

ASX Announcement

09 July 2019

June Quarterly Activities Report

Battery Minerals positioned to meet growing demand for new independent graphite supplier to global lithium-ion battery industry

HIGHLIGHTS

- Battery Minerals continues to position itself to capitalise on the quality of its Montepuez Graphite Project and the widely expected increase in graphite demand on the back of the lithium-ion battery (LiB) boom
- During the quarter, key indicators of future growth in clean energy and EVs continued to strengthen, underpinning the attractiveness of the Montepuez Graphite Project
- Global trade tensions are driving increased uncertainty around supply of strategic minerals like graphite. The Company is receiving increased levels of enquiry from graphite customers across the battery supply chain in major growing markets including Japan, Korea, United States (US), and Europe
- Project funding discussions continued against a backdrop of challenging short-term graphite prices and the prospect of strong long-term prices
- Positive test-work results achieved as part of Battery Minerals' examination of downstream processing options, which has the potential to assist the Company to access additional markets to China
- Board restructured with appointment of experienced mining executive, Jeremy Sinclair as Managing Director; David Flanagan transitioned to Non-Executive Chairman
- Interim fund raising completed for \$5.11M (before costs)
- Cash on hand of \$6.7M at 30 June 2019, with monthly cash spend significantly reduced, pending completion of project finance
- Balama Central Graphite Project - Mining Licence Application submitted to Government
- Montepuez - Maiden vanadium Mineral Resource of 34.6Mt at 0.25% V₂O₅ ¹

1. See announcement dated 29 April 2019 for full details and the competent person statement

Battery Minerals Limited (ASX: BAT) (“Battery Minerals” or “the Company”) is pleased to report on further progress on its graphite projects in Mozambique and continued positive outcomes in its downstream processing test-work with technology partner, Urbix Resources, in Arizona USA.

The June 2019 Quarter was also marked by a number of global market and political developments that are extremely positive for the graphite market and the Company’s potential to strongly leverage this market.

At present, almost 100% of the processed graphite required to produce battery anode for EV’s and energy storage is sourced through China. With the expansion and development of ever larger battery plants across Europe, Korea, Japan and the US, the market is demanding sustainable sources of graphite from new geographies and diversified supply chains. Battery Minerals is ideally placed to meet this growing demand with our well-progressed, fully-permitted Montepuez Graphite Project.

Battery Minerals Managing Director Jeremy Sinclair said that while there are short-term headwinds in the graphite market, there are very strong indicators that point to the prospect of favourable longer-term market fundamentals. “There have been numerous developments recently in the EV and lithium-ion battery space which reinforce the forecast demand growth for graphite,” Mr Sinclair said.

“With a strong cash balance and a highly advanced project, Battery Minerals is well positioned to meet the expected demand for battery-grade graphite.”

