



# BATTERY MINERALS

**and its Controlled Entities**

ABN 75 152 071 095

**Financial Report  
31 December 2019**

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## Corporate Information

This financial report includes the consolidated financial statements and notes of Battery Minerals Limited and its controlled entities ("the Group"). The Group's presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' report on pages 2 to 19. The Directors' report is not part of the financial report.

### Directors

David Flanagan  
Non-Executive Chairman  
(appointed 1 July 2019)

Jeremy Sinclair  
Non-Executive Director  
(appointed 22 November 2019)  
Managing Director  
(resigned 22 November 2019)

Jeff Dowling  
Non-Executive Director  
(appointed 8 April 2019)

Ivy Chen  
Non-Executive Director  
(resigned 21 June 2019)

Paul Glasson  
Non-Executive Director  
(resigned 21 June 2019)

Gilbert George  
Non-Executive Director  
(resigned 21 May 2019)

Brett Smith  
Non-Executive Director  
(resigned 21 May 2019)

### Company Secretary

Tony Walsh  
Nick Day

### Registered Office

Ground Floor, 10 Ord Street  
West Perth WA 6005

### Website

<https://www.batteryminerals.com/>

### Auditors

KPMG  
235 St. Georges Terrace  
Perth WA 6000

### Bankers

Westpac Banking Corporation  
Level 13, 109 St Georges Tce  
Perth WA 6000

### Solicitors

DLA Piper Australia  
Level 31, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

### Stock Exchange

Australian Securities Exchange Limited  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

ASX Code: **BAT**

### Share Registry

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
T: 1300 288 664

## Directors' Report

The Board of Directors present the following report on Battery Minerals Limited and its controlled entities (referred to hereafter as "the Group") for the year ended 31 December 2019.

### Directors

The names of the Directors in office during the financial year and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Director	Position	Appointed	Resigned
David Flanagan	Non-Executive Chairman	1 July 2019	-
	Executive Chairman	8 April 2019	1 July 2019
	Managing Director	25 January 2018	8 April 2019
	Executive Chairman	30 March 2017	25 January 2018
	Non-Executive Chairman	11 October 2016	30 March 2017
Jeremy Sinclair	Non-Executive Director	22 November 2019	-
	Managing Director	8 April 2019	22 November 2019
Jeff Dowling	Non-Executive Director	8 April 2019	-
	Non-Executive Chairman	25 January 2018	8 April 2019
Gilbert George	Non-Executive Director	1 August 2012	21 May 2019
Brett Smith	Non-Executive Director	1 August 2012	21 May 2019
Paul Glasson	Non-Executive Director	19 April 2017	21 June 2019
Ivy Chen	Non-Executive Director	25 January 2018	21 June 2019

### Dividends

No dividends were paid during the financial year (31 December 2018: Nil).

### Principal Activities

Battery Minerals Limited, an ASX listed company (ASX:BAT) is a diversified mining development and minerals exploration company dedicated to exploring for and developing mineral deposits. During the year, the Company has maintained a focus on its two graphite projects Montepuez and Balama which are located in Mozambique.

### Review of Operations

#### a. Group Overview

The Company's strategy is to produce high-quality graphite flake concentrate, a crucial ingredient in the efficient operation of lithium-ion batteries. Subject to completing project financing for the Montepuez Graphite Project in Mozambique the Company initially expects to produce 50,000tpa of 96% TGC concentrate and grow production towards over 200,000tpa over the next five years.

While continuing to pursue cost effective financing options for the graphite projects, the Company has identified a complimentary exploration project at Gippsland in Western Victoria. The Gippsland Project is host to significant strike length of the Stavely Volcanics, the Moyston shear and the Miga Arc all considered prospective for base metals and gold in the region.

#### b. Highlights & Significant Changes in State of Affairs

**Placement:** A \$5m fund raising was successfully completed in May 2019.

**Montepuez Project Vanadium Resource:** On 29 April 2019 Battery Minerals announced a maiden vanadium resource of 34.6Mt at 0.25% V<sub>2</sub>O<sub>5</sub> for 86Kt of contained Vanadium Pentoxide.

## **Directors' Report (continued)**

### **Likely Developments and Expected Results**

The Group will continue to focus on completing project finance to develop and bring the Montepuez Graphite Project successfully into commercial production. This involves securing the funding in the form of debt and equity to complete the development and achieve production of its flake graphite concentrate. The Company continues to focus on becoming a successful production company in the graphite market.

In addition, the Company intends to seek shareholders' approval of its Gippsland Project acquisition in Western Victoria, obtain the grant of the initial exploration licence and actively pursue discoveries in the area.

The Group's long-term strategic objective is to develop its graphite projects, grow production to 200,000 tonnes of graphite concentrate per annum, pursue the discovery and development of complimentary battery mineral exploration projects, ensure all activities are carried out in a transparent and responsible way and contribute to the well-being of local communities, in addition to increasing shareholders' value.

### **Risk Management**

The Board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that activities are aligned with these risks and opportunities. The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of the Company's current strategy.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

### **Environmental regulation**

The Group is subject to significant environmental regulation in respect of mineral exploration activities. The Group operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers. The Group's exploration activities are currently regulated by significant environmental regulation under the laws of Mozambique. The Group aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The Directors are mindful of the regulatory regime in relation to the impact of the organizational activities on the environment. There have been no known breaches by the Group during the year.

### **After Reporting Date Events**

In March 2020 Battery Minerals Limited signed two binding agreements to acquire 67% and 33% of Gippsland Prospecting Pty Ltd (Gippsland Prospecting), which has the sole right to apply for a highly prospective exploration licence of Block 4 immediately adjacent to Thursday's Gossan copper-gold project in Victoria. The acquisition is subject to the approval of Battery Minerals shareholders and the grant of the exploration licence. As a consideration, Battery Minerals will issue 439,363,850 ordinary shares and pay up to \$500,000 to the three shareholders of Gippsland Prospecting Pty Ltd and repay Gippsland Prospecting shareholder loans of \$250,000 for past expenditure. Battery Minerals has agreed to spend a minimum of \$1.5 million on exploration and evaluation on Block 4 in the first 12 months after completion of the transaction.

On completion of the transaction Mr Kent Balas and Dr Darryl Clark will join the Battery Minerals Board, and Mr Balas will be appointed as Managing Director of Battery Minerals. Subject to shareholder approval, Battery Minerals will issue the new members of the management 70 million Zepo incentive 5-year options with vesting conditions subject to clear performance targets, being the definition of mineral resources, ore reserves and a decision to mine.

After the reporting date, the Company seen macro-economic uncertainty with regards to prices and demand for battery minerals including graphite as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in March 2020 has caused further abnormally large volatility in commodity and stock markets. The scale and duration of these developments remain uncertain but could impact the Company's ability to finance its projects.

## Directors' Report (continued)

### Information on Directors

#### David Flanagan

	Non-Executive Chairman (appointed 1 July 2019)
	Executive Chairman (appointed 8 April 2019 – resigned 1 July 2019)
	Managing Director (appointed 25 January 2018 – resigned 8 April 2019)
	Executive Chairman (appointed 30 March 2017 – resigned 25 January 2018)
	Non-Executive Chairman (appointed 11 October 2016 – resigned 30 March 2017)
Qualifications	BSc, WASM, MAusIMM, FAICD
Experience	Mr Flanagan is a geologist with more than 25 years' experience in the mining and mineral exploration industry in Australia, Indonesia and Africa. Mr Flanagan was the founding Managing Director at Atlas Iron. During his tenure at Atlas Iron he oversaw its growth from a junior exploration company, to an ASX top 100 listed iron ore exporter, and the operator of three iron mines producing at a rate of 12Mtpa. Mr Flanagan is the past Chancellor of Murdoch University, and during 2014 was named Western Australian of the Year. He was awarded an Eisenhower Fellowship in 2013 and remains active in the not for profit sector. In January 2018, David was awarded the prestigious Member of the General Division of the Order of Australia Award
Current Directorships	Non-Executive Director, Magmatic Resources Limited (appointed 28 October 2019).
Former directorships in last 3 years	Managing Director, Atlas Iron Limited (Resigned 28 June 2016) Non-Executive Director, Northern Star Resources Limited (resigned 20 April 2018)

#### Jeremy Sinclair

	Non-Executive Director (appointed 22 November 2019)
	Managing Director (appointed 8 April 2019 – resigned 22 November 2019)
Qualifications	BSc Engineering (Mining)
Experience	Jeremy Sinclair is a mining engineer with 25 years of experience in a broad range of roles including executive, operational, project delivery, corporate leadership and consulting in Australia and Africa. Prior to joining Battery Minerals Limited, Mr Sinclair was the Chief Operating Officer at Atlas Iron, a position which he held from 2011 to 2018. Mr Sinclair oversaw the commissioning and ramp up of Atlas' five mines from a production rate of 1Mtpa to a production rate of 16Mtpa. Prior to his time at Atlas Mr Sinclair held key management roles in the Pilbara iron ore operations of Rio Tinto.
Current Directorships	Nil
Former directorships in last 3 years	Nil

#### Jeff Dowling

	Non-Executive Chairman (appointed 25 January 2018)
Qualifications	Bachelor of Commerce from the University of Western Australia and is a fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Financial Services Institute of Australasia
Experience	Jeff is a proficient corporate leader with 37 years' experience in the professional services with Ernst & Young. Jeff has held numerous leadership roles within Ernst & Young including at national level being a member of the executive management team and a Board Member. Jeff's professional expertise centres around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions principally in the resources, retail and insurance industries. Jeff's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of 5 years. Jeff also led Ernst & Young's Oceania China Business Group and was responsible for building Ernst & Young's Oceania relationships with Chinese Corporations.
Current Directorships	Non-Executive Chairman, S2 Resources Limited Non-Executive Director, NRW Holdings Limited Non-Executive Director, Fleetwood Corporation Ltd
Former directorships in last 3 years	Chairman, Pura Vida Energy NL (Resigned 16 May 2016) Non-Executive Director, Atlas Iron Limited (Resigned 4 May 2016)

## Directors' Report (continued)

### Information on Directors (cont'd)

#### **Gilbert George**

Non-Executive Director (appointed 11 October 2016 - resigned 21 May 2019)  
Non-Executive Chairman (appointed 1 August 2012 – resigned 11 October 2016)

#### Qualifications

BSc (Hons) MEc

#### Experience

Gilbert has a wide range of experience in international business development and management. Formerly a senior bilingual Australian embassy official in Tokyo he continues to provide strategic advice to companies in Australia, Africa, Japan, the US and Europe. He has been involved in over \$950 million of new investment in Australia including in the resource industry, IT, food processing and service sectors. His resource experience includes coal, iron ore, gold, uranium, oil and heavy mineral sands. He was formerly a director of Tokyo Gas Australia Pty Ltd and TEPCO Australia.

