair value of plan assets at beginning of year	-31’466	306’075
Remeasurement: accrual of asset at beginning of year	-	-
Interest income	31	1’421
Return on plan assets, excluding amount in interest income	35’896	-42’644
Contributions by the employer	23’475	16’567
Contributions by plan participants	23’475	16’567
Benefits paid	57’181	-329’452
Fair value of plan assets at end of year	**108’592**	**-31’466**

C. Statement of financial position (EOY)

in CHF	2020	2019
Present value of funded obligations	-237’811	-38’371
Fair value of plan assets	108’592	-31’466
Deficit/surplus for funded plans	-129’219	-69’837
Net asset/(liability)	**-129’219**	**-69’837**

D. Components of defined benefit cost in profit and loss

in CHF	2020	2019
Current service cost (employer)	-49'033	-24'420
Interest expense on defined benefit obligation	-136	-2'493
Interest income on plan assets	31	1'421
Total pension cost recognised in the P&L account	**-49'138**	**-25'492**

E. Movements in statement of financial position

in CHF	2020	2019
Balance sheet asset (liability) beginning of year	-69'837	-119'102
Pension expense recognised in P&L in the financial year	-49'138	-25'492
Amounts recognised in OCI in the financial year	-33'719	58'190
Employer contributions made in the financial year	23'475	16'567
Balance sheet asset/(liability) end of year	**-129'219**	**-69'837**

F. Remeasurements of the net defined benefit asset/liability

in CHF	2020	2019
Actuarial gains and losses arising from changes in financial assumptions	-56'782	-114'972
Actuarial gains and losses not yet recognised	-	-
Experience gains/losses	-69'615	100'834
Return on plan assets, excluding amount in interest income	35'896	-42'644
Remeasurements of the net defined benefit asset/liability	*-33'719*	*58'190*
Amount recognised in OCI	**-90'501)**	**-56'782**

G. Principal actuarial assumptions used

	2020	2019
Discount rate	0.15%	0.15%
Average future salary increases	1.00%	1.00%
Expected rate of future benefit increases	0.00%	0.00%
Credit rate	1.00%	1.00%
Inflation rate	0.50%	0.50%
Mortatility tables	BVG 2015 GT	BVG 2015 GT
Turnover rate	BVG 2015	BVG 2015
Capital option	20.00%	20.00%

H. Sensitivities

	2020	2019
Decrease of discount rate - 0.50%	-0.35%	-0.35%
Effect on defined benefit obligation	-31'817	-5'380
Increase of discount rate + 0.50%	0.65%	0.65%
Effect on defined benefit obligation	26'982	4'522
Decrease of salary increase - 0.50%	0.50%	0.50%
Effect on defined benefit obligation	2'501	505
Increase of salary increases + 0.50%	1.50%	1.50%
Effect on defined benefit obligation	-2'613	-535

20. Personnel expenses

The summarised financial information in respect of Blackstone's personnel expenses is set out below:

in CHF	2020	2019
Salaries	582'592	526'787
Social insurance	214'182	105'988
IAS 19 adjustment	25'663	-
Option Grant	260'000	-
Total personnel expenses	**1'082'437**	**632'775**

21. General and administrative expenses

The summarised financial information in respect of Blackstone's general and administration expenses is set out below:

in CHF	2020	2019, adj.
Rental expense	230'067	220'347
Accounting & audit	284'241	157'190
Tax & legal	317'572	102'187
Consulting expenses	120'825	145'205
Listing expenses	62'639	72'960
Research & development	258'667	-
Other administrative expenses	498'724	151'071
Total general and administrative expenses	**1'772'737**	**848'960**

22. Net realised gain and losses

The summarised financial information in respect of Blackstone's net realized gain and losses is set out below:

in CHF	2020	2019, adj.
Disposal of Troi Gobi[1]	-	7'206'156
Gain from business combination[2]	-	1'793'024
Impairment[3]	-	-762'173
Net loss on marketable securities[4]	-	-
Disbursement gain from concessions[5]	22'140'000	-
Total net realised gain and losses	**22'140'000**	**8'237'007**

1 Pursuant to the shareholder agreement dated June 5, 2019 between Blackstone and Adriatica, Blackstone sold to Adriatica its 70% shareholding participation in Troi Gobi LLC. The gain reported in the annual report 2019 was CHF 6'891'094 which was adapted to CHF 7'206'156 as a result of a currency translation adjustment.

2 The gain resulted from the remeasurement to fair value of the Company's existing 20.48% interest in SAI at the date of acquisition in 2019 (refer to note 24 D for more details).

3 Impairment related to a loan of a subsidiary. The loss reported in the annual report 2019 was CHF 926'661 which was adjusted to CHF 762'172 due to the elimination of the intercompany interest expenses.

4 The reported net loss of CHF 35'190 on marketable securities in the annual report 2019 was reallocated to a separate line item in the income statement "realized gain/(loss) on securities".

5 Pursuant to the purchase agreement dated June 5, 2020 between Adriatica and the Company, Adriatica acquired 5 rare earth concessions for a total consideration of CHF 22'340'000 which results into a disbursement gain from concessions of CHF 22'140'000 which was recognised through the income statement.

