

ASX Announcement

30 October 2018

September 2018 Quarterly Activities Report

Strong progress on Montepuez development

HIGHLIGHTS

Montepuez Graphite Project

- Construction and commissioning of the permanent 100-person accommodation camp almost complete
- Tailing Storage Facility and earth works for the processing plant are almost complete; Contractor due to demobilise in November 2018
- Battery anode test work using Montepuez graphite is delivering outstanding purification results
- Exploration drilling at the new Warthog prospect is delivering strong results including 51m at 9.8% TGC from 18m and 18m at 11.1% TGC from 6m ¹
- Community: School construction almost complete, medical centre refurbished

Montepuez Graphite Project Resource Update²

- Group Mineral Resource Total now sits at 152.5mt @ 8.5% for 13.03mt of contained Graphite (Montepuez and Balama Central Projects).
- Montepuez Project Mineral Resources of 119.6mt @ 8.1% TGC
- 33% increase in Contained Graphite in the Mineral Resource at the Buffalo deposit following completion of grade control drilling programme

Balama Central Graphite Project

- Feasibility Study due for completion in December 2018 Quarter
- Mining Licence submission due in Q4 2018

Corporate

- Origin Capital appointed as project funding adviser
- Due diligence as part of the project funding is progressing well
- Independent commodity forecaster predicts strong graphite prices
- \$20M fund raising successfully completed in early July 2018
- Cash on hand of \$12.2M at 30 September 2018
- Experienced marketing executive Nick Stephens appointed as Head of Marketing
- Nick Day appointed as Chief Financial Officer

Note 1: See announcement dated 22nd October 2018 for full details and Competent Persons sign-off

Note 2 See announcement dated 18th October 2018 for full details and Competent Persons sign-off

Battery Minerals Limited (ASX: BAT) is pleased to report on the strong progress it has made at its Montepuez Graphite Project in Mozambique during the September quarter, 2018.

Battery Minerals secured a Mining Licence for Montepuez in late March 2018. This, combined with the successful \$20M fund raising completed in early July 2018, paved the way for significant development activity during the September 2018 Quarter.

The Company made strong progress on the site earthworks, its tailing dam construction and camp construction. This progress means Battery Minerals remains on track to export its first shipment of graphite concentrate within 12–15 months of project finance being finalized.

Battery Minerals Managing Director David Flanagan said considerable progress was being made at Montepuez on several fronts at the same time.

“It is increasingly clear that Montepuez is set to be in the right place at the right time thanks to the strong increase in graphite demand which is forecast to stem from the lithium-ion battery industry,” Mr. Flanagan said.

“Montepuez will also benefit from its low capital and operating costs, the significant binding sales contracts which are already in place and the short lead time to production.

“Given this outlook, we are continuing to make strong progress on several fronts at the same time, with development on the ground taking place in parallel with preparations to finalise funding, ongoing testwork and product marketing.”



Figure 1. Montepuez Graphite Project: Aerial view of camp. The camp is due to receive the first residents in November and will accommodate up to 100 people



Figure 2. Montepuez Graphite Project: View of permanent camp showing night commissioning of electrical fit out.



Figure 3. Montepuez Graphite Project: View of workshop, power generators and fuel storage at the permanent camp.



Figure 4. Montepuez Graphite Project TSF civils work, managing moisture content to ensure appropriate compaction and wall strength are progressing well.



Figure 5. Montepuez Graphite Project TSF wall progressing well with excavator forming final wall angles



Figure 6. Earlier aerial view of part of tailings dam wall showing large extent of the project



Figure 7. Montepuez Graphite Project TSF civils work, managing moisture content to ensure appropriate compaction and wall strength are progressing well.

The tailing storage facility (TSF) is nearing completion. The TSF wall keyway, the curtain drains and decant area are complete. Approximately 1,500-2,000 cubic metres per day of material is going into the wall construction through to completion at the end of October 2018. Other site earthworks, road construction and the installation of culverts are progressing well and are also due for completion. Road works crews will demobilise in November 2018.

Montepuez Mining Agreement progress

Battery Minerals secured a Mining Licence for Montepuez in late March 2018. This, combined with the successful \$20M fund raising completed in early July 2018, paved the way for development activity during the September 2018 Quarter.

During the September 2018 Quarter, Battery Minerals continued to progress government engagement in relation to the Mining Agreement. The Mining Agreement is not a condition precedent to production, exports and cashflows. The execution of a Mining Agreement is a right enshrined in the mining law that enables investing companies to obtain absolute clarity around the application of the legal framework to the project. The Mining Agreement also formalises the project's fiscal stability rights into a contractually binding document and provides an agreed dispute resolution process. The Company does not expect a material adverse variation in project economics in the Mining Agreement.