#### Current directorships

Mr George also has strong cultural interests, particularly in music education

#### Former directorships in last 3 years

Nil

Nil

#### **Brett Smith**

Non-Executive Director (appointed 1 August 2012 – resigned 21 May 2019)

#### Qualifications

BSc (Hons), MAUSIMM MAIG

#### Experience

Brett Smith has acquired over 20+ years of experience in the mining and exploration industry as a geologist, manager, consultant and director. His industry experience is broad, dominated by exploration and resource definition.

#### Current Directorships

Managing Director, Corazon Mining Limited

#### Former directorships in last 3 years

Non-Executive Director, Pacific Bauxite Limited (Resigned 29 November 2018)

#### **Paul Glasson**

Non-Executive Director (appointed 19 April 2017 – resigned 21 June 2019)

#### Qualifications

BSc La Trobe University, Melbourne, Australia

#### Experience

Mr Glasson is a highly regarded China strategy specialist. He has lived in Shanghai for the past 20 years and is currently Executive Chairman of Satori Investments, a China focused investment advisory and private equity firm. He is a Life Member of the Australia China Business Council. Paul is well known as a foremost expert on Chinese outbound investment, having been recognised with Deal of the Year by Mines and Money in 2014 for his origination and lead on the Baosteel-Aurizon on-market hostile takeover of Aquila, as well as being Young Leader of Asia by the Boao Forum for three years. He was also the Australia China Business Council's key proponent in engaging with key Chinese government and enterprise from 2008-2014

#### Current Directorships

Nil

#### Former directorships in last 3 years

Nil

#### **Ivy Chen**

Non-Executive Director (appointed 25 January 2018 – resigned 21 June 2019)

#### Qualifications

B.App.Sc (Geology), MAusIMM GAICD

#### Experience

Ivy is a corporate governance specialist with more than 30 years' experience in mining and resource estimation. She served as the national geology and mining adviser for the Australian Securities and Investments Commission (ASIC) from 2009-2015 and is currently Principal Consultant at CSA Global. Ivy's experience in the mining industry in Australia and China, as an operations and consulting geologist includes open pit and underground mines for gold, manganese and chromite. As a consulting geologist she has conducted mineral project evaluation, strategy and development and implementation, through to senior corporate management roles. Ivy has been a member of the VALMIN committee since 2015.

#### Current Directorships

Nil

#### Former directorships in last 3 years

Nil

## Directors' Report (continued)

### Information on Directors (cont'd)

#### Director Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Group during the year:

	Number of Meetings Eligible to Attend	Number of Meetings Directors' attended
<b>Director</b>		
Mr David Flanagan	12	12
Mr Jeremy Sinclair	6	6
Mr Jeff Dowling	12	12
Mr Gilbert George	7	7
Mr Brett Smith	7	7
Mr Paul Glasson	8	8
Ms Ivy Chen	8	8

#### Retirement, election and continuation in office of directors

In accordance with the Constitution, the appropriate directors will retire at the annual general meeting and, being eligible, offer themselves for re-election. Directors Gilbert George and Brett Smith retired on 14 March 2019 at the annual general meeting on 21 May 2019. Directors Ivy Chen and Paul Glasson announced their retirement on 21 June 2019.

#### Company Secretary

**Mr Tony Walsh** was appointed as Joint Company Secretary on 17 February 2017. Tony Walsh has over 30 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions including 14 years with the ASX in Perth where he acted as ASX liaison with the JORC committee, four years as Chairman of an ASX listed mining explorer and as a director of a London AIM listed explorer. Tony is also currently Company Secretary of Legend Mining Ltd (ASX: LEG) and Magmatic Resources Ltd (ASX: MAG). Tony is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia, the Institute of Chartered Secretaries and the Institute of Chartered Accountants in Australia.

**Mr Nick Day** was appointed as Joint Company Secretary on 8 October 2018. Nick Day has over 20 years of experience as a company director, CFO and company secretary for a broad range of listed and private technology companies and mining and exploration companies. These have included ASX and TSX listed exploration companies with copper, gold, lead, coal, zinc, rare earths and uranium projects in Madagascar, the Philippines and North/South America, nano-technology and e-book IT companies to \$600 million nickel/platinum AIM and ASX listed exploration and mining operations across six countries in Africa. He has extensive experience in Africa and Asia with strategic planning, business development, mergers and acquisitions, bankable feasibility studies, debt raising and project development.



## Directors' Report (continued)

### Financial Performance and Financial Position

Financial Performance / Position	31-Dec-19 \$	31-Dec-18 \$	Change %
Cash and cash equivalents	4,119,160	7,252,709	-43.2%
Net assets	10,904,567	44,644,651	-37.7%
Loss for the period	(36,774,169)	(7,243,165)	207%
Loss per share	(2.930)	(0.763)	132.2%

The net assets of the Group have decreased from \$44,644,650 as at 31 December 2018 to \$10,904,567 as at 31 December 2019 due to impairment of the exploration and evaluation expenditure and capitalised mine development expenditure. The Group's working capital (current assets less current liabilities) has reduced from \$6,638,314 as at 31 December 2018 to \$3,982,054 as at 31 December 2019, primarily due to lower fund raising of \$ 5.1 million in 2019 compared to \$20.7 million in 2018.

### Shares under Options

Unissued ordinary shares of Battery Minerals Limited under options as at 31 December 2019 are summarised as follows:

	Non-Vested	Vested	Total
Directors	97,750,000	34,750,000	132,500,000
Employees	90,125,000	7,675,000	97,800,000
Service Providers	7,800,000	7,800,000	15,600,000
Shareholders	-	274,484,066	274,484,066
	<b>195,675,000</b>	<b>324,709,066</b>	<b>520,384,066</b>

### Insurance of Directors and Officers Liability

The Group has executed a policy with an appropriate level of directors' and officers' insurance cover.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group.

### Indemnity and Insurance of Auditors

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 22 to the financial statements. The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed in Note 22 to the financial statements do not compromise the external auditor's independence.

## Directors' Report (continued)

### Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

### Audited Remuneration Report

This report for the year ended 31 December 2019 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ('the Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Directors and Key Management Personnel ('KMP') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Director share and option holdings
- F Additional information

The names of the Directors and Key Management Personnel (KMP) in office during the period are as follows:

Director	Position	Appointed	Resigned
David Flanagan	Non-Executive Chairman	1 July 2019	-
	Executive Chairman	8 April 2019	1 July 2019
	Managing Director	25 January 2018	8 April 2019
	Executive Chairman	30 March 2017	25 January 2018
	Non-Executive Chairman	11 October 2016	30 March 2017
Jeremy Sinclair	Non-Executive Director	22 November 2019	-
	Managing Director	8 April 2019	22 November 2019
Jeff Dowling	Non-Executive Director	8 April 2019	-
	Non-Executive Chairman	25 January 2018	8 April 2019
Gilbert George	Non-Executive Director	1 August 2012	21 May 2019
Brett Smith	Non-Executive Director	1 August 2012	21 May 2019
Paul Glasson	Non-Executive Director	19 April 2017	21 June 2019
Ivy Chen	Non-Executive Director	25 January 2018	21 June 2019

KMP	Position	Appointed	Resigned
Nick Day	CFO and Company Secretary	8 October 2018	-
Tony Walsh	Company Secretary	17 February 2017	-
Ben Van Roon	Chief Operating Officer	11 August 2017	8 November 2019

## **Directors' Report (continued)**

### **Audited Remuneration Report (continued)**

#### **A Principles Used to Determine the Nature and Amount of Remuneration**

##### **(i) Board Oversight**

For 2019, the Board elected not to establish a remuneration committee based on the size of the organisation and had instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

The following items are considered and discussed as deemed necessary at the board meetings:

- The remuneration of Directors, senior officers and general staff;
- The terms and conditions of employment for the Managing Director;
- Review of the Managing Director's performance, at least annually, including setting the Managing Director's goals for the coming year and reviewing progress in achieving those goals;
- The recommendations of the Managing Director for the remuneration of all direct reports;
- Board structure and Director evaluation;
- Consideration of Non-Executive Directors remuneration.
- Ensuring that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

##### **(ii) Remuneration Philosophy**

The Company's current remuneration policy is based on its status as a junior mineral resources company. The entity's performance is dependent upon its exploration, project evaluation and project development successes, and as such remuneration is maintained at a reasonable level to enable the attraction of key employees.

