

Battery Minerals agrees to sell Mozambique Graphite Projects to Tirupati Graphite

HIGHLIGHTS

- Battery Minerals will receive a total aggregate consideration of \$12.5 million in cash and shares in Tirupati Graphite.
- Tirupati Graphite will acquire the Montepuez and Balama Graphite Projects in Mozambique.
- Tirupati Graphite is listed on the standard segment of the main board of the London Stock Exchange (“LSE”) with a market capitalization of ~A\$183 million and is accredited with the Green Economy Mark by the LSE.
- Tirupati Graphite is a fully integrated, revenue generating, specialist graphite producer and graphene and advanced materials developer with primary mining and processing projects in Madagascar and speciality graphite manufacturing and graphene and advanced materials development businesses in India.
- Tirupati Graphite’s founders and management team have extensive experience in the graphite industry and developing projects. Under Tirupati Graphite’s management its Madagascan primary graphite operations, which are under modular development, have demonstrated 50% operating margin.
- Execution of the Montepuez graphite project will now become a key priority for Tirupati Graphite which will expand its production capacities, diversify resources and product basket central to capture growing market opportunities from the green economy.
- Battery Minerals will become a significant shareholder second only to the founder group of Tirupati Graphite.
- Completion of the transaction is subject to Mozambican government approval and Battery Minerals’ shareholder approval.
- Battery Minerals will continue to focus on its Australian mineral exploration properties in the WA Kimberley region and Western Victoria where it is currently implementing expanded exploration programmes.

Battery Minerals Limited (ASX: BAT) (“Battery Minerals” or “the Company”) is pleased to advise that it has entered into agreements, together with its subsidiary Rovuma Resources Limited (“Rovuma”), to sell its Mozambique graphite assets, through the sale of all the shares in its subsidiary Suni Resources SA, to the London Stock Exchange listed company, Tirupati Graphite plc (“Tirupati Graphite”) for a total aggregate consideration of \$12.5 million in cash and shares.

Transaction Rationale

- Battery Minerals will receive Tirupati Graphite ordinary shares valued at \$11 million and cash of \$1.5 million.
- Tirupati Graphite is:
 - active and experienced in Africa and in project execution being the only graphite producer listed on the LSE and is fully integrated across the entire graphite value chain.
 - a natural owner of projects like the two Mozambican graphite projects.
 - listed on the standard segment of the LSE main board with a market capitalization of ~\$183 million and has sourced approximately \$39 million in expansion funding primarily from UK investors with continued strong share liquidity.
 - a company with a strong history and heritage and are specialists in graphite having developed market leading and proven design, engineering, development and marketing capabilities in the graphite industry over the last 40 years, which Battery Minerals will get an exposure to.
 - an operating cashflow positive producer at Sahamamy in Madagascar and imminently also from Vatomina, is planning to increase production to 84,000tpa of high-quality flake graphite concentrate by 2024.
 - a globally cost competitive fully integrated graphite producer and well placed to seize market opportunities, having recently announced development of aluminium-graphene composite, which has the potential to provide significant exposure to hi-tech industries including communications, aerospace as well as E-mobility as a lighter weight copper equivalent conducting material.
- Through its shareholding in Tirupati Graphite, Battery Minerals will maintain a free carried exposure to the two Mozambican graphite projects and add exposure to Tirupati Graphite's other production and development assets.
- Through its shareholding Battery Minerals shall also gain exposure to graphene and graphene based advanced materials being developed by Tirupati Graphite.
- This transaction is good for Mozambique and the local communities around the two Mozambican graphite projects as Tirupati is focused on developing the two Mozambican graphite projects and bringing them into production as soon as practicable, subject to all necessary government, finance and regulatory approvals.

Background Tirupati

Tirupati Graphite Plc is a revenue-generative, multi-asset, multi-jurisdictional, fully integrated producer and developer of high-grade natural flake graphite, specialty graphite and graphene, which captures the entire value chain. With a unique set of properties, graphite has diverse applications with multiple growth streams and graphene forms the new generation of 2D materials. In support of this, Tirupati Graphite places a special emphasis on "green" applications, including renewable energy generation, energy storage and composites, and is committed to ensuring its operations are sustainable as well.

Tirupati Graphite's operations include primary mining and processing in Madagascar, where Tirupati Graphite operates two key projects, Sahamamy and Vatomina; 3,000 tpa in production plus 9,000 tpa coming into commercial production imminently, of high-quality flake graphite concentrate with up to 96% purity is currently being produced and sold to customers globally, and this is planned to increase to 84,000 tpa by 2024 as per Tirupati Graphite's modular medium-term development plan.