23. Employee share-based compensation plans

A. Employee shares

During the years ended 31 December 2020 and 2019, the Company granted shares to employees and consultants as compensation for services rendered. The shares granted vested immediately. The fair value of the shares granted is based on the market value of Blackstone's shares on the grant date. During the year ended 31 December 2020, the Company granted 78'466 shares at its nominal value of CHF 0.50 each. During the year ended 31 December 2019, the Company granted 59'252 shares with a weighted-average fair value of

CHF 2.16. Total expenses of CHF 39'231 were recognised in the income statement of 2020 and CHF 29'626 in 2019 respectively.

B. Board of directors and employee option plan

Options on Blackstone ordinary shares are only outstanding within the scope of the existing option plan. An option entitles a member of the board of directors or employees to a participation of Blackstone ordinary shares at an exercise price, equal to the year-end closing price. The options do not have neither a blocking nor a vesting period. The options are expiring after 5 years, if not being exercised.

	2020	2019
	Number of options	Number of options
Outstanding options as at January 1	-	-
New options rights	250'000	-
Excercised rights	-	-
Cancelled rights	-	-
Outstanding options as at December 31[1]	**250'000**	-
of which excercisable at December 31	250'000	-
Average remaining time to expiration (in days)	913	n/a

[1] The exercise price was CHF 2.22 as of December 31, 2020.

Options expenses are charged to the income statement. Since the options do not have a vesting period, the entire amount is expensed at grant through profit and loss. The recorded expenses amount to CHF 260'000 (nil in 2019). The assumptions used to calculate the expenses for the grant in 2020 are listed in the following table:

Date of issue	**31.12.2020**
Number of issued options	250'000
Issuing price (CHF)	2.22
Price on date of issue (CHF)	2.16
Maximum life span (in years)	5
Expected life span (in years)	3
Expected volatility	60%
Expected dividend yield	0%
Riks-free interest rate	-0.67%
Model	Black-Scholes

24. 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. Taking control of SAI and its subsidiaries will enable the Company to further engage into the development and expansion of the Peruvian gold mining plant and refining operations as well as the manganese exploration in Columbia. The acquisition is also expected to provide the Company a larger footprint in those two markets. Furthermore, it strongly believes that the global demand for gold and manganese will remain high, not only short-term but also from a long-term perspective due to its global shortage. It will enable the Company to make the necessary investments which are required to further exploit the raw materials and process them into tradable assets.

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 the subsidiaries 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	2019
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	2019, adj.
Property, plant and equipment	11'518'200
Mining concessions (intangible assets)	12'275'113
Cash, accrued income, other current assets, 3rd party loans	727'026
Subtotal assets	**24'520'339**
Loans and borrowings	-2'440'459
Deferred tax liabilities	-6'777'174
Trade and other payables	-29'706
Foreign currency translation difference	3'980'102
Total identifiable net assets acquired	**19'253'103**

The acquired cash flow was CHF 28'269.

The valuation techniques with predominately level 3 inputs 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.

D. Goodwill

Goodwill arising from the acquisition has been recognised as follows:

in CHF	Note	2019, adj.
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)	-19’253’103
Goodwill		**85’047’620**

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 fully attributable to the gold refining plant in Peru due to its long-term production potential of gold and silver. 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 figures as a result of the adjustment of the final purchase price allocation (adoption of a functional currency as explained in Note 11). It is important to note that the balance sheet, the consolidated income statement and consolidated statement of cash flow did not change fundamentally. 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	8	11’518’200	12’252’512	-734’312
Exploration & evaluation assets	10	388’843	388’843	0
Intangible assets	11, 24	97’326’676	95’774’863	1’551’813
Advances and loans		194’141	203’607	-9’466
Deferred tax assets	13	8’380	8’380	0
Total non-current assets		**109’436’240**	**108’628’206**	**808’035**
Current assets				
Trade and other receivables		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	14	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**	**807’836**
Equity and liabilities				
Capital and reserve - attributable to equity holders				
Share capital	15	21’350’000	21’350’000	-
Share premium		25’755’236	25’755’236	-0
Treasury shares	15	-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**

in CHF	Note	December 31, 2019 Adjusted	Reported	Variance IFRS 3.49
Non-current liabilities				
Borrowings	17	29’353’697	29’372’933	-19’236
Deferred tax liabilities	13	6’777’174	7’168’072	-390’898
Pension liability	19	69’837	69’837	-
Total non-current liabilites		**36’200’708**	**36’610’842**	**-410’134**
Current liabilities				
Trade and other payables		336’433	338’784	-2’351
Accrued expenses		570’540	767’651	-197’111
Borrowings	18	207’276	207’276	-0
Total current liabilities		**1’114’249**	**1’313’712**	**-199’463**
				-
Total liabilities		**37’314’956**	**37’924’554**	**-609’597**
				-
Total equity and liabilities		**111’819’043**	**111’011’208**	**807’836**