Graphite Product Marketing

Battery Minerals' financial advisor, Origin Capital, has appointed Benchmark Mineral Intelligence (BMI), a global leader in battery commodities, to provide a graphite pricing forecast to be used by a prospective lending syndicate. On close assessment of future

demand and supply from existing and expected market participants, BMI has forecast significant increases in graphite prices in the medium term.

The BMI forecast indicates that the Montepuez graphite basket price has potential to appreciate from current FOB China pricing of ~USD \$950/t to more than ~USD \$1,500/t over the first 10 years of operations. This is a highly encouraging, fully-independent outlook.

Battery Minerals has appointed experienced commodities trading executive Nick Stephens as its Head of Marketing, effective from 8 October 2018. Mr Stephens will manage the Company's commodity marketing, logistics and shipping business along with George Gao, Battery Minerals' Shanghai-based General Manager, China.

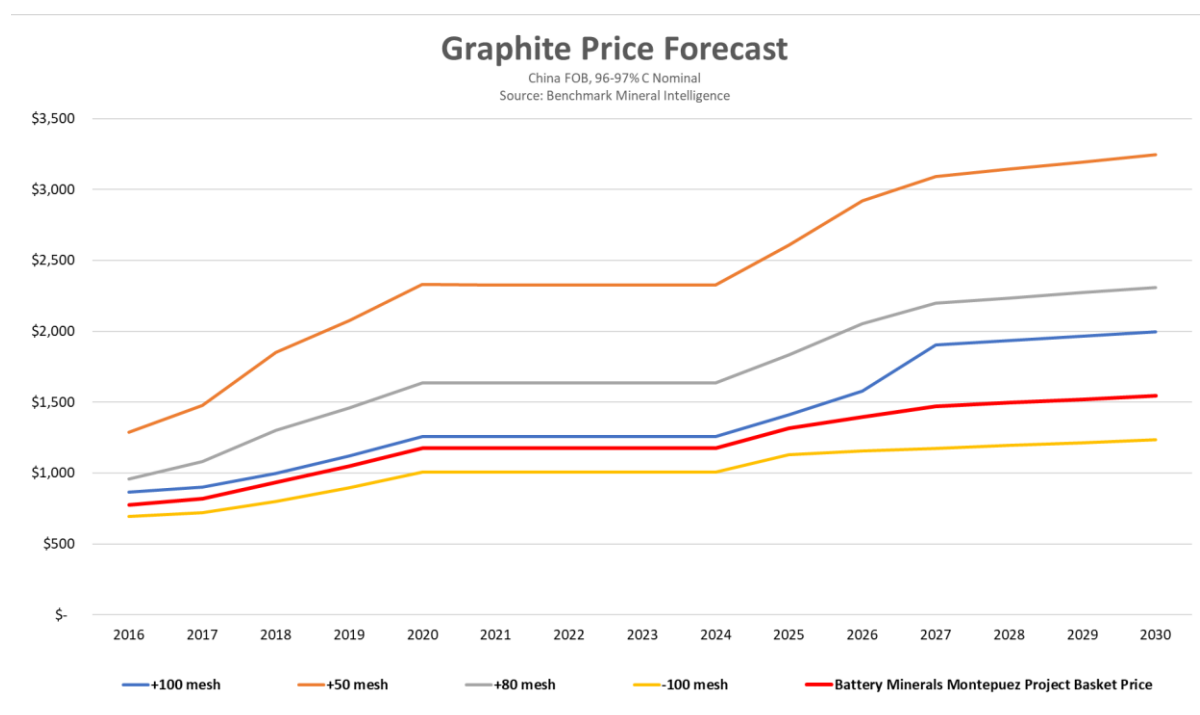


Figure 8. Montepuez Graphite Project BMI outlook for graphite pricing expected for our sizing specification

Community investment

During the September 2018 Quarter, Battery Minerals continued to actively engage with members of the nearby communities in order to deliver a positive impact and mutually-supportive relationship. The Company also continues to recruit local people where possible with 70 local people employed by the Company.

The Company continues to work closely with nominated local representatives on selected community initiatives. During the September 2018 Quarter, as part of the Montepuez project's community support and development efforts, Battery Minerals commenced building a public school in the community of Nkawene, 7km from the Montepuez project site. Site civil works, footings, concrete and brickwork for the school have been completed. In addition to the school construction, Battery Minerals has installed five water bores and pumping stations, renovated the local health clinic and supported a local inter village football completion.

In addition to providing communications support for the Company, local telecommunications contractors have upgraded digital mobile phone and data networks for the benefit of local communities.



Figure 9. Construction status of new school at Nkawene village



Figure 10. The newly renovated Mirate village clinic. Battery Minerals has reinstated electricity, painted the clinic inside and provided new fixtures and linen.



Figure 11. Communications tower installed by provider for benefit of Battery Minerals and surrounding communities



Figure 12. Short distance patient transport repaired and serviced

Graphite Downstream Processing Testwork

The Company has offtake and other agreements with Urbix Resources LLC (Urbix) (see ASX announcement dated 19th December 2017 *"Battery Minerals Signs Offtake Agreement"*). A key part of these agreements is to test and establish a relationship which maximises the opportunity of any downstream value-added characteristics of the Montepuez graphite concentrate.