In India, through Tirupati Specialty Graphite Private Limited ('TSG'), with whom Tirupati Graphite has a binding acquisition agreement, subject to regulatory approvals, Tirupati Graphite processes and produces specialty graphite for use in hi-tech applications like lithium-ion batteries, fire retardants and composites. Its specialty graphite processing operations include the 1,200 tpa Patalganga Project, which was commissioned in July 2019 to manufacture and sell CARBOFLAMEX®, a trademarked fire-retardant expandable graphite product. TSG is further developing 30,000 tpa specialty graphite project in two equal size modules and has developed unique green processing technologies for manufacturing these advanced materials under its medium-term development plan and has flexibility to increase capacities further to capitalize on foreseeable market opportunities.

TSG has also established and continues to develop the Tirupati Graphene and Mintech Research Centre, a state-of-the-art R&D centre focused on manufacturing graphene, developing its applications and advanced materials using graphene, and further providing environmentally friendly technologies consultancy for mineral processing.

Tirupati Graphite's Potential Copper Replacement Alloy Invention

- Tirupati Graphite's Al-Gr Composite successfully combines graphene with aluminium resulting in enhanced thermal and electrical conductivity and improved mechanical properties retaining aluminium's light weight:
 - micro-hardness increased >300% over aluminium, which is 50% higher than copper;
 - thermal conductivity increased to >200% over aluminium, which is better than copper values; and
 - electrical conductivity increased to >150% over aluminium, which is >95% that of copper; the Company aims to increase this with further optimisation.
- The composite is almost free from oxidation and carbide forms of aluminium, a critical achievement breaking the key technological barrier in development of the Composite.

<https://tirupatigraphite.co.uk/>

Background on Battery Minerals

Battery Minerals completed the acquisition of the highly-prospective Stavely-Stawell Project (exploration licence EL6871) immediately adjacent to Stavely Minerals' (ASX:SVY) Thursday's Gossan copper-gold project in Victoria in late October 2020. The tenement covers 721sqkm and hosts the historic Moyston gold mine, which produced ~75,000oz at 22g/t Au. The boundary of the exploration licence is also just 7km from the rich Stawell gold mine, which has produced ~5Moz of gold to date. The Stavely-Stawell Project is considered highly prospective for shear zone-hosted orogenic gold deposits such as Stawell, as well as volcanic-hosted base metals mineralisation (VHMS) and large-scale Cadia Ridgeway-type porphyry copper mineralisation, within the well-defined Stavely volcanic belt.

In June 2021, Battery Minerals acquired the Russell Copper Project in the Halls Creek tectonic zone, East Kimberley region of WA. The Project was acquired from a syndicate substantially owned by Indigenous Kimberley residents with a supporting heritage agreement in place. The Russell Copper Project has seen limited historic drilling, with all 13 RC holes conducted solely at the Azura Prospect. Historic data indicates the presence of native copper in a basalt host, indicative of Michigan-Style copper prospectivity, while copper mineralisation mapped at Russell's Gossan is hosted in meta-sediments, giving rise to areas of untested sediment-hosted copper prospectivity. Given the limited drilling and the significant extent of the surface expression of copper, Battery Minerals believes significant areas of the Russell Copper Project remain under-explored. As part of the agreement, Battery Minerals has also gained the benefit of pre-existing access agreements with Traditional Owners in support of active exploration.

Authorised by the Board for release to ASX.

Material Terms and Conditions

- **Sale:** Battery Minerals has agreed to the sale of its Mozambique graphite assets to Tirupati Graphite through:
 - an acquisition agreement for the sale of 100% of the shares in Suni Resources SA (a subsidiary of Battery Minerals) ("Suni Resources") held by Rovuma, which holds the Montepuez and Balama Graphite Projects in Mozambique to Tirupati Graphite;
 - a novation of related party debts owed by Suni Resources from the Battery Minerals group to Tirupati Graphite pursuant to a deed of novation; and
 - an intellectual property assignment deed for the assignment of certain technical information relating to the Mozambique graphite assets owned by Battery Minerals to Tirupati Graphite,(collectively, the **Transaction**).
- **Cash Consideration:** A\$1,500,000.
- **Share Consideration:** A\$11,000,000 in Tirupati Graphite ordinary shares ("Tirupati Shares") at an issue price of £1.03 per share, being a 10% Discount to the 5 day VWAP prior to announcement. 2,833,644 Tirupati Shares will be issued at completion and 2,833,644 Tirupati Shares will be issued 8 months after the completion date. If Tirupati Graphite is unable to issue the 2,833,644 Tirupati Shares 8 months after the completion date, Tirupati Graphite may settle this obligation through a cash payment of the value of those Tirupati Shares.
- 50% of the Tirupati Shares will be subject to an 8 months escrow period commencing from the date of completion.
- 50% of the Tirupati Shares will be subject to a 20 months escrow period commencing from the date of completion.
- **VAT Refunds:** Battery Minerals will receive VAT refunds claimed in Mozambique up to completion.
- **Conditions Precedent:** Completion of the Transaction is subject to a number of conditions precedent, including:
 - Mozambique government approvals for the transfer of the shares in Suni Resources and the Transaction, including the approval of the Ministry of Mineral Resources and Energy, the Mozambique tax authority approval and registration of certain debts with the Central Bank of Mozambique; and
 - Battery Minerals shareholder approval for the Transaction.The conditions precedent must be satisfied prior to 29 April 2022 ("Longstop Date").
- **Termination rights:** The Transaction may be terminated prior to completion by the parties pursuant to certain termination rights which are summarised in Appendix 1. The intellectual property assignment deed is automatically terminated if the acquisition agreement terminates.
- **Guarantee:** Battery Minerals guarantees to Tirupati Graphite the obligations of Rovuma as seller of the shares in Suni Resources under the acquisition agreement.
- The acquisition agreement is otherwise subject to customary terms and conditions for a transaction of this nature, including pre-completion obligations, warranties and indemnities provided by the parties.
- The obligations under the other Transaction documents, being the deed of novation and intellectual property assignment deed, are subject to completion occurring under the acquisition agreement.