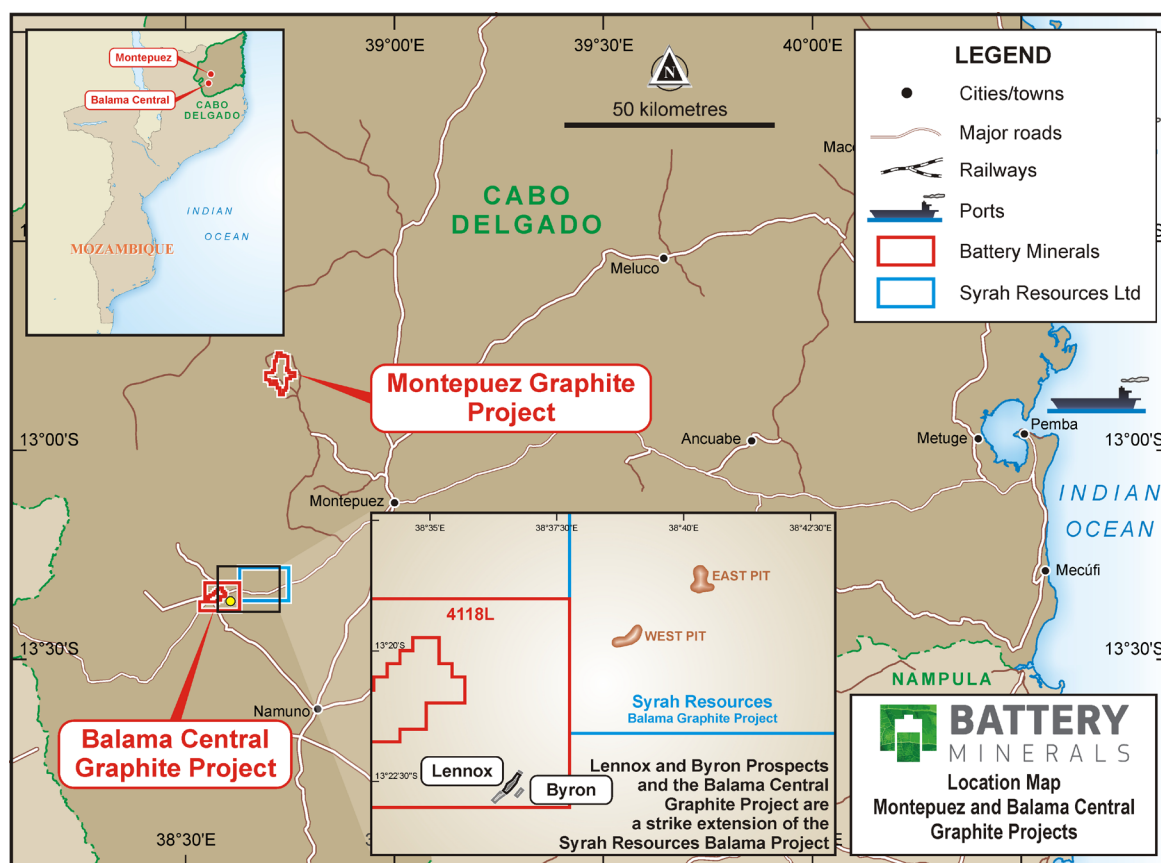


Figure 1 - Montepuez and Balama Central Graphite Projects in the Province of Cabo Delgado in northern Mozambique.

GRAPHITE MARKET UPDATE - Fundamentals stronger, despite short-term headwinds

The Company's analysis of the current graphite market shows some instances of producers receiving lower prices than those quoted by independent forecasters. Despite growing EV sales, particularly in China (sales of EV's up 88% in 2018, with production up 22% year to date to end May 2019), it is evident that the LiB supply chains are still not at a point where they are meeting the forecast demand for battery raw materials.

However, future market fundamentals are gaining momentum. Over recent months there has been a number of market and political developments globally that are extremely supportive of growth in the EV market and growth in large-scale battery and graphite anode plants. These include:

- The United States legislature introducing the American Minerals Security Act – listing lithium, graphite, cobalt and nickel as “critical minerals” to the auto and energy industries.
- Northvolt securing project financing of circa €1 billion to develop its greenfield gigafactory in Europe. The first stage of this plant is due for completion in 2020 and will ultimately supply 35 GWh per annum of battery capacity to European and global car manufacturers.
- LG Chemical raising its battery production capacity by 29% for 2020 from 70 GWhpa to 90 GWhpa with plans to increase this further to 110 GWhpa.
- Toyota announced its aim to have half of its global sales come from electric vehicles by 2025, five years ahead of its previous schedule; and expects to achieve its goal of selling over 5.5 million electrified vehicles a year by 2025
- Volkswagen will require 300 GWhpa of annual battery cell supply; plans to invest €1 billion in battery cell production in Germany and will release 20 EV models over the next six years
- SK Innovation is planning to increase production capacity from circa 5 GWhpa to 55 GWhpa by 2022.
- POSCO Chemtech is planning to increase battery anode production from 24,000 tpa to 74,000 tpa by 2021.
- Panasonic is forecasting a growth of over 45 GWhpa by 2022 to meet EV customer demand

These significant developments not only demonstrate ever-increasing momentum in the global transition to clean energy, but firmly underline the future for graphite given the critical role it plays in battery storage systems.

FUNDING

Headwinds being experienced by producers in the current graphite market have caused delays to the funding of Montepuez. Certain components of the funding requirement are attracting healthy interest, with the Company continuing to work with these parties. Notwithstanding this, achieving the required funds in the right combination to develop the project has been slowed by current market conditions.