The Company's broad remuneration strategy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

To ensure the maximum amount of the Company's capital where possible is directed toward its exploration, project evaluation and project development activities, the Company issues options as a "non-cash" method of remunerating and incentivising Directors and Key Management Personnel to align their goals with the Company and its shareholders.

##### **(iii) Non-Executive Directors**

###### **a) Fees and Payments**

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

Non-Executive Directors have up to the date of this report, been offered incentive zero exercise priced options with the objective of ensuring director goals are aligned with the Company and its shareholders. The vesting of the options issued are subject to minimum service periods of up to 12 months.

###### **b) Base Fees**

The current base fees paid to Non-Executive Directors were last reviewed with effect from 6 February 2015. Prior to this they were based on rates set at the listing of the Company on the ASX, being 24 October 2012. Non-Executive Director remuneration is not performance based. The Directors' share and option holdings ensure that their goals are aligned with the Company's share price.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The Directors' fee pool will be reviewed for adequacy periodically.

## **Directors' Report (continued)**

### **Audited Remuneration Report (continued)**

The maximum currently stands at \$500,000 cash remuneration per annum and was approved by shareholders via the adoption of a revised constitution at a general meeting of shareholders on 6 July 2012.

#### **c) Options**

Issue of options to Non-Executive Directors as part of their overall remuneration package is subject to shareholder approval. Options granted to Non-Executive Directors are linked to continuous service as a Non-Executive Director with the Company.

#### **d) Additional Fees**

A Non-Executive Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director and are based on commercial rates.

A Non-Executive Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

#### **e) Retirement Allowances for Directors**

Current base fees are inclusive of superannuation contributions. Superannuation contributions required under the Australian Superannuation Guarantee Legislation will be made as part of the directors' overall fee entitlements where applicable. No other retirement allowances are paid.

#### **iv) Executive Remuneration**

The nature and amount of remuneration of Executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Executives.

In determining Executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

Given the current phase of the Company's development the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of Executives.

The Executive remuneration framework has two components:

- Base pay and benefits, including superannuation; and
- Equity incentives.

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## Directors' Report (continued)

### Audited Remuneration Report (continued)

#### Base Pay

Base Pay consists of base salaries, as well as employer contributions to superannuation funds. Base Pay is reviewed annually by the Board. The process consists of a review of Company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. No external remuneration consultants were used during the financial year.

The Company does not currently have a short-term incentive plan in place.

#### Performance Based Remuneration - Equity Incentives Scheme

The Company has adopted an Employee Share Option Plan ("ESOP") to reward KMP and key employees and contractors for long-term performance. The maximum number of securities that can be issued under the ESOP plan is 5% of the Company's Issued Shares.

To achieve its corporate objectives the Company needs to attract and retain its key staff, whether employees or contractors. Grants made to eligible participants under the ESOP will assist with the Company's employment strategy and will:

- a) enable the Company to recruit, incentivise and retain KMP and other eligible employees to assist with the development of the Montepuez Project to achieve the Company's strategic objectives;
- b) link the reward of eligible employees with the achievements of strategic goals and the long-term performance of the Company;
- c) align the financial interests of eligible participants of the proposed Plan with those of Shareholders; and
- d) provide incentives to eligible employees of the ESOP to focus on superior performance that creates shareholder value.

Employee Options granted under the ESOP to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the employee Options to vest - current employee performance conditions are noted in section C below. The employee Options also vest where there is a change of control of the Company.

In determining the allocations of equity, the Board considers relevant comparative allocations of equity externally and internally. An independent remuneration consultant was not required to assist with the allocations of equity given the Board's current industry knowledge and experience with allocations of equity.

Executives have received "sign-on" incentive options which include time based and performance-based vesting conditions and zero exercise priced options, which include only performance-based vesting conditions incentivising executives to meet the Company's objectives of the Montepuez Graphite project finance and developing stages 1 and 2 of the Company's Montepuez Graphite project. These options ensure executive goals are aligned with the Company and its shareholders as its transitions through development to steady state production.

On 21 May 2019 the general meeting of Battery Minerals shareholders approved the issue of zero exercise priced options (ZEPOs) to Executive Directors, Executives, and staff with specific vesting hurdles being:

- 32% vest only on the financial close of the project finance for Stage 1 of the Montepuez Graphite project;
- 33% vest only on the commencement of commercial production for Stage 1 at the Montepuez Graphite project;
- 34% vest only on the commencement of commercial production for Stage 2 at the Montepuez Graphite project;
- 1% vest only on the commencement of commercial production for Stage 1 at the Balama Central Graphite project;

## Directors' Report (continued)

### Audited Remuneration Report (continued)

The issue of ZEPOs in 2019 is designed by the Board to:

- align executives and other employees' objectives with the Company's publicly stated objectives of financing and developing stages 1 and 2 of the Company's Montepuez graphite project;
- be granted in lieu of any salary review increases;
- be granted in lieu of a 2019 short term incentive programme, and
- align employees to shareholders by connecting cash flow generation to the vesting of benefits

Options issued to Non-Executive Directors have vesting conditions based on a continues service with the Company.

Given the nature and current operations of the Group, the Board exercises their discretion in determining whether additional options are granted each year. The Board envisages that the Company's remuneration policies and procedures for executive remuneration will also evolve to a more traditional corporate governance model and in line with ASX Corporate Governance guidelines. This is expected to include a more traditional performance based short-term and long-term incentive plans, which will be recommended to the Board for its consideration.

#### v) Other Benefits

No benefits other than noted above are paid to Directors or Management except as incurred in normal operations of the business.

#### vi) Remuneration consultants

Remuneration consultants have not been used in determining the remuneration paid.

## B Details of Remuneration

### Amounts of Remuneration

Details of the remuneration of the directors and key management personnel of the Group as at 31 December 2019 are summarised in the table below:

31 December 2019	Fixed Remuneration, \$				Performance Based Remuneration, \$			Total	% of variable remuneration
	Short- term employee benefits			Post-employment benefits	Share-based payments				
	Salary & fees	Termination benefit	Non-monetary benefits		Superannuation	Options	Shares		
<b>Directors</b>									
<i>Non-executive directors</i>									
David Flanagan – appointed 8/04/19	78,200	-	-	7,404	- <sup>(1)</sup>	-	-	85,604	0%
Jeff Dowling	52,148	-	-	4,954	83,035	-	-	140,137	59%
Jeremy Sinclair – appointed 22/11/19	3,425	-	-	325	- <sup>(2)</sup>	-	-	3,750	0%
Gilbert George -resigned 21/05/19	24,388 <sup>(3)</sup>	-	-	-	3,329	-	-	27,717	12%
Brett Smith - resigned 21/05/19	18,250	-	-	-	3,329	-	-	21,579	15%
Paul Glasson- resigned 21/06/19	17,380	-	-	-	12,716	-	-	30,096	42%
Ivy Chen – resigned 21/06/19	19,692	-	-	1,871	(9,913) <sup>(4)</sup>	-	-	11,650	(85%)
<b>Sub-total</b>	<b>213,483</b>	<b>-</b>	<b>-</b>	<b>14,554</b>	<b>92,496</b>	<b>-</b>	<b>-</b>	<b>320,533</b>	<b>29%</b>
<i>Executive directors</i>									
David Flanagan – resigned 8/04/19	122,593	-	-	11,042	(239,802) <sup>(5)</sup>	-	-	(106,167)	226%
Jeremy Sinclair – appointed 8/04/19 – resigned 22/11/19	208,931	10,414 <sup>(6)</sup>	-	16,187	- <sup>(2)</sup>	-	-	235,532	0%
<b>Sub-total</b>	<b>331,524</b>	<b>10,414</b>	<b>-</b>	<b>27,229</b>	<b>(239,802)</b>	<b>-</b>	<b>-</b>	<b>129,365</b>	<b>(185%)</b>
<b>Key Management Personnel (KMP)</b>									
Nick Day	180,654 <sup>(7)</sup>	-	-	13,940	- <sup>(10)</sup>	-	-	194,594	0%
Tony Walsh	187,313 <sup>(8)</sup>	-	-	-	(47,561) <sup>(11)</sup>	-	-	139,752	(34%)
Ben Van Roon – resigned 8/11/19	168,356 <sup>(9)</sup>	4,722 <sup>(6)</sup>	-	11,418	(25,148) <sup>(4)</sup>	-	-	159,348	(16%)
<b>Sub-total</b>	<b>536,323</b>	<b>4,722</b>	<b>-</b>	<b>25,358</b>	<b>(72,709)</b>	<b>-</b>	<b>-</b>	<b>493,694</b>	<b>(15%)</b>
<b>Total Directors and KMP compensation (Group)</b>	<b>1,081,330</b>	<b>15,136</b>	<b>-</b>	<b>67,141</b>	<b>(220,015)</b>	<b>-</b>	<b>-</b>	<b>943,592</b>	<b>(23%)</b>

The above table includes values for share based payments (options) at their fair value.