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Forward-Looking Statements

This announcement contains "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gippsland Prospecting and any of its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Exploration potential is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Readers are cautioned not to place undue reliance on forward-looking statements and Gippsland Prospecting assumes no obligation to update such information.

Appendix 1: Termination Events

In summary, the acquisition agreement may be terminated at any time prior to completion:

- by mutual written consent;
- by either party, if any condition precedent is not satisfied by 5pm on the Longstop Date or any condition precedent becomes incapable of fulfilment prior to the Longstop Date and has not been waived by the relevant party with the benefit of the condition precedent;
- by Battery Minerals (through Rovuma) or Tirupati Graphite (as applicable), if the completion obligations of the other party are not complied with;
- by Tirupati Graphite, if an event or circumstance occurs which (individually or in aggregate) (i) is a Material Adverse Change (defined below) in respect of Suni Resources occurs or (ii) prevents or materially impairs or delays the ability of Battery Minerals (through Rovuma) to perform its obligations under the agreement;
- by Tirupati Graphite, if there is breach by Battery Minerals (through Rovuma) of its obligations under the acquisition agreement which is not remedied within 20 business days or a breach of any fundamental warranty or a material breach of any other warranty provided by Battery Minerals or Rovuma;
- by Battery Minerals (through Rovuma), if there is a breach by Tirupati Graphite of its obligations under the acquisition agreement which is not remedied within 20 business days or a material breach of any warranty provided by Tirupati Graphite;
- by Tirupati Graphite, if any of the licences relating to the Montepuez and Balama Graphite Projects ("Licences") are terminated or the rights of Suni Resources under any of the Licences are materially adversely amended or varied; or
- by either party, if a court or governmental authority having competent jurisdiction over the parties issues a final non-appealable order prohibiting or making illegal the consummation of the Transaction (or any part thereof).

A "Material Adverse Change" means an event, occurrence or change, or a series of events, occurrences or changes, after the date of the acquisition agreement that has a material adverse effect in aggregate on the financial condition, assets, liabilities, results of operations, profitability or prospects of Suni Resources or Tirupati Graphite (as applicable) or its business when taken as a whole of an amount of at least AUD\$1,250,000, but excludes any event, occurrence or change arising from:

- the transactions contemplated by the acquisition agreement, expressly required or permitted by the agreement or any public announcement of those transactions;
- any matter deemed to be disclosed by the acquisition agreement;
- general, regional, industry wide or economy wide changes in social, political, economic, industry, market, business, banking or financial conditions (including changes in commodity prices, interest rates, foreign currency exchange rates or the price at which any securities are traded on any stock exchange);
- changes in applicable law or accounting standards or the interpretation, application or non-application of any applicable law or accounting standards;
- any epidemics or pandemics (including COVID-19), or worsening of any epidemics or pandemics;
- any changes in global geopolitical conditions;
- any outbreak or escalation of hostilities, any acts or threats of war (whether or not declared), sabotage, terrorism or any escalation or worsening of any such acts or threat of war (whether or not declared), sabotage or terrorism. However, this exclusion does not apply to any outbreak or escalation of hostilities, any acts or threats of war (whether or not declared), sabotage, terrorism that occurs within 50 kms of the Balama Project or Montepuez Project or any escalation or worsening of any such acts or threat of war (whether or not declared), sabotage or terrorism;
- any cyclone, flood, fire, earthquake or other natural or man-made disaster;
- any action taken by a party at the written request of the other party to the acquisition agreement which resulted in such event, occurrence or change, provided that the relevant party has taken such actions in a diligent, safe and efficient manner in accordance with good industry practice; or
- the validity or enforceability of any material provision of the acquisition agreement.

The "Longstop Date" is 29 April 2022 (or such later date as the parties may agree in writing).