25. Risk management

Due to global activities, Blackstone is exposed to a number of strategic, operational and financial risks. Within the scope of the annual risk management process, the individual risk positions are classified into these categories, where they are assessed, limited and assigned to a responsible.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash, short-term and long-term investments which are being held in bank accounts. The cash, short-term and long-term investments are deposited in bank accounts mainly held with two banks in Switzerland so there is a concentration of credit risk. This risk is managed by using a Cantonal bank and a Swiss private bank. The Swiss cantonal bank is guaranteed through the municipal state.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Corporation’s functional currency. Since the majority of the assets and liabilities are denominated in Swiss francs the currency risk is minimal. Some investments are held in CAD$. The exchange rate has historically been very stable.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company’s exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The Company does not face any other interest rate risk since all borrowings are at fixed rates.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position, new credit facilities and potential funding sources. The current assets are sufficient to confirm the going concern.

26. Fair value of financial assets and liabilities

The following tables present the carrying values and fair values of Blackstone’s financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing market interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies but are not necessarily indicative of the amounts that Blackstone could realise in the normal course of business. The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate the fair values:

2020 / in CHF	Amortised cost[1]	FVTPL[2]	Total
Assets			
Cash and cash equivalents[3]	-	673'477	673'477
Restricted cash	-	64'200	64'200
Trade and other receivables	1'000	-	1'000
Other receivables	69'358	-	69'358
Convertible note receivable	1'890'000	-	1'890'000
Marketable securities (current)[3]	-	317'738	317'738
Total financial assets	**1'960'358**	**1'055'414**	**3'015'772**
Liabilities			
Trade and other payables	639'606	-	639'606
Convertible note	1'885'192	-	1'885'192
Borrowing	10'697'367	-	10'697'367
Lease liabilities	1'281'514	-	1'281'514
Total financial liabilities	**14'503'679**	**-**	**14'503'679**

2019 / in CHF	Amortised cost[1]	FVTPL[2]	Total
Assets			
Cash and cash equivalents[3]	-	840'823	840'823
Restricted cash	-	64'200	64'200
Trade and other receivables	19'549	-	19'549
Other financial assets (current)[3]	-	384'782	384'782
Advances and loans	194'141	-	194'141
Total financial assets	**213'690**	**1'289'805**	**1'503'495**
Liabilities			
Trade and other payables	336'433	-	336'433
Borrowings	29'560'973	-	29'560'973
Total financial liabilities	**29'897'406**	**-**	**29'897'406**

[1] Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortised cost.
[2] FVtPL – Fair value through profit and loss.
[3] Classified as Level 1, measured using quoted exchange rates and/or market prices.

The following tables set out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

in CHF	up to 1 year	betw. 1-2 years	betw. 2-5 years	Total
At December 31, 2020				
Trade and other payables	639'606	-	-	639'606
Borrowings	996'926	872'875	8'827'565	10'697'367
Total	**1'636'532**	**872'875**	**8'827'565**	**11'336'973**

in CHF	up to 1 year	betw. 1-2 years	betw. 2-5 years	Total
At December 31, 2019				
Trade and other payables	336'433	-	-	336'433
Borrowings	207'276	2'096'233	27'257'464	29'560'973
Total	**543'709**	**2'096'233**	**27'257'464**	**29'897'406**

The following tables show the changes in liabilities arising from financing activities:

in CHF	January 1, 2020	Cash Flows	Other[1]	Dec. 31, 2020
At December 31, 2020				
Current borrowings	207’276	483’000	306’650	996’926
Non-current borrowings	29’353’697	-	-19’653’256	9’700’441
Total	**29’560’973**	**483’000**	**-19’346’606**	**10’697’367**

in CHF	January 1, 2019	Cash Flows	Other[1]	Dec. 31, 2019
At December 31, 2019				
Current borrowings	4’448’859	-	-4’241’583	207’276
Non-current borrowings	28’326’107	-	1’027’590	29’353’697
Total	**32’774’966**	**-**	**-3’213’993**	**29’560’973**

[1] The Other column includes the effect of reclassification on non-current portion of interest-bearing borrowings to current due to the passage of time, the effect of accrued but not yet paid interest on interest-bearing borrowings, write-offs of loans, reclassification from current to non-current for maturity dates extended, loan offsetting proceeds related to sale of concessions and various other adjustments.

Fair value measurements
A number of assets and liabilities included in the Company’s consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company’s financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the ‘fair value hierarchy’):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).
  - Purchase price adjustments (business combination)
  - Impairment of goodwill (if necessary)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Company measures the following items at fair value:

- Other financial assets
- Derivative liability
- Acquisition of subsidiaries

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

27. Related parties and transactions

During 2020 no material related party transactions took place. In 2019 the following related party transactions took place and were disclosed in the relevant notes:

- Acquisition of SAI from Adriatica (refer to note 24 for further details)
- Disposal of the investment in Troi Gobi LLC to Adricatica (refer to note 22 for further details)

Renumeration of the Board of Directors and Group Management
As at December 31, 2020, the Board of Directors consisted of 3 non-executive and executive Directors (3 in 2019). The number of Group Management as at December 31, 2020 is 7 (4 in 2019). The compensation paid to the Board of Directors and Group Management is shown below:

in CHF	2020	2019
Fixed cash compensation[1]	563'116	260'240
Share-based payments[2]	35'033	26'026
Options[3]	260'000	-
Total financial expenses	**858'149**	**286'266**

[1] Total paid-out gross compensation including pension fund and social insurance contributions paid by the employer, that establishes or increases employee benefits.
[2] The shares are granted at nominal value of CHF 0.50.
[3] Options grants under the terms and conditions of the Blackstone's option plan (refer to Note 23).