Urbix's advanced technology includes a unique environmentally/cost conscious purification method as well as intellectual property developments in a wide range of applications such as proprietary lithium-ion battery cells, graphene products, cements, and other composites and energy storage materials. Urbix's state-of-the-art laboratory is located in Mesa, Arizona with commercial milling operations outside Hermosillo, Sonora in Mexico.

Battery Minerals is committed to evaluating downstream opportunities but has elected to do so with a technology partner with technical experience and expertise as well as the financial capacity to participate in the project. The Company is pleased to advise that subsequent to completing the first campaign of testwork, Urbix has demonstrated that its unique technology, combined with the specific characteristics of the Montepuez graphite, has consistently delivered battery-grade specification requirements.

Key testwork results include:

- Low temperature purification of 80°C
- Absence of highly toxic HF acids and similar
- No impact on graphite particle morphology in purification
- High graphite retention >95% in purification
- Industry leading graphite recovery in spheroidization exceeding 80%
- Industry leading low capex for 24ktpa pilot plant
- High purity achieved across all particle size specifications described below.

Sample Fraction	Initial purity, %TGC	Final Purity, %TGC
-43 micron	95.2	99.95
-150 +43 micron	97.1	99.97
+300 micron	94.3	99.95
-300 +180 micron	93.6	99.98

The Company maintains that high purity concentrates are not rare but they typically utilise high-cost thermal purification at temperatures exceeding 1200 degrees Celsius or use highly toxic chemicals. Recoveries for traditional spheroidization rarely exceed 50%.

The Urbix programme is anticipated to be completed by the end of 2018 with scoping study level results to be reported early in 2019.

Montepuez Project Funding

In parallel with the project construction activities, during the September 2018 Quarter, Battery Minerals has significantly advanced its funding strategy with the appointment of Origin Capital as financial adviser. Origin Capital is now in the process of seeking expressions of interest from potential debt providers. Upon finalising a short list, Origin will then assess the proposals and lead financing discussions on behalf of Battery Minerals.

As part of the funding process, independent technical adviser Bear Dolbear Australia has been appointed by Origin Capital to conduct a thorough review of the Montepuez project. This review includes a recent site visit and technical assessment and an independent market study and analysis. It will be made available to potential financiers with a view to helping accelerate the funding process.

Montepuez Resource Development

Battery Minerals' grade control drilling programme at the Buffalo deposit at Montepuez has increased the resource base and confidence levels at the Buffalo Deposit (See announcement dated 18 October 2018 for full details and Competent Persons sign-off).

More than 60 per cent of the 42.6Mt Buffalo Resource is now in the Measured and Indicated Resource category. The Company is also pleased with the increase in the total resource grade from 7.93% TGC to 9.5% TGC at a 2.5% TGC cut off.

With 2018 seeing updates to Elephant, Buffalo and Balama Central resources, the Company's Group Mineral Resource Total has increased to **152.2mt @ 8.5% TGC for 13.03mt of contained Graphite**. This is a significant resource base and underpins Battery Minerals' graphite production development strategy.

These updated Mineral Resource estimates form the basis of the Montepuez Graphite project implementation mine plan and the Balama Central Feasibility study mine plan, currently being prepared by Snowdens. These results are expected to be published in early November 2018.

Buffalo Graphite Deposit

October 2018 vs January 2017 Mineral Resource Estimate (2.5% TGC Cut-off)

Type	Total Mineral Resource					
	Tonnes Mt		TGC %		Cont. Graphite kt	
	Oct 18	Jan 17	Oct 18	Jan 17	Oct 18	Jan 17
Weathered	3.7	5.2	8.7	8.1	330	400
Primary	38.9	33.5	9.6	7.9	3,720	2,600
Total	42.6	38.7	9.5	7.9	4,050	3,000

Note: See announcement dated 18 October 2018 for full details and Competent Persons sign-off

Below is a Mineral Resource table for the Montepuez Project which includes comparison to the previously stated Mineral Resource estimate. Of note, is the overall tonnage increase from 105.9 to 119.6Mt, an increase of grade from 7.7% to 8.1% TGC at the same 2.5% cut-off, and a ~20% increase in contained graphite from 8Mt to 9.66Mt.