## Directors' Report (continued)

### Audited Remuneration Report (continued)

- (1) 8,000,000 zero exercise prices options were issued to David Flanagan on 21 May 2019 following the approval of the general meeting of Battery Minerals shareholders. No expense was recognised due to a low probability of vesting conditions to be met.
- (2) 50,000,000 zero exercise priced options were issued to Jeremy Sinclair on 21 May 2019 following the approval of the general meeting of Battery Minerals. No expense was recognised as the options were forfeited following his resignation from the position of a Managing Director.
- (3) The directors' fees of Gilbert George include fees for the additional professional consultancy work of \$5,000.
- (4) Due to the resignation of Ivy Chen and Ben van Roon, 600,000 and 22,000,000 options were forfeited respectively resulting in a reversal of the share-based payment expense recognised in profit and loss.
- (5) A reversal of the share-based payment expense recognised in profit and loss represents the expectation of vesting conditions not being met.
- (6) A termination benefit in a form of annual leave repayment was paid to Jeremy Sinclair and Ben van Roon in accordance with their employment agreement.
- (7) \$300,000 remuneration was paid at 20% part-time pro-rata from 1 July 2019 as per the revised service agreement.
- (8) \$300,000 remuneration was paid at 80% part-time pro-rata till 30 June 2019 and at 40% part-time pro-rata from 1 July 2019.
- (9) \$325,000 remuneration was paid at the casual rate from 1 July 2019 as per the revised service agreement.
- (10) 4,000,000 options were issued to Nick Day following the approval of ESOP by the general meeting of Battery Minerals shareholders. No expense was recognised due to the expectation of vesting conditions not being met.
- (11) 10,000,000 options were issued to Tony Walsh following the approval of ESOP by the general meeting of Battery Minerals shareholders. No expense was recognised due to the expectation of vesting conditions not being met. The share-based payment expense recognised in profit and loss in prior periods has been reversed due to a low probability of vesting conditions to be met.

Details of the remuneration of the directors and key management personnel of the Group as at 31 December 2018 are summarised in the table below:

31 December 2018	Fixed Remuneration, \$				Performance Based Remuneration, \$			Total	% of variable remuneration
	Short- term employee benefits			Post-employment benefits	Share-based payments				
	Salary & fees	Termination benefit	Non-monetary benefits	Super-annuation	Options	Shares	Rights		%
<b>Directors</b>									
<i>Non-executive directors</i>									
Jeff Dowling - appointed 25/01/18	76,889	-	-	7,304	52,300	-	-	136,493	38
Gilbert George	60,500	-	-	-	62,029	-	-	122,529	51
Brett Smith	45,000	-	-	-	62,029	-	-	107,029	58
Paul Glasson	49,210	-	-	-	57,223	-	-	106,433	54
Ivy Chen - appointed 25/01/18	38,444	-	-	3,652	34,867	-	-	76,964	45
<b>Sub-total</b>	<b>270,043</b>	<b>-</b>	<b>-</b>	<b>10,957</b>	<b>268,448</b>	<b>-</b>	<b>-</b>	<b>549,448</b>	<b>49</b>
<i>Executive directors</i>									
David Flanagan	444,951	-	-	20,049	474,361	-	114,647	1,054,008	56
Cherie Leeden – resigned 25/01/18	87,734	112,908	-	-	210,118	-	41,712	452,472	56
<b>Sub-total</b>	<b>532,685</b>	<b>112,908</b>	<b>-</b>	<b>20,049</b>	<b>684,479</b>	<b>-</b>	<b>156,359</b>	<b>1,506,480</b>	<b>56</b>
<b>Key Management Personnel (KMP)</b>									
Nick Day – appointed 8/10/18	66,065	-	-	5,012	-	-	-	71,077	-
Tony Walsh	240,000	-	-	-	20,181	-	24,832	285,013	16
Ben Van Roon	306,951	-	-	20,049	14,750	-	24,832	366,582	11
Jeff Dawkins – resigned 8/10/18	230,907	46,659	-	18,787	-	-	-	296,353	-
Andy Cardoso – resigned 30/06/18	177,765	-	-	-	5,243	-	-	183,008	3
<b>Sub-total</b>	<b>1,021,688</b>	<b>46,659</b>	<b>-</b>	<b>43,848</b>	<b>40,173</b>	<b>-</b>	<b>49,665</b>	<b>1,202,033</b>	<b>7</b>
<b>Total Directors and KMP compensation (Group)</b>	<b>1,824,416</b>	<b>159,567</b>	<b>-</b>	<b>74,854</b>	<b>993,100</b>	<b>-</b>	<b>206,024</b>	<b>3,257,961</b>	<b>37</b>

The above table includes values for share based payments (options & performance rights) at their fair value.

## C Service Agreements

### Non-executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to a director. The following table summarises the remuneration of directors as per service agreements in place as at 31 December 2019.

## Directors' Report (continued)

### Audited Remuneration Report (continued)

Name	Term of Agreement	Base Salary including Superannuation	Termination Benefit <sup>(1)</sup>
<b>Non-Executive</b>			
Chairman – David Flanagan ( <i>from 08/04/19</i> )	Open	\$80,000	Nil. Subject to re-election by shareholders.
Director – Jeff Dowling ( <i>from 08/04/19</i> )	Open	\$45,000	Nil. Subject to re-election by shareholders
Director – Jeremy Sinclair ( <i>from 21/11/19</i> )	Open	\$45,000	Nil. Subject to re-election by shareholders
Director – Gilbert George ( <i>resigned 21/05/19</i> )	Open	\$45,000	Nil. Subject to re-election by shareholders.
Director – Brett Smith ( <i>resigned 21/05/19</i> )	Open	\$45,000	Nil. Subject to re-election by shareholders.
Director – Paul Glasson ( <i>resigned 21/06/19</i> )	Open	\$45,000	Nil. Subject to re-election by shareholders.
Director – Ivy Chen ( <i>resigned 21/06/19</i> )	Open	\$45,000	Nil. Subject to re-election by shareholders.

<sup>(1)</sup> Subject to clause 13.2 of the Company's constitution, at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A retiring Director is eligible for re-election. An election of Directors shall take place each year.

Non-executive directors are subject to standard terms and conditions including duties to the Group, confidentiality and disclosure.

#### Key Management Personnel

Remuneration and other terms of employment for a Managing Director and Key Management Personnel are formalized in their service agreements. Employees are eligible for long-term incentive benefits under the Battery Minerals Employee Option Plan.

#### **Mr David Flanagan, Managing Director – resigned 8 April 2019**

- Base Remuneration - \$465,000 inclusive of superannuation.
- Equity Incentive Sign on Entitlement – 10,000,000 five-year options vesting on achieving sales agreements and a commercial rate of production of the Montepuez Graphite project as agreed by the board.
- Termination – 6 months' notice

#### **Mr Jeremy Sinclair, Managing Director- appointed 8 April 2019 - resigned 22 November 2019**

- Base Remuneration – \$400,000 inclusive of superannuation
- Equity Incentive – 50,000,000 five-year options. 12,000,000 vesting on achieving financial close of the Montepuez Graphite project finance; 28,000,000 vesting equally on commercial production of stages 1 and 2 of the Montepuez Graphite project and 10,000,000 vesting on commencement of commercial production of stage 1 of the Balama Central project.
- Termination – 6 month's notice

#### **Mr Tony Walsh, Joint Company Secretary**

- Base Remuneration - \$300,000 including superannuation (paid pro-rata for working part-time)
- Equity Incentive sign on Entitlement – Issue of 1,500,000 Options under the Employee Share Option Plan, 500,000 vesting on 12 months anniversary of commencement date and 1,000,000 vesting on the commencement of commercial production of the Montepuez Graphite project.
- Termination – Nil notice

#### **Mr Ben Van Roon, Chief Operating Officer- resigned 8 November 2019**

- Base Remuneration - \$325,000 inclusive of superannuation
- Equity Incentive Sign on Entitlement – Issue of 3,000,000 Options under the Employee Share Option Plan, 1,000,000 vesting on 12 months anniversary of commencement date and 2,000,000 vesting on the commencement of commercial production.
- Long Term Incentive – Options to the value of 30% TFR as approved by the Board from time to time.
- Termination – 1 month's notice



## Directors' Report (continued)

### Audited Remuneration Report (continued)

#### Mr Nick Day, Chief Financial Officer & Joint Company Secretary

- Base Remuneration - \$300,000 inclusive of superannuation (paid pro-rata for part time from 1 July 2019).
- Equity Incentive – Issue of 2,000,000 options under the Employee Share Option Plan, 1,000,000 vesting on 12 months anniversary of commencement date and 1,000,000 vesting on the commencement of commercial production; and 4,000,000 zero exercise options, 1,000,000 vesting on the commencement of commercial production of the Montepuez project phase 1, 2,000,000 vesting on the commencement of commercial production of the Montepuez project phase 2 and 1,000,000 vesting on the commencement of commercial production of the Balama Central project.
- Termination – 3 months' notice

### D Share-based Compensation

#### Options

- (a) The following options were issued to Directors and Key Management Personal as remuneration during the financial year with the conditions as shown below:

	Date Options Granted	Number of Options Granted	Vesting Date	Expiry Date	Exercise Price	Value per option at grant date, \$	Total Fair Value, \$	% vested	% forfeited
David Flanagan <sup>(1)</sup>	21-May-19	8,000,000	Various	20-Jun-24	nil	0.022	176,000	0%	0%
Jeremy Sinclair <sup>(2)</sup>	21-May-19	50,000,000	Various	20-Jun-24	nil	0.022	990,000	0%	100%
Jeff Dowling <sup>(3)</sup>	21-May-19	7,500,000	Various	20-Jun-24	nil	0.022	165,000	0%	0%
Tony Walsh <sup>(4)</sup>	21-May-19	10,000,000	Various	20-Jun-24	nil	0.022	220,000	0%	0%
Nick Day <sup>(5)</sup>	21-May-19	4,000,000	Various	20-Jun-24	nil	0.022	66,000	0%	0%
Ben van Roon <sup>(6)</sup>	21-May-19	16,000,000	Various	20-Jun-24	nil	0.022	352,000	-	100%
		95,500,000					1,969,000		

Options were issued in accordance with the approval of the General Meeting of shareholders on 21 May 2019 at nil exercise price and valued at the market share price on a date of issue.