Apart from the payments mentioned above, no payments were made on a private basis or via consulting companies to either an executive or non-executive member of the Board of Directors or a member of the Group Management. As of December 31, 2020, there were no loans, advances or credits due to Blackstone or any of its subsidiaries by any of the members of the Board of the Board of Directors or the Group Management. More details are available in the separate compensation report.

28. Accounting estimates and judgements

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

The areas involving significant estimates or judgments are as follows:

Exploration and Evaluation (E&E) assets
The net carrying value of each mineral property is reviewed regularly for conditions that suggest potential indications of impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, costs and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in the relevant note.

Employee benefits
The expense and defined benefit obligations for the significant defined benefit plans and other long-term employee benefits in accordance with IAS 19 *Employee Benefits* are determined using the Projected Unit Credit Method, with independent actuarial valuations being carried out at the end of each reporting period.

This method takes into account years of service up to the reporting period and requires the Company to make estimates about demographic variables (such as mortality or turnover) and financial variables (such as future salary increase and the long-term interest rate on pension assets) that will affect the final cost of the employee benefits.

Going concern
The assessment of the Company's ability to continue as a going concern involves critical judgements and estimates based on historical experience and expectations of the Company's ability to produce successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations.

Income taxes
Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgement and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.
Acquisition accounting
Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life they are subject to contractual or legal rights or are separately transferable. The fair value of these acquired intangible assets is based on valuation techniques, which require input based on assumptions about the future. The management uses its best knowledge to estimate fair value of acquired intangible assets as of the acquisition date. The value of intangible assets is tested for impairment when there is an indication that they might be impaired. The management must also make assumptions about the useful life of the acquired intangible assets which might be affected by external factors such as increased competition.

29. Events after the Balance Sheet Date

There have been no material events between December 31, 2020, and the date of authorisation of the consolidated financial statements that would require adjustments of the consolidated financial statements or disclosure.

30. Resolution of the Board of Directors

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on April 28, 2021. A resolution to approve the consolidated financial statements will be proposed at the Annual General Meeting on May 19, 2021.

MOORE Expert Zurich

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Zurich, April 28, 2021

Report of the statutory auditor
to the General Meeting of
Blackstone Resources AG
Baar
Switzerland

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of **Blackstone Resources AG** and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2020 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 20 to 52) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MOORE Expert Zurich

Key audit matter

Impairment of goodwill

The Group has CHF 77'630'455 goodwill related to the acquisition of additional South America Invest Ltd. ("SAI") shares on May 30, 2019 including its subsidiary GESAC, a Peruvian gold mining plant with pre-starting refining operations.

Goodwill is classified as indefinite life intangible asset and the Group carries out an annual impairment test using the value-in-use calculation.

Goodwill represents 74.2% of the Group's total assets. The value-in-use evaluation by the Group includes significant judgements and estimates of future forecast projections, mainly for revenue and the discount rate. Management compares the carrying value of goodwill to the value-in-use for the underlying business of GESAC. Therefore, we considered impairment testing of goodwill to be a key audit matter.

How the matter was addressed in our audit

During our audit of goodwill, we performed the following main audit procedures:

- assessing the appropriateness of the allocation of goodwill to the relevant cash-generating unit as monitored by management
- inspecting the external valuation report obtained by the Group to assist their estimation of the recoverable value
- assessing the appropriateness of the valuation model used and verifying the logical consistency and mathematical correctness of the valuation model used
- discussing the forecast projections with management and comparing relevant assumptions to industry and foreign countries specific forecasts and information as published by third parties
- challenging Management to substantiate certain assumptions
- assessing the impact of the Covid-19 pandemic
- evaluating the Management's sensitivity analysis to ascertain the impact of reasonably possible changes to the key assumptions on the available headroom
- reviewing the adequacy of the financial statement disclosures

We concurred with Management that no impairment of goodwill was required as of December 31, 2020. The audit evidence obtained supports Management's assumptions in regard to the recoverability of goodwill.

The Group's information related to "Goodwill" is presented in note 2, 11, 24 and 28.

Materiality

The materiality determined for the consolidated financial statements as a whole was CHF 3'130'000 which represents 3% of consolidated total assets as of December 31, 2020. The materiality was not changed during the audit. We would report all differences above CHF 313'000 to the Board of Directors.