Montepuez Graphite Project

Montepuez 2018 Mineral Resource Estimate (2.5% TGC Cut-off)

Type	Total Mineral Resource					
	Tonnes Mt		TGC %		Cont. Graphite kt	
	Oct 18	Historical	Oct 18	Historical	Oct 18	Historical
Weathered	10.3	13.0	7.7	7.9	790	998
Primary	109.2	92.9	8.1	7.7	8,870	7,066
Total	119.6	105.9	8.1	7.7	9,660	8,064

Note: See announcement dated 18 October 2018 for full details and Competent Persons sign-off

Update on the Montepuez Mine Plan Study

Snowden Mining Industry Consultants Pty Ltd has been engaged to update the Mine Plan for the Montepuez Graphite Project. Snowdens is currently working on the updated reserve estimate for Buffalo as detailed in this announcement, along with Elephant as previously announced. The update to the Mine Plan Study is planned to support the results discussed in the Value Engineering Study Announcement "Restructure of Montepuez Graphite Project will revolutionise its economics" dated 18th October 2017.

Warthog – Regional Exploration Drilling Update

In addition to the Montepuez Resource increase, strong drilling results have been returned at a new prospect, Warthog (see Montepuez Graphite Project Updated released to ASX on 22 October 2018 for full details and Competent Person Statement in relation to the drilling results). The Prospect is 1.5km south of Elephant and within the existing Mining Licence boundary. On the back of a previously stated significant drill hole intercept of 12 metres at

14.27% TGC from 1 metre down hole in EL258A at Warthog, follow up drilling has confirmed further mineralisation in 14 of the 16 RC drill holes with drill hole EL287A returning 51m @ 9.8% TGC from 21 metres. A total of 952 metres was completed as part of a reconnaissance programme to follow up the drill hole intercept from EL258A where 12 metres at 14.27% TGC was intersected from a depth of 1 metre to the end of the hole (refer to announcement “Outstanding drilling results further strengthen economic outlook for Montepuez graphite Project” dated 4th April 2018).

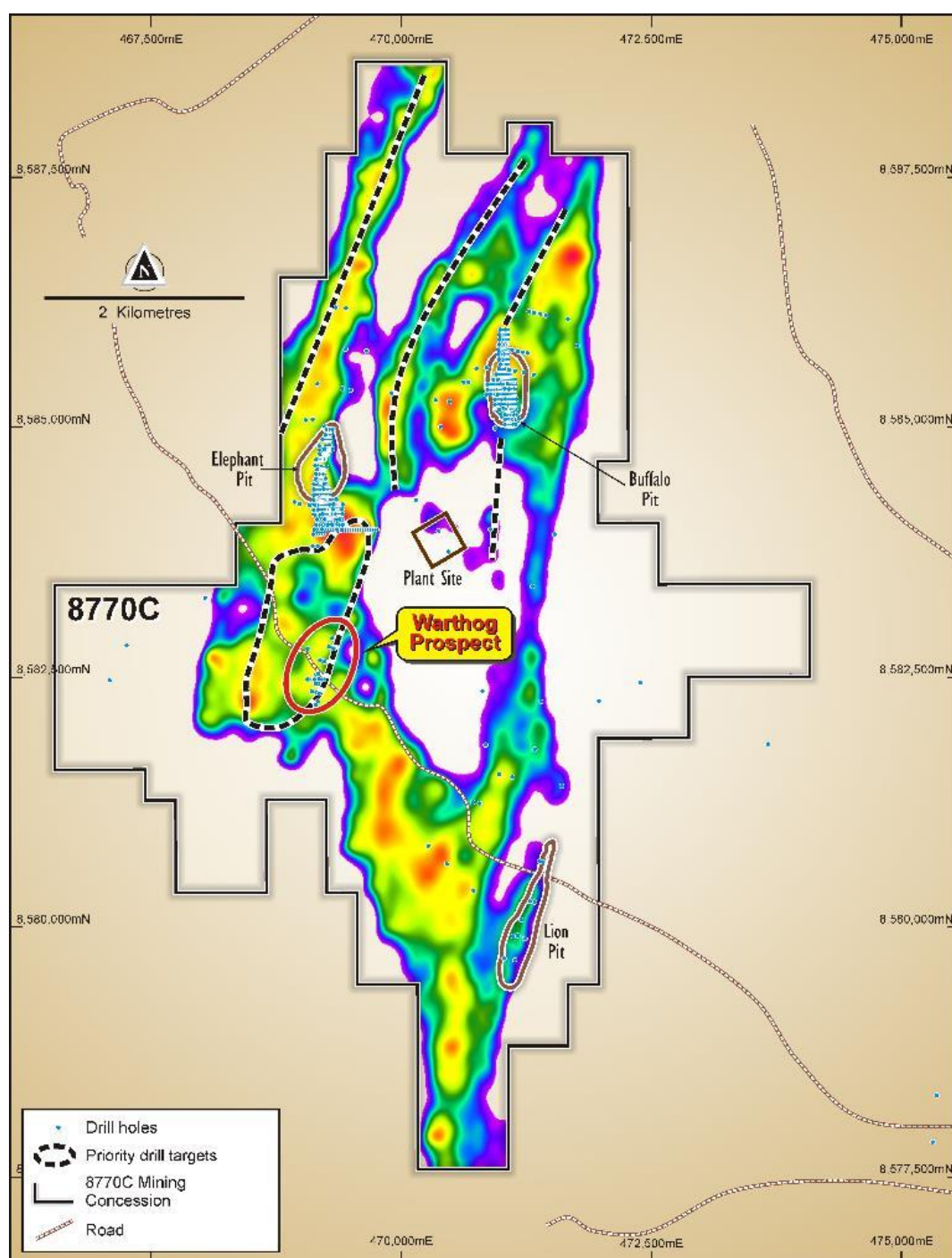


Figure 13: Location of the Warthog Prospect and previously illustrated Exploration Targets.