- <sup>(1)</sup> Options issued to David Flanagan have vesting conditions linked a financial close and equity funding for the Montepuez project stage 1.
- <sup>(2)</sup> 12,000,000 option issued to Jeremy Sinclair have vesting conditions linked a financial close and equity funding for the Montepuez project phase 1; 16,500,000 have vesting conditions linked to commencement of commercial production of the Montepuez project stage1, 16,500,000 options linked to commencement of commercial production of the Montepuez project stage 2 and 5,000,000 options linked to the commencement of commercial production of the Balama Central projects stage 1. All options were forfeited upon Jeremy Sinclair' resignation from the position of a Managing Director.
- <sup>(3)</sup> 7,500,000 options issued to Jeff Dowling will vest in three equal parts on completion of 12 months, 24 months and 36 months of continuous service.
- <sup>(4)</sup> 4,000,000 options issued to Tony Walsh will vest on financial close and equity funding for the Montepuez project stage 1; 3,000,000 options have vesting conditions linked to commencement of commercial production of the Montepuez project stage 1 and 3,000,000 options will vest on commencement of commercial production of the Montepuez project stage 2.
- <sup>(5)</sup> 1,000,000 options issued to Nick Day will vest on commencement of commercial production of the Montepuez project stage 1; 2,000,000 options have vesting conditions linked to commencement of commercial production of the Montepuez project stage 2 and 1,000,000 options will vest on commencement of commercial production of the Balama Central project.
- <sup>(6)</sup> Options were forfeited on resignation and corresponding value was reversed in profit and loss.

## Directors' Report (continued)

### Audited Remuneration Report (continued)

(b) The following options granted in previous years have impacted the current year remuneration. All options unvested at 31 December 2019 will also have an impact on future year's remuneration. Conditions are shown below:

	Date Options Granted	Number of Options Granted	Vesting Date	Expiry Date	Exercise Price	Value per option at grant date, \$	Total Fair Value, \$	% vested	% forfeited
David Flanagan	27-Jun-18	20,000,000	Various <sup>(1)</sup>	03-Jul-23	nil	0.031	465,000	0%	0%
Ivy Chen	27-Jun-18	3,000,000	Various <sup>(2)</sup>	30-Jun-23	0.13	0.0166	49,907	50%	50%
Jeff Dowling	27-Jun-18	4,500,000	Various <sup>(3)</sup>	30-Jun-22	0.13	0.0166	74,861	50%	0%
Ben van Roon	27-Jun-18	4,000,000	Various <sup>(4)</sup>	13-Jul-23	nil	0.031	124,000	0%	100%
Ben van Roon	27-Jun-18	3,000,000	Various <sup>(4)</sup>	16-Jul-23	0.20	0.0144	43,302	33%	67%
Tony Walsh	27-Jun-18	4,000,000	Various <sup>(5)</sup>	13-Jul-23	nil	0.031	124,000	0%	0%
David Flanagan	26-May-17	10,000,000	Various <sup>(6)</sup>	26-May-22	0.094	0.0456	455,638	0%	0%
Paul Glasson	26-May-17	3,000,000	Various <sup>(7)</sup>	26-May-22	0.13	0.0424	127,162	100%	0%
Tony Walsh	15-Feb-17	1,500,000	Various <sup>(8)</sup>	23-Dec-21	0.15	0.0636	95,384	33%	0%
David Flanagan	21-Dec-16	5,000,000	21-Dec-18	23-Dec-21	0.20	0.0818	408,961	100%	0%
David Flanagan	21-Dec-16	5,000,000	21-Dec-18	23-Dec-21	0.25	0.0778	389,108	100%	0%
Gilbert George	21-Dec-16	1,500,000	21-Dec-18	23-Dec-21	0.155	0.0861	129,156	100%	0%
Brett Smith	21-Dec-16	1,500,000	21-Dec-18	23-Dec-21	0.155	0.0861	129,156	100%	0%
		66,000,000							

## Directors' Report (continued)

### Audited Remuneration Report (continued)

31 December 2019 Name	Balance at the start of the year, number of shares	Received during the year on the exercise of options	Other changes <sup>(1)</sup>	Balance at the end of the year, number of shares
<b>Directors</b>				
David Flanagan	4,997,492	-	2,000,000	6,997,492
Jeremy Sinclair	-	-	4,000,000	4,000,000
Jeff Dowling	1,500,000	-	500,000	2,000,000
Gilbert George ( <i>resigned 21/05/19</i> )	9,198,656	-	(9,198,656) <sup>(2)</sup>	-
Brett Smith ( <i>resigned 21/05/19</i> )	728,522	-	(728,522) <sup>(2)</sup>	-
Ivy Chen ( <i>resigned 21/06/19</i> )	100,000	-	(100,000) <sup>(2)</sup>	-
Paul Glasson ( <i>resigned 21/06/19</i> )	-	-	-	-
<b>KMP</b>				
Tony Walsh	850,000	-	400,000	1,250,000
Nick Day	-	-	-	-
Ben van Roon	-	-	-	-
<b>Total</b>	<b>17,374,670</b>	<b>-</b>	<b>(3,127,178)</b>	<b>14,247,492</b>

<sup>(1)</sup> Shares acquired & disposed on-market during the financial year.

<sup>(2)</sup> The balance of shares at the end of the financial year is considered to be nil due to the resignation as a Company Director.

### Option & performance rights holdings

The numbers of options over ordinary shares in the Group held during the financial period by each director of Battery Minerals Limited and key management personnel (KMP) of the Group, including their personally related parties are set out below.

31 December 2019	Balance at start of the year	Granted as Remuneration	Placement Options	Exercised	Expired/ Forfeited/ Other Changes	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors</b>								
David Flanagan	50,425,000	8,000,000 <sup>(1)</sup>	1,000,000 <sup>(2)</sup>	-	-	59,425,000	21,425,000	38,000,000
Jeremy Sinclair	-	50,000,000 <sup>(1)</sup>	2,000,000 <sup>(2)</sup>	-	50,000,000 <sup>(1)</sup>	2,000,000	2,000,000	-
Jeff Dowling	4,800,000	7,500,000 <sup>(1)</sup>	250,000 <sup>(2)</sup>	-	-	12,550,000	2,800,000	9,750,000
Gilbert George	4,500,000	-	-	-	4,500,000 <sup>(3)</sup>	-	-	-
Brett Smith	4,125,000	-	-	-	4,125,000 <sup>(3)</sup>	-	-	-
Ivy Chen	3,050,000	-	-	-	3,050,000 <sup>(3)</sup>	-	-	-
Paul Glasson	3,000,000	-	-	-	3,000,000 <sup>(3)</sup>	-	-	-
<b>KMP</b>								
Tony Walsh	5,675,000	10,000,000 <sup>(1)</sup>	200,000 <sup>(2)</sup>	-	-	15,875,000	875,000	15,000,000
Ben van Roon	7,000,000	16,000,000 <sup>(1)</sup>	-	-	23,000,000 <sup>(3)</sup>	-	-	-
Nick Day	-	4,000,000 <sup>(1)</sup>	-	-	-	4,000,000	-	4,000,000
<b>Total</b>	<b>82,575,000</b>	<b>95,500,000</b>	<b>3,450,000</b>	<b>-</b>	<b>87,675,000</b>	<b>93,850,000</b>	<b>27,100,000</b>	<b>66,750,000</b>

<sup>(1)</sup> Zero exercise priced options were granted on 21 May 2019 as approved by the General Meeting of the shareholders on 21 May 2019. Forfeited upon the resignation from the position of a Managing Director.

<sup>(2)</sup> Listed options exercisable at 10 cents on or before 31/07/2023, issued for every two Placement Shares subscribed under the Placement approved by the General meeting of Battery Minerals shareholders on 21 May 2019.

<sup>(3)</sup> The balance of options at the end of the financial year is considered to be nil due to resignation as a Company Director or a Key Management Personnel.

## **Directors' Report (continued)**

### **Audited Remuneration Report (continued)**

#### **F Additional Information**

##### **Loans to Key Management Personnel**

There were no loans made to Directors of the Company or other key management personnel during the year ended 31 December 2019.

There were no other transactions with key management personnel during the year ended 31 December 2019.

#### **End of the Audited Remuneration Report**

##### **Adoption of Key Management Personnel Remuneration Report**

Voting of shareholders at last year's annual general meeting Battery Minerals Limited received more than 95.34% of "yes" votes on its remuneration report for the 2019 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors.

##### **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.

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.

For Mineral Resources - See announcement dated 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.

## **Directors' Report (continued)**

### **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.**

The lead auditor's independence declaration is set out on page 20 for the year ended 31 December 2019.

This report is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'David Flanagan', followed by a long horizontal stroke.

**David Flanagan**  
Chairman

Perth, Western Australia, 25 March 2020



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Battery Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Battery Minerals Limited for the financial year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta', with a stylized flourish at the end.

R Gambitta  
*Partner*

Perth

25 March 2020



# Independent Auditor's Report

To the shareholders of Battery Minerals Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Battery Minerals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Material uncertainty related to going concern

We draw attention to Note 2B, "Going Concern Basis of Preparation" in the financial report. The conditions disclosed in Note 2B, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.