We chose total consolidated assets to determine our materiality as the Group generates no significant revenues from operations during 2020 and 2019.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Group, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

MOORE Expert Zurich

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies.This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

MOORE STEPHENS EXPERT (ZURICH) AG

Claudia Suter
Licensed audit expert
Auditor in charge

Mathieu Jaus
Licensed audit expert

FINANCIAL STATEMENTS OF BLACKSTONE RESOURCES AG

Balance Sheet

in CHF	Notes	**December 31, 2020**	December 31, 2019
Assets			
Cash and cash equivalents		605’970	841’083
Marketable securities		69’571	44’067
Other receivables		214’978	48’354
Receivable from convertible note	3	1’890’000	-
Accrued income		120’226	-
Total current assets		**2’900’745**	**933’503**
Investments in subsidiaries	4	52’511’227	52’320’195
Loans to subsidiaries	5	3’819’042	2’581’577
Total non-current assets		**56’330’268**	**54’901’773**
Total assets		**59’231’013**	**55’835’276**
Liabilities and Shareholders' Equity			
Other payables		419’896	187’815
Short-term liabilities to subsidiaries		617’092	728’716
Borrowings	6	996’926	-
Accrued liabilities		772’189	304’860
Total current liabilities		**2’806’103**	**1’221’391**
Borrowings	7	33’605’195	31’578’437
Convertible note	3	2’000’000	-
Total non-current liabilities		**35’605’195**	**31’578’437**
Issued capital	8	21’350’000	21’350’000
Statutory capital reserves		187’500	2’852’626
Retained earnings			
Balance brought forward from previous year		1’497’948	-4’917’583
Profit/(loss) of the year		-2’215’732	3’750’404
Total shareholders' equity		**20’819’715**	**23’035’448**
Total liabilities and shareholders' equity		**59’231’013**	**55’835’276**

Income Statement

in CHF	Notes	2020	2019
Revenues		-	-
Personnel expenses		-517’130	-374’188
General and administrative expenses		-1’382’484	-856’425
Marketing expenses		-52’398	-78’750
Other expenses		-231’885	-176’803
Total operating expenses		-2’183’897	-1’486’166
Operating profit/(loss)		**-2’183’897**	**-1’486’166**
Financial income		79’972	53’569
Financial expenses	9	-1’194’167	-1’595’063
Realized gain on participation/concessions	10	1’190’000	6’891’094
Extraordinary income/(expenses)		-	-
Profit/(loss) before taxes		**-2’108’092**	**3’863’434**
Income taxes		-107’641	-113’030
Profit/(loss) of the year		**-2’215’732**	**3’750’404**

Notes to the Financial Statements

1. Introduction

The financial statements of Blackstone Resources AG (hereafter "the Company" or "Blackstone"), with its registered offices in Baar, Switzerland, were prepared in accordance with the Swiss accounting legislation of the Swiss Code of Obligation (CO).

The Company is presenting consolidated financial statements according to an internationally accepted reporting standard. Therefore, these financial statements and notes do not include additional disclosures, cash flow statement, and management report, according to Art. 961d, paragraph 1 CO.

2. Accounting Policies

Assets
Assets are valued at acquisition cost less impairment. Current assets with an observable market price are valued at the stock price or market value on the balance sheet date. All changes in value are recognised in the income statement.

Treasury shares
Treasury shares are recognised at acquisition cost and are presented as a deduction from shareholder's equity. Upon sale of treasury shares, the realized gain or loss is recognised through the income statement.

Financial liabilities
Liabilities are recognised at nominal value.

Foreign currency translation
All assets and liabilities of foreign operations are translated at the spot rate at the reporting date. Results of foreign operations are translated at the average rate of the period which approximate to those rates when the transactions took place. Resulting foreign exchange differences are recognised in the income statement except for unrecognised foreign exchange gains on non-current assets and liabilities.

3. Convertible note

Subscription agreement for up to CHF 20 million convertible notes
On December 30, 2020 the Company subscribed to a credit facility of a maximum of CHF 20 million 0% convertible notes. On December 30, 2020 the Company drew down the initial notes' tranche of CHF 2 million. The investor remitted the funds early January 2021 and therefore the note was recognised as a receivable from convertible note as of December 31, 2020.

Conditions for the CHF 2 million note tranche

Blackstone grants to the investor a conversion right into Blackstone shares (strike price to be defined according to terms and conditions agreed on in the subscription agreement) until December 30, 2022. Alternatively, Blackstone agreed on an early cash redemption option at 107.5% (if repaid by Blackstone before the maturity date). If the note was not repaid by Blackstone before maturity nor converted by the investor until December 30, 2022 the notes have to be repaid at 100%.

Warrants issued for the CHF 2 million note tranche

Based on the associated warrant agreement with the investor dated December 30, 2020 Blackstone granted for the first note tranche a drawn down of 138'889 call warrants with a strike price of CHF 2.88 to the investor. The warrants have a maturity period until December 31, 2023. The Company's share price was CHF 2.16 as of December 31, 2020.