While the Company has adjusted its funding strategy in light of the current market, it is also maintaining a balanced approach given the very positive market fundamentals and political developments of late. Battery Minerals has significant world class graphite Ore Reserves and an opportunity to supply graphite into a multi-decade new-energy revolution.

The Company is motivated to fund and execute the project and will do so in a manner that leverages its position and delivers positive outcomes for its shareholders.

MONTEPUEZ GRAPHITE PROJECT

Mining Agreement

In March 2018, Battery Minerals secured a Mining Licence for its Montepuez Graphite Project. Combined with the successful fund raising completed in early July 2018, this paved the way for significant development activity during the second half of calendar 2018. In addition to the grant of the Mining Licence the Company is also advancing negotiation of a Mining Agreement.

While the grant of a Mining Agreement is not a condition precedent to production, exports and cashflows, the execution of a Mining Agreement provides the Company with additional rights, enshrined in the mining law, that enable investing companies like Battery Minerals to obtain absolute clarity around the application of the legal framework to the project. The Mining Agreement also formalises a project's fiscal stability rights into a contractually binding document and provides an agreed dispute resolution process.

During the June 2019 Quarter, Battery Minerals continued to progress government engagement in relation to the Mining Agreement. The Ministry of Natural Resources and Energy has now completed a review of the draft agreement. The review indicates that the Ministry has fully assessed all the terms of the contract. As previously advised, the Company does not expect a material variation in project economics to result from the Mining Agreement.

Community Investment

The Company continues to work closely with nominated local representatives on selected community initiatives which includes employing locally, supporting the local medical clinic, education and development of the local community at the local school, health and hygiene, and road safety.

GRAPHITE DOWNSTREAM PROCESSING

Despite some delays caused by equipment issues experienced at Urbix operations in Arizona, encouraging results have been achieved in the June 2019 Quarter as part of the ongoing test-work. These results underpin Battery Minerals' commitment to evaluating downstream opportunities and demonstrating the inherent "value in use" of our graphite in battery anode production.

The Company has offtake and other agreements with Urbix Resources LLC (Urbix) (see ASX announcement dated 19th December 2017 "*Battery Minerals Signs Offtake Agreement*"). Urbix's advanced technology includes a unique environmentally and cost-effective purification method and spheroidal graphite process, as well as intellectual property developments in a wide range of applications such as proprietary lithium-ion battery cells, graphene products, lightweight concrete additives, and other composites and energy storage materials. Urbix's state of the art laboratory is located in Mesa, Arizona, where it is also establishing its initial commercial purification facility.

The Urbix purification process, has delivered highly encouraging purification results using environmentally friendly methods across the 4 Montepuez size fractions. With regards to the battery grade size fraction of -43micron, excellent results exceeding 99.9% TGC were achieved where the key deleterious elements were all below industry requirements.

The Urbix process is extremely effective in purifying the Montepuez graphite concentrate.

Key results achieved for the battery grade fraction of -43micron

	Fe ppm	Co ppm	Cu ppm	Ni ppm	Al ppm
Typical Specification	<50	<5	<5	<5	<10
Results	30	0.05	1.5	5.8	7.6

Preliminary spheroidising results have shown an overall market leading recovery of >75%, with a spherical roundness factor of > 0.85 (sphere = 1). The spheronizing industry typically achieves recoveries of between 40% and 45%.

A number of equipment issues have been resolved in laboratory scale pilot plant operation. Larger scale validation purification test-work is due to commence in the September 2019 Quarter. On completion of the purification validation test-work and associated spheroidization optimisation process, battery cells will be made with the battery anode graphite.

MAIDEN VANADIUM RESOURCE

On 29 April 2019, the Company announced an Inferred Resource for vanadium of 34.6Mt at 0.25% V₂O₅ from within the existing Ore Reserve pit designs of the Montepuez Graphite Project (Elephant and Buffalo).

Vanadium is an important ingredient in high quality steel production and is growing in relevance in large commercial scale battery production.