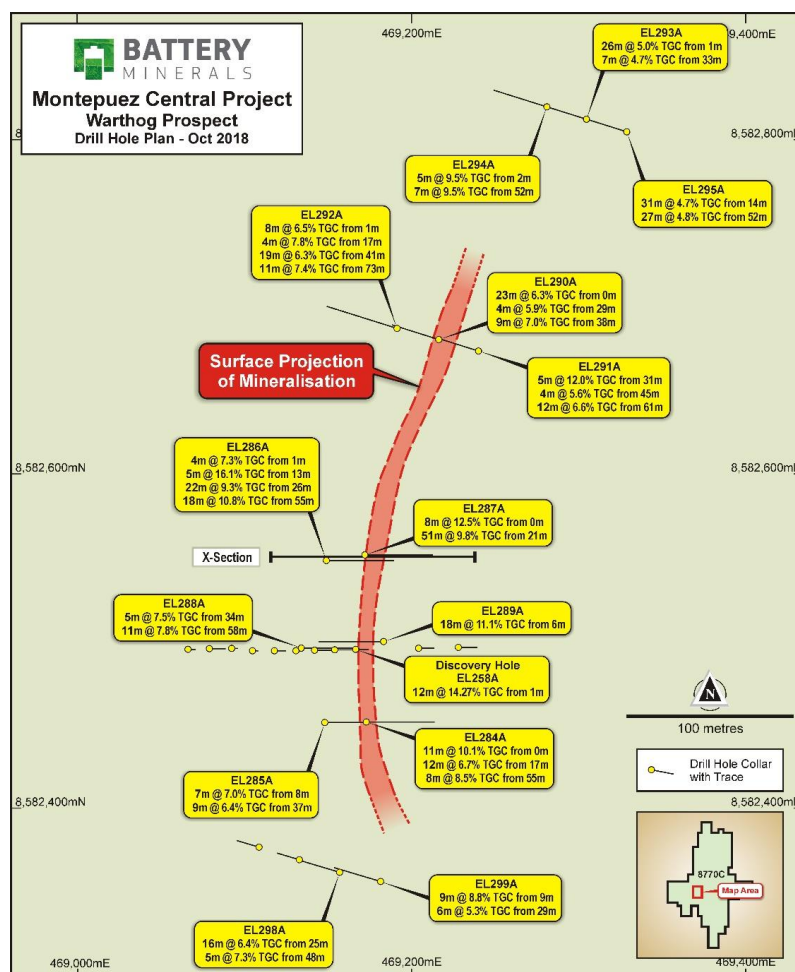


Figure 14: Warthog Collar Plot.

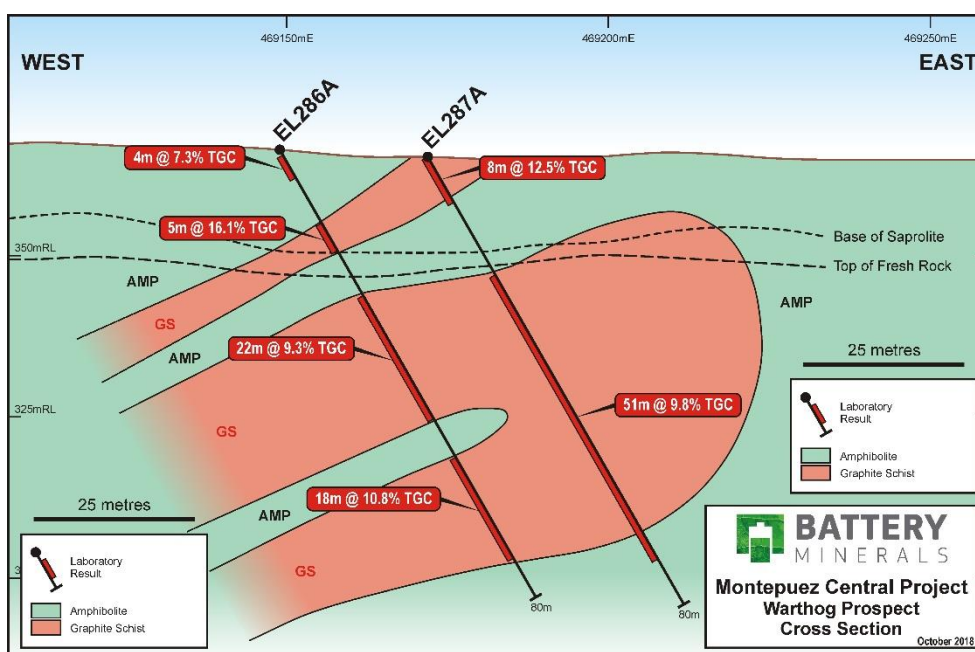


Figure 15: Warthog Cross Section.