In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional funds to address going concern;
- Assessing the Group's cash flow forecasts and plans to address going concern; and
- Determining the completeness of the Group's going concern disclosures for the principal matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

#### Carrying value of Mozambique project assets (\$3,000,000)

Refer to Note 12 and 13 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The carrying value of Mozambique project assets including Mine Development Expenditure (Montepuez Graphite Project) and the Exploration and Evaluation Expenditure (Balama) was considered a key audit matter due to:</p> <ul style="list-style-type: none"><li>• The size of the mine development and exploration expenditure asset (being collectively 76% of pre-impaired total assets);</li><li>• The level of judgement required by us in evaluating the Group's assessment of impairment; and</li><li>• The Group's market capitalisation at 31 December 2019 being lower than the net assets, increasing the possibility the carrying value of the Mozambique project assets were impaired.</li></ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"><li>• We evaluated the fair value less costs of disposal methods used by the Group against the requirements of the accounting standards;</li><li>• We evaluated the Group's assessment as to the existence impairment indicators and the determination of one cash generating unit for the Mozambique project assets.</li><li>• Assessing the integrity of the fair value less costs of disposal DCF model used, including mathematical accuracy;</li><li>• Evaluating the underlying data used to generate the fair value less costs of disposal DCF model for consistency with the Group's intention and other information. This includes Board approved cash flow forecasts referred to above, and other information such as the Group's external expert reports and publicly available documentation;</li></ul>



The key audit matter	How the matter was addressed in our audit
<p>The impairment assessment requires the Group to apply significant judgements through the use of assumptions in a fair value less costs of disposal basis using a discounted cash flow (DCF) model.</p> <p>The key assumptions include:</p> <ul style="list-style-type: none"> <li>• Forecast capital expenditure to complete the mine development;</li> <li>• Forecast production levels, production costs and sales;</li> <li>• Forecast commodity prices for graphite;</li> <li>• Discount rate including the assessment of Mozambique country risk factors; and</li> <li>• Life of mineral reserves.</li> </ul> <p>The Group engaged external experts to assist them in:</p> <ul style="list-style-type: none"> <li>• Forming a view of the forecast commodity price for graphite;</li> <li>• Performing a technical due diligence of the model, including the assessment of certain key assumptions above, prepared for the purposes of the project financing,</li> <li>• Producing the Reserves statement which underlies the forecast production levels utilised within the model;</li> <li>• Preparing a peer evaluation analysis of enterprise value-to-reserves and resources ratios; and</li> <li>• Forming a view as to the option value of this project.</li> </ul> <p>In assessing this key audit matter, we involved senior team members and valuation specialists.</p>	<ul style="list-style-type: none"> <li>• Evaluating the scope, competence and objectivity of the Group's external experts;</li> <li>• Comparing forecast commodity prices for graphite to views of the industry commentary on future trends and the Group's external experts reports;</li> <li>• Working with our valuation specialists, we independently developed an estimated market discount rate range using published reports of comparable entities, adjusted for Mozambique country risk factors;</li> <li>• Assessing the Group's analysis of the market capitalisation shortfall versus the total recoverable amount of CGUs. This included consideration of the market capitalisation range implied by recent share price trading ranges, to the Group's fair value less cost of disposal DCF model;</li> <li>• Evaluating the Group's analysis of the option value of the project for consistency with published reports of industry commentators;</li> <li>• Evaluating the underlying data used in the Group's peer enterprise value-to-reserve and resources ratio analysis such as enterprise value, mathematical accuracy and reserves and resources value against publicly available documentation; and</li> <li>• Assessing the disclosures in the financial report against the requirements of the accounting standards.</li> </ul>



## Other Information

Other Information is financial and non-financial information in Battery Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our Auditor's Report.



## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Battery Minerals Limited for the year ended 31 December 2019, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

R Gambitta  
*Partner*

Perth

25 March 2020

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	Consolidated 31-Dec-19 \$	Consolidated 31-Dec-18 \$
Other Income		15,878	33,969
Gain on disposal of subsidiary	25	270,598	282,858
Gain on sale of assets		276,503	-
Net foreign exchange gain		617,738	232,365
Accounting, tax advisory and audit fees		(207,973)	(372,921)
Consultants fees		(524,855)	(1,059,895)
Salaries and wages		(1,597,479)	(1,988,549)
Share based payment expense	17,23(c)	788,027	(1,353,549)
Travel		(339,135)	(359,765)
Compliance fees		(265,320)	(425,318)
Directors' salaries and fees		(550,934)	(946,642)
Legal fees		(51,740)	(169,795)
Conferences		(127,420)	(190,618)
Fair value adjustment on equity securities		(42,267)	(174,350)
Impairment of mine development and exploration	12,13	(34,930,796)	-
Other expenses	4	(577,152)	(895,235)
<b>Operating loss</b>		<b>(37,246,327)</b>	<b>(7,387,445)</b>
Interest income		472,158	144,280
<b>Loss before tax</b>		<b>(36,774,169)</b>	<b>(7,243,165)</b>
Income tax expense	5	-	-
<b>Loss from continuing operations</b>		<b>(36,774,169)</b>	<b>(7,243,165)</b>
<b>Loss for the period</b>		<b>(36,774,169)</b>	<b>(7,243,165)</b>
<b>Other comprehensive income/(loss):</b>			
Items that will be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(961,444)	282,002
<b>Total comprehensive loss for the period</b>		<b>(37,735,613)</b>	<b>(6,961,163)</b>
<b>Loss for the year attributable to:</b>			
Owners of Battery Minerals Limited		<b>(36,774,169)</b>	<b>(7,243,165)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of Battery Minerals Limited		<b>(37,735,613)</b>	<b>(6,961,163)</b>
Loss per share from continuing operations:			
Basic loss per share (cents)	6	(2.930)	(0.763)
Diluted loss per share (cents)	6	(2.930)	(0.763)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

As at 31 December 2019

	Note	Consolidated 31-Dec-19 \$	Consolidated 31-Dec-18 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	4,119,160	7,252,709
Other receivables	9	236,989	407,507
<b>Total Current Assets</b>		<b>4,356,149</b>	<b>7,660,216</b>
<b>Non-Current Assets</b>			
Other debtors	9	3,509,854	3,523,792
Property, plant and equipment	10	287,869	521,226
Intangible assets	11	124,788	23,363
Investments	20 (f)	-	84,533
Mine development expenditure	13	3,000,000	30,950,808
Exploration & evaluation expenditure	12	-	2,902,615
<b>Total Non-Current Assets</b>		<b>6,922,511</b>	<b>38,006,337</b>
<b>Total Assets</b>		<b>11,278,660</b>	<b>45,666,553</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	213,073	810,244
Provisions	15	161,022	211,658
<b>Total Current Liabilities</b>		<b>374,095</b>	<b>1,021,902</b>
<b>Total Liabilities</b>		<b>374,095</b>	<b>1,021,902</b>
<b>NET ASSETS</b>		<b>10,904,565</b>	<b>44,644,651</b>
<b>EQUITY</b>			
Issued Capital	16	78,909,275	74,125,719
Reserves	17	4,128,285	5,877,758
Accumulated Losses	18	(72,132,995)	(35,358,826)
<b>TOTAL EQUITY</b>		<b>10,904,565</b>	<b>44,644,651</b>

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	Consolidated 31-Dec-19 \$	Consolidated 31-Dec-18 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(4,496,334)	(6,414,986)
Net interest received		472,157	144,280
<b>Net cash (outflow) from operating activities</b>	19	<b>(4,024,177)</b>	<b>(6,270,706)</b>
<b>Cash flows from investing activities</b>			
Net proceeds from sale of subsidiary		67,553	264,320
Net proceeds from sale of assets		366,844	-
Payments made for property, plant and equipment and intangibles		(27,460)	(232,674)
Payments for exploration & evaluation expenditure		(282,218)	(851,922)
Payments for mine development expenditure		(3,968,021)	(21,641,595)
Payment for mine performance bond		-	(3,523,792)
<b>Net cash (outflow) from investing activities</b>		<b>(3,843,302)</b>	<b>(25,985,663)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		5,110,500	34,065,982
Capital raising costs		(326,944)	(2,244,527)
<b>Net cash inflow from financing activities</b>		<b>4,783,556</b>	<b>31,821,455</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,083,923)</b>	<b>(434,914)</b>
Cash and cash equivalents at beginning of year		7,252,709	7,723,112
Effect of exchange rate fluctuations on cash held		(49,626)	(35,489)
<b>Cash and cash equivalents at end of year</b>		<b>4,119,160</b>	<b>7,252,709</b>

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

Consolidated for the year ended 31 December 2018	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	41,516,848	4,879,087	(433,881)	(28,115,661)	17,846,393
Loss for the year	-	-	-	(7,243,165)	(7,243,165)
Other comprehensive income	-	-	282,002	-	282,002
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>282,002</b>	<b>(7,243,165)</b>	<b>(6,961,163)</b>
<b>Transactions with owners of Battery Minerals Limited</b>					
Shares issued net of transaction costs	32,608,871	-	-	-	32,608,871
Share based payments	-	1,150,550	-	-	1,150,550
<b>Total transactions with owners of Battery Minerals Limited</b>	<b>32,608,871</b>	<b>1,150,550</b>	<b>-</b>	<b>-</b>	<b>33,759,421</b>
<b>Balance at 31 December 2018</b>	<b>74,125,719</b>	<b>6,029,637</b>	<b>(151,879)</b>	<b>(35,358,826)</b>	<b>44,644,651</b>
Consolidated for the year ended 31 December 2019	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$		\$	\$	\$
Balance at 1 January 2019	74,125,719	6,029,637	(151,879)	(35,358,826)	44,644,651
Loss for the year	-	-	-	(36,774,169)	(36,774,169)
Other comprehensive income	-	-	(961,444)	-	(961,444)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>(961,444)</b>	<b>(36,774,169)</b>	<b>(37,735,613)</b>
<b>Transactions with owners of Battery Minerals Limited</b>					
Shares issued net of transaction costs	4,783,556	-	-	-	4,783,556
Share based payments	-	(788,029)	-	-	(788,029)
<b>Total transactions with owners of Battery Minerals Limited</b>	<b>4,783,556</b>	<b>(788,029)</b>	<b>-</b>	<b>-</b>	<b>3,995,527</b>
<b>Balance at 31 December 2019</b>	<b>78,909,275</b>	<b>5,241,608</b>	<b>(1,113,323)</b>	<b>(72,132,995)</b>	<b>10,904,565</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

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## Notes to the Consolidated Financial Statements

### 1. Reporting entity

Battery Minerals Limited is an ASX listed public company, incorporated and domiciled in Australia. Battery Minerals is a for-profit entity for the purposes of preparing the financial statements.