MONTEPUEZ GRAPHITE PROJECT - Buffalo and Elephant Deposit April 2019 Inferred Vanadium Mineral Resource Estimate (4.3% TGC Cut-off, within Ore Reserve pit design)¹

Type	Tonnage (Mt)	V ₂ O ₅ (%)	Cont. V ₂ O ₅ (Kt)
Buffalo Graphite Deposit			
Primary	16.2	0.25	41
Total Buffalo	16.2	0.25	41
Elephant Graphite Deposit			
Primary	18.4	0.24	45
Total Elephant	18.4	0.24	45
TOTAL	34.6	0.25	86

1. See announcement of 29 April 2019 for full details of the Inferred Resource & the competent person statement

BALAMA CENTRAL GRAPHITE PROJECT - Mining Licence submitted

As previously reported, completion of the Balama Central Mining Licence application and granting of the licence are important milestones, not only for the Balama Central Graphite Project, but also for the longer-term growth of the Company. Battery Minerals is pleased to report that on 28 June 2019 the Balama Central mining concession application was submitted to Government for its review and consideration.

The outcomes of the social impact study are an important part of the application and can be summarised as follows:

- Economic opportunities, with both direct and indirect opportunities created
- Employment benefits resulting in an increase in the skills base in the area
- Improved Infrastructure with upgraded roads improving access to markets and access to educational and medical infrastructure
- Social development benefits with initiatives outlined such as supporting food security, outreach health services, and improved educational facilities and training, all of which will improve the quality of life of communities in the impact zone

The environmental impact assessment indicated no serious environmental threats.

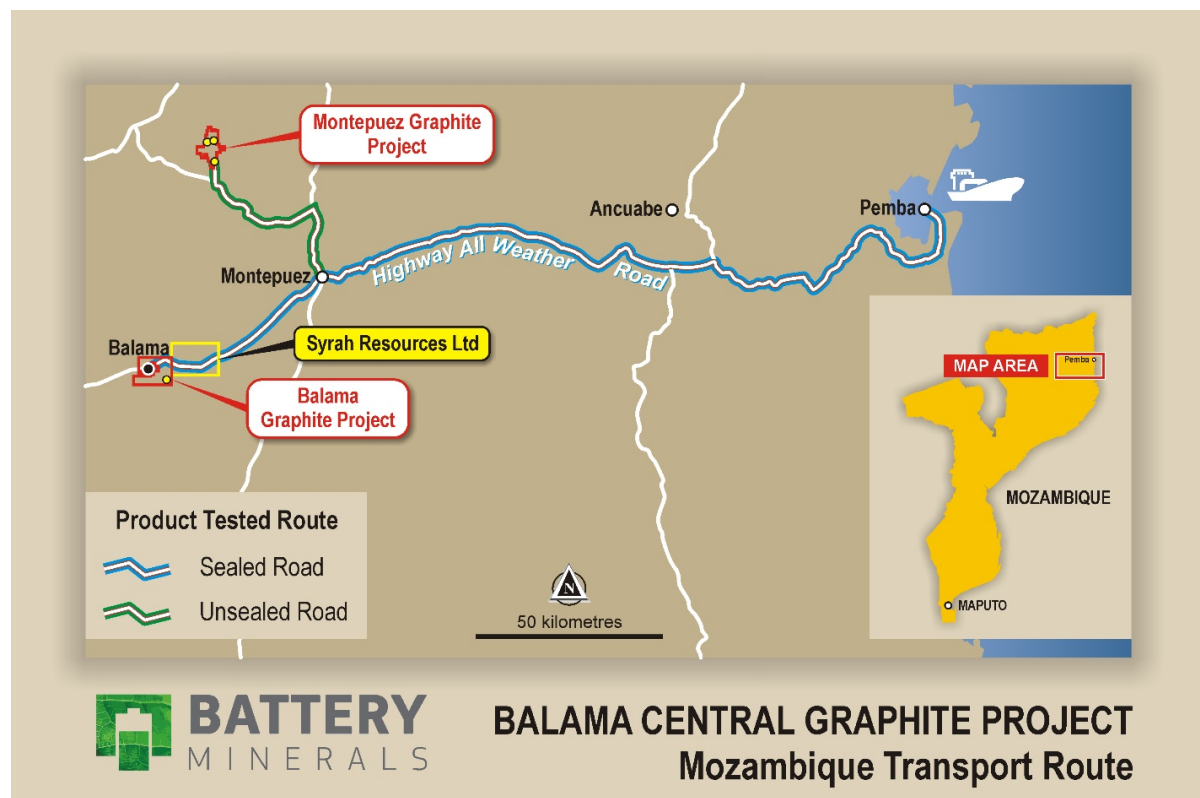


Figure 2. Infrastructure map showing the Balama Central Graphite Project relative to Montepuez and the nearest deep-water port of Pemba