Balama Central Graphite Project: Feasibility Study

Following completion of the scoping study on Battery Minerals' Balama Central Graphite Project in Mozambique, the Company commenced a feasibility study. Battery Minerals expects to finish this feasibility study in the December 2018 Quarter.

Balama Central's total Mineral Resources are 32.9 million tonnes at 10.2 per cent TGC (see announcement dated 29 March 2018 for full details). As part of Balama Central's Mineral Resource, Indicated Mineral Resources are 26.6Mt at 10.3 per cent TGC. The Mineral Resource was estimated by independent mining consultants, RPM Global Holdings Limited ("RPM"). (see Appendix 2 of this report and the 29 March 2018 ASX announcement for full details and the competent person statement).

This larger, higher grade and higher confidence resource is the basis of the feasibility study at Balama Central which is on track for delivery in the December 2018 Quarter. On completing the Feasibility Study, the Company will then have a basis to lodge the Balama Central Mining Licence application and start the environmental approvals process.

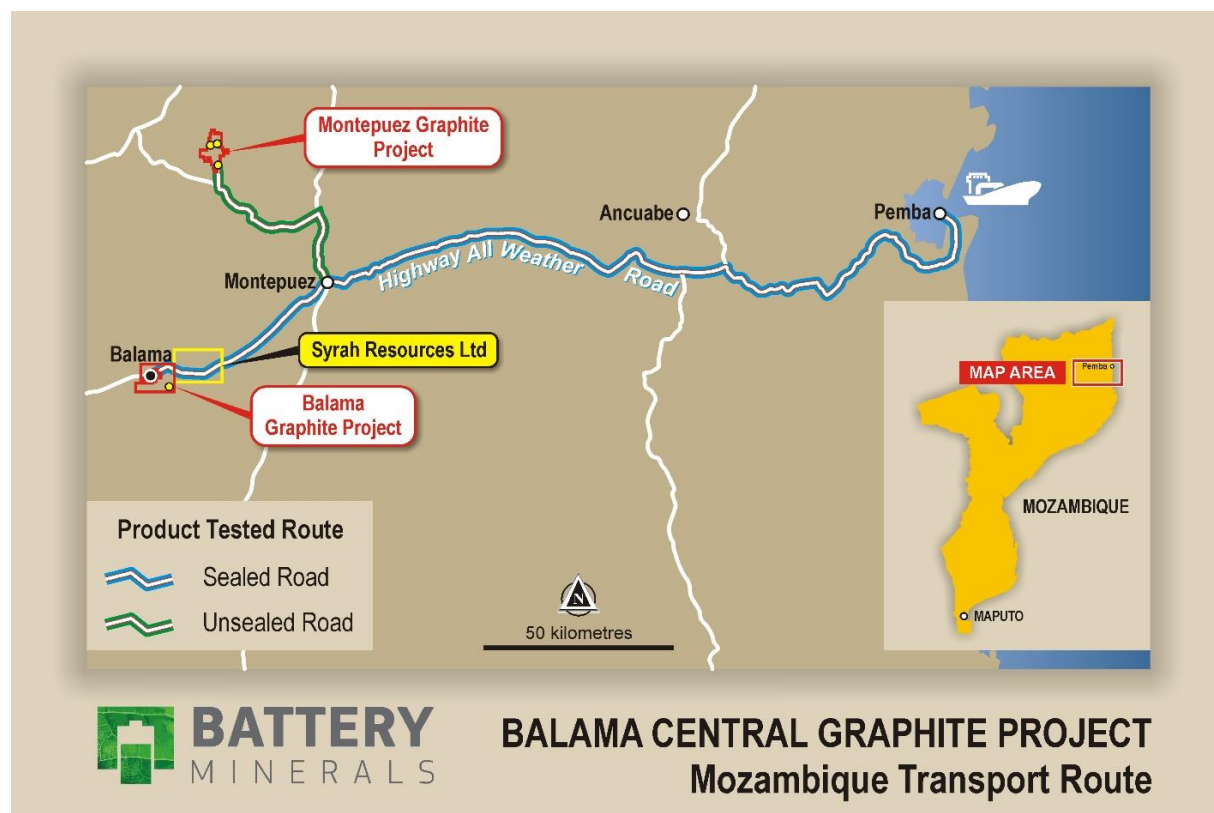


Figure 16. Infrastructure map showing the Balama Central Graphite Project relative to Montepuez and the nearest deep-water port of Pemba