These consolidated financial statements comprise Battery Minerals Limited and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in exploration and development activities relating to its mining operations.

### 2. Basis of Accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). They were authorised by the Board of Directors for issue on 25 March 2020.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### A. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Battery Minerals Limited ("**Company**" or "**Parent Entity**") as at 31 December 2019 and the results of all subsidiaries for the year. Battery Minerals Limited and its subsidiaries together are referred to in this financial report as "**the Group**" or "**the consolidated entity**".

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balance and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of the Company. Dividends received from associates are recognised in the parent entity's statement of profit or loss and other comprehensive income, rather than being deducted from the carrying amount of these investments.

#### B. Going Concern Basis of Preparation

The financial statements have been prepared on the going concern basis which assumes the company and consolidated entity will have sufficient funds to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report was authorised for issue.

As at 31 December 2019, the consolidated entity has net assets of \$10,904,565 (2018: \$44,644,651). During the financial year the consolidated entity had cash outflows from operating activities of \$4,024,177 (2018: \$6,270,706) and cash outflows from investing activities (including payments for mine development and exploration) of \$3,843,303 (2018: \$25,985,663). The consolidated entity has minimum expenditure commitments as set out in Note 25.



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## Notes to the Consolidated Financial Statements (continued)

### 2. Basis of Accounting (continued)

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to raise capital from equity and debt markets and managing cashflow in line with available funds. Subsequent to this year end, the Group has received MZN 83 million (AUD2.1 million) in March 2020 being a cash release due to a reduction of the performance bond held with the Unico Bank in Mozambique. The Group is anticipating a potential refund from suppliers for orders placed at the beginning of 2018 that have not been completed or progressed further. The Group will need to raise additional funds to meet expenditure commitments for a newly acquired right for a prospective exploration asset in Victoria and support its current level of corporate overheads to continue as a going concern. At the same time, the Directors will continue their focus on maintaining an appropriate level of corporate overheads in line with available cash resources.

In addition, future significant project debt and equity finance will need to be available in order for the consolidated entity to progress the Montepuez Graphite Project to completion. The Directors will continue working on equity/debt finance for the Montepuez Graphite Project revisiting its strategy to adjust to a changing market environment.

Based on the cash flow forecasts, and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. Given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required, should the need arise.

However, the completion of any potential capital raise will be dependent on investor support, shareholder participation and prevailing capital market volatility whether caused by COVID-19 or otherwise. If the Group is not successful in securing sufficient funds, there is a material uncertainty that may cast significant doubt on whether the Group is able to continue as a going concern and as to whether the Group will be able to release its assets in the normal course of business and at amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

### C. Foreign Currency Translation

#### Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Battery Minerals Limited's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

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 or loss.

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## Notes to the Consolidated Financial Statements (continued)

### 2. Basis of Accounting (continued)

#### Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into presentation currency of the Group at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income/loss and accumulated in the translation reserve.

When a foreign operation is disposed the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

#### D. Impairment of Assets

At each reporting date, or more frequently if events or changes in circumstances indicate that assets might be impaired, the Group reviews the carrying values of its tangible and intangible assets to determine whether the assets have been impaired. If such an indication exists, the recoverable amount of the asset is the higher of the asset's fair value less costs to sell and value in use, compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Non-financial assets other than goodwill that suffered any impairment are reviewed for possible reversal of impairment at the end of each reporting period.

#### E. Leases

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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## Notes to the Consolidated Financial Statements (continued)

### 2. Basis of Accounting (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Previously, the Group classified property leases as operating leases under AASB 117. On transition, no right-of-use assets and lease liabilities were recognised on the balance sheet as the application of the standard did not have a material effect to the Group's financial statements.

The Group used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

The Group had no leases classified as finance leases under AASB 117 prior to 1 January 2019.

### F. Use of Estimates and Judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the notes indicated below:

Impairment of exploration and evaluation expenditure and the mine development – Note 12 and 13  
Share-based payments – Note 16 and 23

### G. Changes in Accounting Policy

In the year ended 31 December 2019, the Group has reviewed all the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current year. The Group has adopted AASB 16 with an effect from 1 January 2019. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business. and, therefore no restatement of prior year comparatives is necessary to the Group's financial statements.

## Notes to the Consolidated Financial Statements (continued)

### 2. Basis of Accounting (continued)

#### H. Standards issued not yet effective

Title of standard	Nature of change	Impact	Mandatory application date/ Date adopted by company
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	Principally amends AASB 101 and AASB 108. The amendments refine the definition of “material” in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.	Annual reporting periods beginning on or after 1 January 2020

All other pending Standards issued between the previous financial report and the current reporting dates have no application to the Group.

## Notes to the Consolidated Financial Statements (continued)

### 3. Segment Reporting

#### Operating Segments

The Group has determined its operating segments based on the reports reviewed by the Chief Operating Decision Makers (CODM) that are used to make strategic decisions regarding the Group's operations. Due to the size and nature of the Group, the Managing Director is considered to be the Chief Operating Decision Maker. The Group's primary reports are prepared to show the performance and financial position of different business segments which can be distinguished by their risks and rates of return.

The CODM considers the business from functional and geographical perspectives and has identified that there are two reportable segments being:

**Mozambique** – Mozambique – mineral exploration and evaluation and mine development activities

**Australia** – investing activities and corporate management

#### Segment Reporting

The segment information is prepared in conformity with the accounting policies adopted for the preparation of financial statements of the Group. In presenting the information of the geographical segments, the segment assets have been based on the geographic location of assets and segment expenses have been based on geographic location of supplied goods and application of provided services to the group.

31 December 2019	Mozambique \$	Australia \$	Total \$
Interest revenue	411,531	60,626	472,157
Other segment income	8,274	7,604	15,878
Net foreign exchange gain/(loss)	286,180	331,558	617,738
Business development	-	(1,197,724)	(1,197,724)
Corporate and administration overhead	(501,159)	(1,755,098)	(2,256,257)
Fair value adjustment on equity securities	-	(42,267)	(42,267)
Exploration and mine development impairment	(34,930,796)	-	(34,930,796)
<b>Total segment expenses</b>	<b>(35,431,955)</b>	<b>(2,995,089)</b>	<b>(38,427,044)</b>
Reportable segment loss	(34,449,467)	(2,324,702)	(36,774,169)

Segment Assets	Mozambique \$	Australia \$	Total \$
Cash	567,226	3,551,934	4,119,160
Exploration and evaluation	-	-	-
Mine development asset	3,000,000	-	3,000,000
Other <sup>(1)</sup>	3,982,804	176,696	4,159,500
<b>Total segment assets</b>	<b>7,550,030</b>	<b>3,728,630</b>	<b>11,278,660</b>

<sup>(1)</sup> Other assets of the reporting segment "Mozambique" include current and non-current receivable of the mine performance bond of \$3,509,854 held with the Unico Bank.

Segment Liabilities	Mozambique \$	Australia \$	Total \$
Creditors and other payables	(125,185)	(248,910)	(374,095)
<b>Total segment liabilities</b>	<b>(125,185)</b>	<b>(248,910)</b>	<b>(374,095)</b>

## Notes to the Consolidated Financial Statements (continued)

### 3. Segment Reporting (continued)

Capital Expenditure during the year	Mozambique \$	Australia \$	Total \$
Exploration and evaluation – Balama Project	281,835	-	281,835
Mine development asset – Montepuez Project	3,980,647	-	3,980,647
Plant & equipment and intangible assets	1,259	32,684	33,943
<b>Total capital expenditure</b>	<b>4,263,741</b>	<b>32,684</b>	<b>4,296,425</b>

31 December 2018	Mozambique \$	Australia \$	Total \$
Interest revenue	35,853	108,427	144,280
Other segment income	-	316,825	316,825
Net foreign exchange gain/(loss)	(211,026)	443,391	232,365
Business Development	-	(1,769,320)	(1,769,320)
Corporate and administration overhead	(540,422)	(5,452,543)	(5,992,965)
Fair value adjustment on equity securities	-	(174,350)	(174,350)
<b>Total segment expenses</b>	<b>(540,422)</b>	<b>(7,396,213)</b>	<b>(7,936,635)</b>
Reportable segment loss	(715,595)	(6,527,570)	(7,243,165)

Segment Assets	Mozambique \$	Australia \$	Total \$
Cash	474,202	6,778,507	7,252,709
Exploration and evaluation	2,902,615	-	2,902,615
Mine development asset	30,950,808	-	30,950,808
Other	4,022,283	538,137	4,560,421
<b>Total segment assets</b>	<b>38,349,908</b>	<b>7,316,644</b>	<b>45,666,553</b>