4. Investments in Subsidiaries

The subsidiaries of Blackstone Resources AG as of December 31, 2020 and 2019 respectively are:

			2020			2019		
Country	**Domicile**	**Subsidiary**	**Ownership %**	**Currency**	**Capital**	**Ownership %**	**Currency**	**Capital**
Switzerland	Geroldswil	Blackstone Resources Management AG	100	CHF	100'000	100	CHF	100'000
Switzerland	Zug	BS Canada AG	100	CHF	100'000	100	CHF	100'000
Germany	Döbeln	Blackstone Technology GmbH	100	EUR	200'000	100	EUR	25'000
Gibraltar	Gibraltar	Marcor Ltd	100	GBP	2'000	100	GBP	2'000
Chile	Santiago	Blackstone Resources Chile SpA	100	CLP	500'000	100	CLP	500'000
BVI	Tortola	South America Invest Ltd	50.94	USD	3'986'208	50.94	USD	3'986'208
Peru	Lima	German Engineering & Cie, S.A.C. (GESAC)	50.24	SOL	6'141'692	50.24	SOL	5'074'594
BVI	Tortola	Blackstone Norway Ltd	100	USD	50'000	100	USD	50'000
Hong Kong	Hong Kong	Cobalt Trading International Ltd	100	HKD	1	100	HKD	1

On November 19, 2020, the nominal capital of Blackstone Technology GmbH, Germany, was increased by the Company from previously EUR 25'000 to EUR 200'000. The functional currency of South America Invest Ltd and Blackstone Norway Ltd have been changed to USD. Prior year information has been adjusted accordingly.

5. Loans to subsidiaries

in CHF	**2020**	2019
German Engineering & Cie. S.A.C.	1'474'870	1'975'613
Blackstone Norway Ltd	446'055	426'058
Cobalt Trading International Ltd	214'726	5'227
Blackstone Resources Chile SpA	246'044	137'347
Blackstone Technology GmbH	858'599	-
South America Invest Ltd	578'749	32'382
Other	-	4'950
Total loans to subsidiaries	**3'819'042**	**2'581'577**

6. Borrowings current

in CHF	**2020**	2019
Convertible Series A[1]	513'926	-
COVID-19 bridging loan[2]	483'000	-
Total third party borrowings	**996'926**	**-**

[1] The convertible bond Series A bears interest of 5.2% p.a. and matures on August 31, 2021. The convertible bond Series A can be converted into Blackstone shares at a 10% discount to the Blackstone quoted market price from January 1, 2018. Blackstone has the option to repurchase the convertible bond Series A from September 1, 2018 at the nominal value.

[2] The COVID-19 bridging loan facility was applied and approved on March 26, 2020 as part of the Government program for companies affected by the consequences of the coronavirus pandemic. The loan was repaid on March 11, 2021.

7. Borrowings non-current

A. Related party

in CHF	2020	2019
Ulrich Ernst[1]	2’499’848	4’589’753
Ulrich Ernst (subordintaed loan)[1+2]	5’000’000	-
Adriatica Group Ltd[3] ("Adriatica")	-	22’249’195
Marcor Ltd[4]	25’954’481	4’061’122
BS Canada AG	140’866	140’854
Blackstone Technology GmbH (not paid in capital)	-	13’588
Total related party borrowings	**33’595’195**	**31’054’511**

1 Loan agreement bearing interest of 1.5% p.a. with a 12-month termination notice at the end of each calendar year.
2 Pursuant to the associated subordination and assignment agreement dated December 30, 2020, between Ulrich Ernst, Blackstone and the third-party investor, Ulrich Ernst has agreed as the subordinated lender to grant a subordination of his shareholder loan up to CHF 5 million based on the loan agreement with the Company and any further loans already made or to be made in the future by the subordinated lender to Blackstone.
3 Pursuant to the loan offsetting agreement dated June 30, 2020 between Blackstone and Adriatica, the Company has settled the entire outstanding loan. The existing liability was settled with proceeds related to the purchase agreement dated June 5, 2020 whereby Adriatica purchased 5 concessions for the consideration of CHF 22’340’000.
4 The loan facility is comprised of 4 individual loans with an indefinite maturity and a notice period of 12 months. Loan 1&2 are combined with a total amount of CHF 24’084’965, bearing an interest of 1.5% pa. Loan 3 amounts to CHF 49’548, bearing an interest of 1% pa. Loan 4 amounts to CHF 1’819’968, bearing an interest rate of 1% pa.

B. Third party

in CHF	2020	2019
Convertible Series A	-	513’926
Convertible Series B[1]	10’000	10’000
Total third party borrowings	**10’000**	**523’926**

1 The convertible bond Series B bears interest of 5.2% p.a. and matures on December 31, 2022. The convertible bond Series B can be converted into Blackstone shares at a 10% discount to the Blackstone quoted market price from January 1, 2018 with floor set at CHF 6.00. Blackstone has the option to repurchase the convertible bond Series B from January 1, 2019 at the nominal value.

8. Equity

A. Issued capital

On December 31, 2020 and 2019, the share capital consisted of 42’700’000 registered shares with a nominal value of CHF 0.50 per share. The total share capital amounted to CHF 21’350’000 for year-end 2020 and 2019 respectively.