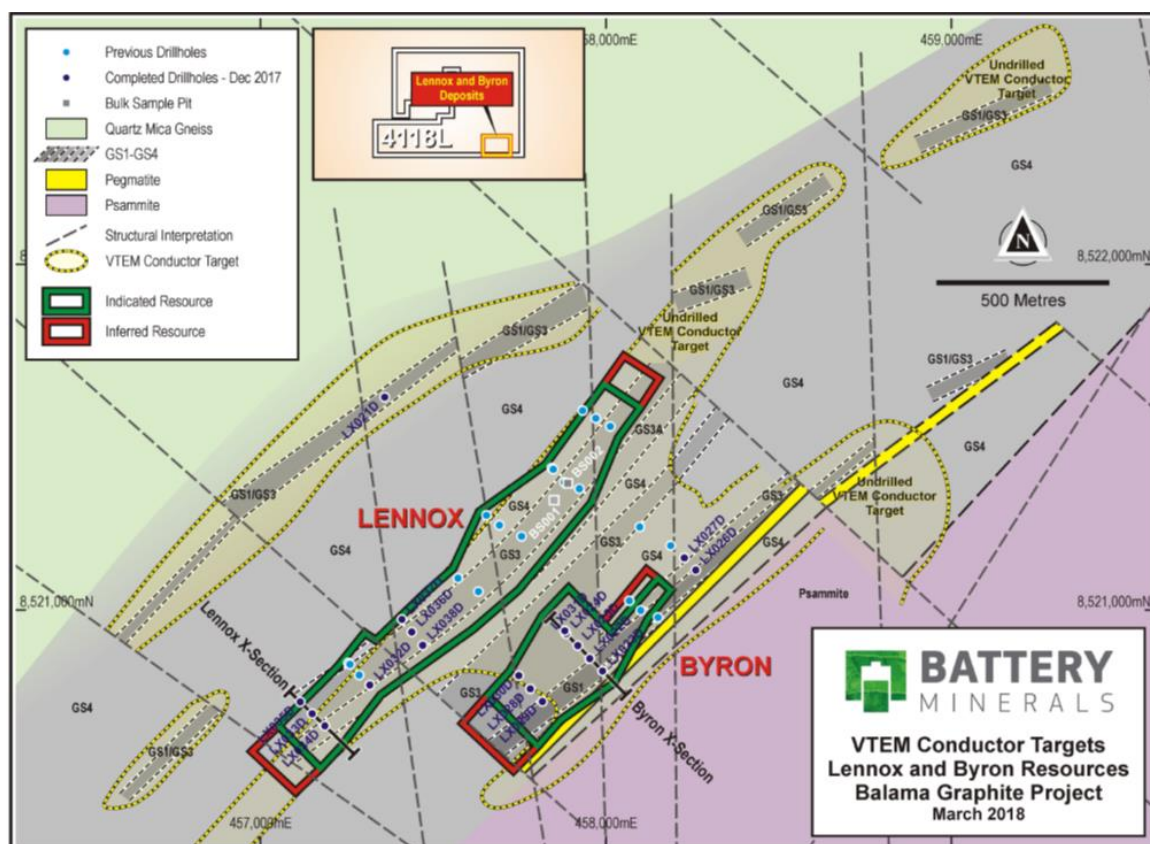


Figure 17. Balama Central Graphite Project drill hole location and resource outlines.

CORPORATE

During the September 2018 Quarter, Battery Minerals appointed, highly regarded capital markets advisor Origin Capital to work with the Company's existing advisors to achieve an optimum and timely funding solution for the Montepuez Graphite Project. As previously advised to the market, in the event that additional funding is not achieved in the short term, the Company has targeted a total expenditure budget of \$15 million dollars in the six months to December 2018. Under this scenario, the Company expects to have approximately \$5 million in cash and no significant project development financial liabilities as at 31 December 2018. As previously advised, the key milestones expected to be completed by 31 December 2018 will include the tailings dam wall, various roads, crusher commissioning, early works include site power, detailed engineering as well as the permanent camp.

During the September 2018 Quarter, the Company finalised its \$20.7 million fund raising comprising \$20 million by way of placement ("Placement") to institutional, sophisticated and professional investors and \$670,000 via a Share Purchase Plan to existing shareholders. As at 30 September 2018, the Company had cash and liquid assets of \$12.2M.

Subsequent to the end of the September 2018 Quarter, Nick Stephens joined the Company as Head of Marketing, and Nick Day, joined the Company as Chief Financial Officer. Mr Day was also appointed as a joint company secretary.

Background Information

Battery Minerals Limited ("Battery Minerals") is an ASX listed Australian company with two world-class graphite deposits in Mozambique, those being Montepuez and Balama Central.