CORPORATE

On 14 March and 21 June 2019, Battery Minerals announced key Board changes. Jeremy Sinclair, former Chief Operating Officer at Atlas Iron, was appointed Managing Director effective 8 April 2019. David Flanagan has transitioned into the role of Non-Executive Chairman, effective 1 July 2019. Jeff Dowling has moved from Chairman to Lead Independent Director. Brett Smith and Gilbert George stepped down from the Board at the Company's AGM on 21 May 2019 and Ivy Chen and Paul Glasson stepped down from the Board on 21 June 2019. The changes reflect Battery Minerals evolving corporate and operational demands as it progresses project funding opportunities for Montepuez.

On 4 April 2019 the Company announced a \$5.11 million placement in two tranches. Pursuant to Tranche 1 of this placement, on 12 April 2019 the Company received \$4 million (before costs) and issued 160,000,000 ordinary shares at 2.5 cents per share and 80,000,000 free attaching quoted options (ASX Code: BATO). Subsequent to shareholder approval at the Company's 2019 Annual General Meeting (AGM) on 21 May 2019, Tranche 2 of the placement was issued, made up of 44,420,000 ordinary shares at 2.5 cents per share and 22,210,000 free attaching quoted options. Please see the Notice of AGM released to ASX on 15 April 2019 for full details.

As at 30 June 2019, the Company had cash and liquid assets of \$6.7M. The average monthly cash spend over the coming months will significantly reduce, in line with a narrowed focus on funding and less development activity.

Background Information on Battery Minerals

Battery Minerals Limited ("Battery Minerals") is an ASX listed Australian company with two world-class graphite deposits in Mozambique, being Montepuez and Balama Central. Battery Minerals has produced high quality graphite flake concentrate at multiple laboratories. Subject to completing project financing, Battery Minerals intends to commence graphite flake concentrate production from its Montepuez Graphite Project at a rate of 50,000tpa at an average flake concentrate grade of 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. In 2018, the Mozambican Government granted Battery Minerals a Mining Licence and its Environmental License for the Montepuez Graphite Project.

As Battery Minerals executes subsequent expansions, subject to the completion of all necessary studies, permits, construction, financing arrangements, and infrastructure access, it expects production to grow to over 100,000 tonnes per annum of graphite flake concentrate from its Montepuez Graphite Project.

Battery Minerals has also announced a feasibility study on its Balama Central project, which comprises a Stage 1 production rate of 58,000tpa (B1). Battery Minerals lodged its Mining License application for Balama Central in June 2019. Combined with Montepuez and subject to continued positive economic, social and technical investigations, Balama Central provides the Company with the scope to self-fund growth from a single project 50,000tpa production rate to a multi-project combined production rate in excess of 150,000tpa.

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Competent Person's Statement

Battery Minerals confirms that all the material assumptions underpinning the production targets for its Montepuez and Balama Central graphite projects and any of the forecast financial information derived from these production targets, in the 4 and 12 December 2018 ASX announcements, on these projects continue to apply at the date of release of this presentation and have not materially changed. Battery Minerals confirms that it is not aware of any new information or data that all material assumptions and technical parameters underpinning the estimates in the 4 and 12 December 2018 announcements continue to apply and have not materially changed.

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. For Mineral Resources - See announcement dated 16th July and 18th October 2018 for full details and Competent Persons sign-off. For Ore Reserves - See announcements dated 4 and 12 December 2018 for full details and Competent Persons sign-off.

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.

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 June 2019 ¹

1. 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	Exploration License Granted	100%	100%
8555	Mozambique	Exploration License Granted	100%	100%
8609	Mozambique	Exploration License Granted	100%	100%

Note 1: 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.

Note 2: With respect to tenement's 8555 & 8609, an agreement was reached in December 2018 to dispose of these tenements. The agreement reached between BAT, its subsidiaries and Nedeel LLC, was for \$50,000 in cash and a 1% royalty (which may be sold for US\$1m up to the date of 730 days after the grant of a Mining Concession on either or both of the tenements). The change of ownership of these tenements is currently subject to the approval of the Mozambican Government.

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