B. Treasury shares

in CHF	2020		2019	
	Quantity	**Ave. Price**	**Quantity**	**Ave. Price**
Balance at January	-		509’505	5.6
Acquisitions	78’466	2.2	300’606	1.9
Disposals[1]	-78’466	2.2	-810’111	1.5
Balance at December 31	-		-	

1 of which 78’466 shares were transferred to the employees’ custodian account in 2020 and 59’252 in 2019 respectively.

Marcor Ltd held 7’381 shares in Blackstone as of December 31, 2020 and 7’440 shares in Blackstone as of December 31, 2019 respectively.

C. Share subscription facility agreement for the issuance of equity up to CHF 30 million

On October 2, 2020, Blackstone entered into a CHF 30 million share subscription facility with an external investor. Blackstone has the call option right, but not the obligation to draw tranches of new shares from the Share subscription facility agreement at market price.

As an additional commitment defined in the share subscription facility agreement, Blackstone grants the external investor 2.5 million call warrants with an anti-dilution protection at a strike price of CHF 3.0 and maturity until October 2, 2023.

D. Subscription agreement for up to CHF 20 million convertible notes

On December 30, 2020 the Company subscribed to a credit facility of a maximum of CHF 20 million 0% convertible notes. On December 30, 2020 the Company drew down the initial notes' tranche of CHF 2 million (refer to further details in note 3). Blackstone grants to the investor a conversion right into Blackstone shares for the note tranches drawn down with a maturity of two years each. If not converted by the investor, the note tranches have to be repaid at 100% on the respective maturity date.

Based on the associated warrant agreement with the investor dated December 30, 2020, Blackstone has to grant for each note tranche drawn down additional call warrants. The number of warrants to be granted will be calculated based on the terms defined in the warrant agreement. For the first note tranche drawn 138'889 call warrants with a strike price of CHF 2.88 were issued to the investor. The warrants have a maturity period until December 31, 2023.

Pursuant to the share lending agreement dated December 30, 2020, between Ulrich Ernst and Marcor Holdings Ltd., jointly as the "Lenders" and Blackstone who is obliged to deliver Blackstone shares to the third-party investor, if and when a conversion, in accordance with the terms of the notes documents, is being exercised. The Lender agrees, jointly and severally, to assist Blackstone with its delivery obligation by lending Blackstone up to any necessary amount of Blackstone shares which are required to fulfill the delivery obligation.

9. Financial expenses

in CHF	**2020**	2019
Interest expenses	489'540	312'819
Loss on sale of treasury shares	130'254	294'281
Fee for share subscription facility agreement	300'000	-
Write-off of financial asset	-	926'661
Other financial expenses	274'374	61'301
Total financial expenses	**1'194'167**	**1'595'063**

10. Realized gain on participation and concessions

in CHF	**2020**	2019
Realized gain on participation[1]	-	6'891'094
Disbursement of concessions[2]	1'190'000	-
Total gain on participation and concessions	**1'190'000**	**6'891'094**

[1] Pursuant to the shareholder agreement dated June 5, 2019 between Blackstone and Adriatica, Blackstone sells its 70% participation in Troi Gobi LLC, Mongolia for a total consideration of CHF 30.0 million. The difference between the book value and the disposal consideration resulted into a gain of CHF 6'891'094 which was recognised through the income statement.

[2] Pursuant to the purchase agreement dated June 5, 2020 between Adriatica and Blackstone, Adriatica acquired 5 rare earth concessions for a total consideration of CHF 22'340'000 which results into a disbursement gain from concessions of CHF 1'190'000 which was recognised through the income statement.

11. Assets pledged

in CHF	2020	2019
Investment in Troi Gobi LLC	-	-
Investment in Marcor Ltd [1]	-	1’500’000
Investment in South America Invest Ltd [2]	-	50’572’277
Total pledged investments	**-**	**52’072’277**

[1] Pursuant to the loan agreement dated June 5, 2020 between Blackstone and Marcor Ltd, both parties agreed mutually to waive the securitization of the asset.
[2] Pursuant to the loan offsetting agreement dated June 30, 2020 between Blackstone and Adriatica, the Company has settled the entire outstanding loan which was secured by shares in South America Invest Ltd.

12. Other mandatory disclosures

A. Shareholdings (Art. 663c CO)

As of December 31, 2020, Blackstone disclosed the following shareholders known to the Company (in accordance with Art. 663c CO and the articles of association), which own voting shares of more than 3%: “Ulrich Ernst” held 63.54% of the Company’s shares (45.75% in 2019). “Adriatica” held 19.43% in 2019 but sold the entire position of 8’297’778 shares to Ulrich Ernst on March 12, 2020. “Marcor Holding Ltd” (owned by Ulrich Ernst) held 9.83% of the Company’s shares (same participation as in 2019).

The participation of the Board of Directors and the Group Management, according to Art. 663c CO, as of December 31.