Battery Minerals has produced high quality graphite flake concentrate at multiple laboratories. Battery Minerals intends to commence graphite flake concentrate production from its Montepuez graphite project with first shipment, subject to financial close expected in early 2020 at export rates of 45,000 to 50,000tpa at an average flake concentrate grade exceeding 96% TGC. In December 2017 and January 2018, Battery Minerals signed four binding offtake agreements for up to 41,000tpa of graphite concentrate, representing over 80% of Montepuez's forecast annual production. The Mozambican Government has granted Battery Minerals a Mining Licence for its Montepuez graphite project and accepted the Company's EIA for the Montepuez graphite project.

As Battery Minerals executes subsequent expansions, it expects production to grow to over 100,000 tonnes per annum graphite flake concentrate from its Montepuez graphite project by 2020.

In March 2018, Battery Minerals announced the delivery of a scoping study on its Balama Central project, which comprises a Stage 1 production rate of 55,000tpa (B1) and Stage 2 production rate of an additional ~55,000tpa (B2) for an aggregate of 110,000tpa from Balama Central. Balama Central is currently the subject of a feasibility study expected to be completed in November 2018. Combined with Montepuez and subject to continued positive economic, social and technical investigations, Balama Central provides scope for self-funded growth from a ~50,000tpa production-rate in year 1 to more than 200,000tpa in year 5. (For full details on the Balama Central Graphite Project Scoping Study see ASX announcement dated 1st March 2018. Also see notes below below).

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Competent Person's Statement

All references to future production and production & shipping targets and port access made in relation to Battery Minerals are subject to the completion of all necessary feasibility studies, permit applications, construction, financing arrangements, port access and execution of infrastructure-related agreements. Where such a reference is made, it should be read subject to this paragraph and in conjunction with further information about the Mineral Resources and Ore Reserves, as well as the relevant competent persons' statements.

Any references to Ore Reserve and Mineral Resource estimates should be read in conjunction with the competent person statements included in the ASX announcements referenced in this report as well as Battery Minerals' other periodic and continuous disclosure announcements lodged with the ASX, which are available on the Battery Minerals' website.

The information in this report that relates to Battery Minerals' Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by Battery Minerals of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The information in this Report that relates to Montepuez Mineral Resources is extracted from the ASX Announcement titled 'Group Resource Update' dated 18 October 2018, where the Statement of Estimates of Mineral Resources was compiled by Mr. Shaun Searle who is a Member of the AIG. Mr. Searle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the

JORC Code (2012). Mr Searle consented to the inclusion in that report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Mr. Jason Livingstone, a Competent Person who is a member of both the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Jason Livingstone is a full-time employee of Battery Minerals Limited. Mr. Jason Livingstone has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Jason Livingstone consents to the inclusion of the matters based on his information in the form and context in which it appears.

Important Notice

This ASX Announcement does not constitute an offer to acquire or sell or a solicitation of an offer to sell or purchase any securities in any jurisdiction. In particular, this ASX Announcement does not constitute an offer, solicitation or sale to any U.S. person or in the United States or any state or jurisdiction in which such an offer, tender offer, solicitation or sale would be unlawful. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and neither such securities nor any interest or participation therein may not be offered, or sold, pledged or otherwise transferred, directly or indirectly, in the United States or to any U.S. person absent registration or an available exemption from, or a transaction not subject to, registration under the United States Securities Act of 1933.

Forward Looking Statements

Statements and material contained in this document, particularly those regarding possible or assumed future performance, resources or potential growth of Battery Minerals Limited, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Such forecasts and information are not a guarantee of future performance and involve unknown risk and uncertainties, as well as other factors, many of which are beyond the control of Battery Minerals Limited. Information in this presentation has already been reported to the ASX.

All references to future production and production & shipping targets and port access made in relation to Battery Minerals are subject to the completion of all necessary feasibility studies, permit applications, construction, financing arrangements, port access and execution of infrastructure-related agreements. Where such a reference is made, it should be read subject to this paragraph and in conjunction with further information about the Mineral Resources and Ore Reserves, as well as the relevant competent persons' statements.

Appendix 1: Tenement Summary – 30 September 2018 ¹

1. MINING TENEMENTS HELD				
Tenement Reference	Location	Nature of interest	Interest at beginning of Quarter	Interest at end of Quarter
8770C	Mozambique	Mining Licence Granted	100%	100%
4118	Mozambique	Granted	100%	100%
8555	Mozambique	Granted	100%	100%
8609	Mozambique	Granted	100%	100%

Note: As advised in the March 2017 Quarterly Report, the Company has agreed to dispose of its interest in the tenement numbered 5572 in Mozambique. The transfer for the divestment of this tenement is currently being processed in Mozambique and is expected to be concluded in due course. The transfer is subject to approval by the Government of Mozambique.

2. MINING TENEMENTS DISPOSED NIL

3. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS: NIL

4. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS ACQUIRED OR DISPOSED: Nil