		Number of registered shares		Number of options	
		2020	2019	**2020**	2019
U. Ernst	Chairman and CEO	27’078’500	19’499’224	50’000	-
R. Gröflin[1]	Member of the Board	-	-	-	-
Dr. M. Weber	Member of the Board	-	-	50’000	-
P. Mathialagen	Member of the Board	-	-	50’000	-
Marco Dazzi	Group Management	43’718	24’052	50’000	-
Morné Moolman	Group Management	3’000	-	-	-
Paul Schlatter[2]	Group Management	1’500	-	-	-
Holger Gritzka	Group Management	-	-	50’000	-
Michael Hingst	Group Management	1’900	-	-	-
Ingo Meyer	Group Management	49’100	39’000	-	-
Total		**27’177’718**	**19’562’276**	**250’000**	**-**

[1] R. Gröflin retired from the Board of Directors on May 22, 2020.
[2] P. Schlatter joined the Group Management on January 1, 2020.

The Company has an option plan for the members of the Board and Group Management in place. Options were granted for the first time at year-end 2020. All other disclosures relating to the renumeration of the Board of Directors and Group Management are provided in the Compensation Report.

B. Audit fee (Art. 961a CO)

Please refer to section Corporate Governance in this report.

13. Other disclosures

A. Number of full-time equivalents

In 2020 as well as in 2019 the number of full-time equivalents was below 10.

B. Liabilities to pension plan

in CHF	2020	2019
Social security pilar 2 (BVG)	14’669	23’997
Total liabilities to the pension plan	**14’669**	**23’997**

Proposal for the Distribution of Available Retained Earnings and Reserves

in CHF	2020	2019
Balance brought forward	1’497’948	-4’917’583
Reclassification statutory capital reserves[1]	-	2’852’626
Profit/(loss) of the year	-2’215’732	3’750’404
Available retained earnings	**-717’784**	**1’685’448**
5% Allocation to statutory reserves	-	-187’500
Balance carried forward	**-717’784**	**1’497’948**

[1] In 2016, Blackstone had recorded a statutory capital reserve as a result of a loan forgiveness. It was recognised in the accounts but not reported to the tax authorities and therefore it cannot be claimed accordingly. Hence, the statutory reserve was reclassified to retained earnings in 2019.

MOORE Expert Zurich

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Zurich, April 28, 2021

Report of the statutory auditor
to the General Meeting of
Blackstone Resources AG
Baar
Switzerland

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Blackstone Resources AG**, which comprise the balance sheet as at December 31, 2020 and the income statement and notes for the year then ended including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at December 31, 2020 (pages 56-63) comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MOORE STEPHENS EXPERT (ZURICH) AG is an independent Member of
Moore Global Network Limited
Member of EXPERTsuisse
CHE-109.576.732 VAT

MOORE Expert Zurich

Key audit matter

Valuation of the investment in South America Invest Ltd. ("SAI") and its subsidiaries

The Company has investments in subsidiaries and the balance carried as of December 31, 2020 amounts to CHF 52'511'227 of which SAI including its subsidiary GESAC amounts to CH 50'572'277. Investments in subsidiaries are valued individually at acquisition cost less impairment, if necessary, which involves judgment and estimates.

Due to the size of the balance of the investment SAI carried as of December 31, 2020, we considered this to be a key audit matter.

How the matter was addressed in our audit

We assessed the entity's impairment considerations and valuation of the significant SAI investment. Our audit focusses on the value of the shares acquired and the total balance carried as of December 31, 2020.

Our audit procedures included among others:

- evaluating any trigger events for impairment
- inspecting the external valuation report obtained by the Company to assist their estimation of the indicative value of SAI's subsidiary GESAC
- discussing the forecast projections with management
- assessing certain input parameters
- reviewing the adequacy of the financial statement disclosures

In 2020, no impairments were considered necessary by management.

The Company's information related to investments in subsidiaries is presented in note 4.

Materiality

The materiality determined for the financial statements as a whole was CHF 1'800'000 which represents 3% of total assets as of December 31, 2020. The materiality was not changed during the audit. We would report all differences above CHF 180'000 to the Board of Directors.

As the parent company, the entity does not generate significant revenues from business activities but instead holds investments and incurs cost. As such, total assets are an appropriate base to determine our materiality.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

MOORE Expert Zurich

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies.This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

MOORE STEPHENS EXPERT (ZURICH) AG

Claudia Suter	Mathieu Jaus
Licensed audit expert	Licensed audit expert
Auditor in charge	

INFORMATION

Corporate Calendar

Blackstone reports on the business at the following times:

May 19, 2021	General Meeting of Shareholders
September 2021	Semi-annual report 2021
April 2022	Annual report 2021

Contact

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This information is always published in the Swiss and international financial press.

This information can also be obtained from Blackstone's website at www.blackstoneresources.ch and in particular under the "Investor Relations" section. The annual report can also be viewed and downloaded using the link http://www.blackstoneresources.ch/investors/financial-reports/. In addition, Blackstone's homepage allows for the possibility of subscribing to the push-and-pull information service in order to receive ah-hoc financial announcements.

For queries there is a contact form at http://www.blackstoneresources.ch/contact/. Queries may also be sent by post (Blackstone Resources AG, Blegistrasse 5, CH-6340 Baar) or by telephone on +41 41 449 61 63.

Disclaimer

This brochure was set up solely to give investors an overview of the business of Blackstone Resources AG. All information is compiled to the best of our knowledge and are as per the actual situation.

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