Segment Liabilities	Mozambique \$	Australia \$	Total \$
Creditors and other payables	196,574	825,328	1,021,902
<b>Total segment liabilities</b>	<b>196,574</b>	<b>825,328</b>	<b>1,021,902</b>

Capital Expenditure during the year	Mozambique \$	Australia \$	Total \$
Exploration and evaluation – Balama Project	1,055,005	-	1,055,005
Mine development asset – Montepuez Project	22,537,517	-	22,537,517
Plant & equipment and intangible assets	65,222	166,113	231,335
<b>Total capital expenditure</b>	<b>23,657,744</b>	<b>166,113</b>	<b>23,823,857</b>

## Notes to the Consolidated Financial Statements (continued)

### 4. Other Expenses

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Office costs	227,492	305,378
Depreciation	161,330	86,378
IT consultants and website	76,814	184,528
Subscriptions	28,418	109,955
Community support	16,632	167,321
Administrative operating costs	66,466	41,675
<b>Total other expenses</b>	<b>577,152</b>	<b>895,235</b>

### 5. Income Tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## Notes to the Consolidated Financial Statements (continued)

### 5. Income Tax (continued)

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>(a) Income tax expense</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
<b>(b) Reconciliation of income tax expense to prima facie tax payable:</b>		
Loss before income tax	(36,774,169)	(7,243,165)
Prima facie income tax at 30% (30% in 2018 FY)	(11,032,251)	(2,172,950)
Foreign tax rate differential	(11,052)	(13,500)
Non-deductable/taxable items - Australia	2,734,315	415,629
Non-deductable/taxable items – foreign operations	8,276,597	18,144
Income tax benefits not brought to account	32,391	1,752,677
Income tax expense/ (benefit)	-	-

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>(c) Unrecognised deferred tax assets arising on timing difference and losses</b>		
Carried forward tax losses - Australia	4,842,693	3,483,184
Carried forward tax losses – foreign operations	2,930,867	2,865,670
Other	40,522	220,894
Total	<b>7,814,082</b>	<b>6,569,748</b>

### 6. Earnings per Share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.



## Notes to the Consolidated Financial Statements (continued)

### 6. Earnings per Share (continued)

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	Consolidated 31 Dec 2019	Consolidated 31 Dec 2018
Loss attributable to the owners of Battery Minerals Limited (\$)	(36,774,169)	(7,243,165)
Basic loss per share attributable to equity holders (cents)	<b>(2.930)</b>	<b>(0.763)</b>
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	1,255,124,426	948,706,481
Weighted average number of ordinary shares used in calculation of diluted loss per share	1,255,124,426	948,706,481

Between the reporting date and the date of authorisation of these financial statements no additional securities were issued that could potentially dilute basic loss per share in the future.

### 7. Dividends Paid or Proposed

No amount has been paid or declared by way of a dividend to the date of this report.

### 8. Cash and Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Cash at bank and in hand	4,119,160	7,252,709
	<b>4,119,160</b>	<b>7,252,709</b>

Cash at bank and in hand earns interest at floating rates based on daily bank rates. Refer to Note 20 (c) for additional details on the impact of interest rates on cash and cash equivalents for the period.

### 9. Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>Current</b>		
Prepaid expenses	72,823	55,769
GST receivable	88,568	265,504
Other receivables	75,598	86,234
	<b>236,989</b>	<b>407,507</b>

## Notes to the Consolidated Financial Statements (continued)

### 9. Other Receivables (continued)

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>Non-Current</b>		
Other receivables <sup>(1)</sup>	3,509,854	3,523,792
	<b>3,509,854</b>	<b>3,523,792</b>

<sup>(1)</sup> Non-current other receivable is the mine performance bond of \$3,509,854 (MZN 152 million) kept on a deposit with the Unico Bank in Mozambique

The carrying amounts disclosed above represent their fair value.

### 10. Property, Plant & Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method or the units of production method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease. The depreciation rates vary between 10% and 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When re-valued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

The majority of this plant and equipment forms part of the Montepuez project, being the cash generating unit tested for impairment (refer to Note 13).

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Plant and equipment at cost	628,952	758,796
Accumulated depreciation	(341,083)	(237,570)
<b>Net carrying amount</b>	<b>287,869</b>	<b>521,226</b>

## Notes to the Consolidated Financial Statements (continued)

### 10. Property, Plant and Equipment (continued)

#### Movements in carrying amounts

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Balance at beginning of the year	521,226	605,951
Additions during the year	3,985	205,075
Reclassified to mine development	(3,006)	(222,621)
Depreciation expense	(103,485)	(82,139)
Reclassified to intangibles	(128,912)	-
Foreign currency translation movement	(1,939)	14,960
<b>Net carrying amount at the end of the year</b>	<b>287,869</b>	<b>521,226</b>

### 11. Intangible Assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives that generally range between 3 and 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Software at cost	186,905	28,035
Accumulated depreciation	(62,117)	(4,672)
<b>Net carrying amount</b>	<b>124,788</b>	<b>23,363</b>

#### Movements in carrying amounts

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Balance at beginning of the year	23,363	-
Additions during the year	29,958	28,035
Reclassification from property, plant and equipment	128,912	-
Depreciation expense	(57,445)	(4,672)
<b>Net carrying amount</b>	<b>124,788</b>	<b>23,363</b>

## Notes to the Consolidated Financial Statements (continued)

### 12. Exploration and Evaluation Expenditure

Exploration and evaluation costs for each area of interest in the early stages of the project life are expensed as they are incurred until they satisfy the requirements that are stated below.

Exploration and evaluation costs for each area of interest that progress to a pre-feasibility study (analysis of potential mining project) are capitalised where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and activities and significant operations in, or in relation to, the area of interest are continuing.

When an area of interest is abandoned, or the directors decide that it is not commercial, any accumulated costs in respect to that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs are written off to the extent that they will not be recoverable in the future. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Once technical feasibility and commercial viability of extraction of mineral resources in a particular area of interest become demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified to a mine development asset.

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The research and development grant received by the Group relates to capitalised exploration expenditure, as such it is recognised in the statement of financial position offset against capitalised exploration expenditure.

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>Non-Current</b>		
Exploration and evaluation at cost	-	2,902,615
<b>Movement</b>		
Balance at beginning of the year	2,902,615	10,433,531
Exploration expenditure capitalised during the year <sup>(1)</sup>	281,835	2,390,506
Research and development tax refund received	-	(403,490)
Exploration expenditure disposed due to the Kroussou project sale	-	(131,613)
Exploration expenditure disposed due to the tenement sale <sup>(2)</sup>	(96,680)	-
Reclassification to mine development <sup>(3)</sup>	-	(9,512,665)
Impairment <sup>(4)</sup>	(3,081,606)	-
Foreign currency translation movement	(6,164)	126,346
<b>Closing exploration and evaluation net carrying amount <sup>(4)</sup></b>	<b>-</b>	<b>2,902,615</b>

<sup>(1)</sup> Exploration and evaluation expenditure capitalised in 2018 includes costs in relation to both Montepuez and Balama Central Project. Exploration and evaluation expenditure capitalised in 2019 includes only costs relating to the Balama Central Project.

<sup>(2)</sup> Disposal of the exploration and evaluation expenditure relating to the sale of Tenement 5572 in Mozambique and its final settlement in October 2019.

<sup>(3)</sup> Reclassified exploration and evaluation expenditure relates to the Montepuez Graphite Project, which moved into the development phase.

<sup>(4)</sup> The carrying amount of \$3,081,606 of exploration and evaluation expenditure attributable to Balama Central Project has been fully impaired.

#### Assessment of Impairment

The Group assesses whether impairment indicators exist that would require the company to estimate the recoverable amount of the capitalised exploration and evaluation expenditure. At 31 December 2019 the Group has determined that the Balama Central Project is considered to be part of the same cash generating unit as the Montepuez Graphite Project resulting in the exploration and evaluation expenditure being impaired to nil (refer note 13).

## Notes to the Consolidated Financial Statements (continued)

### 13. Mine Development Expenditure

Once technical feasibility and commercial viability of extraction of mineral resources in a particular area of interest become demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified as mine development.

Mine development represents the direct and indirect costs incurred in preparing mines for production and includes plant and equipment under construction, stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs are transferred to Mine Properties or Plant and Equipment, as relevant, and will be amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Development expenditure assets are assessed for impairment if an impairment trigger is identified. For the purposes of impairment testing capitalised mine development assets are allocated to the cash generating unit ("CGU") to which the development activity relates.

Costs of site restoration and rehabilitation are provided over the life of the facility and are included in the capitalised expenditure of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs to be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Since the mine plant or building structures works had not commenced there was no provision made for site restoration or rehabilitation.

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>Non-Current</b>		
Mine development expenditure	<b>3,000,000</b>	<b>30,950,808</b>
<b>Movement</b>		
Balance at beginning of the year	30,950,808	-
Mine development expenditure capitalised during the year	3,980,647	21,202,016
Reclassified from exploration and evaluation expenditure	-	9,512,665
Reclassified from property, plant and equipment	-	222,621
Impairment	(31,849,190)	-
Foreign currency translation movement	(82,265)	13,506
<b>Closing mine development net carrying amount</b>	<b>3,000,000</b>	<b>30,950,808</b>

#### Assessment of Impairment

The Group assesses whether there are indicators that assets, or groups of assets, may be impaired at each reporting date. The deficiency between net assets and the market capitalisation of the Group and the softening of the graphite market were identified as impairment indicators and accordingly, the Montepuez Graphite Project has been tested for impairment.

In determining the recoverable amount the Group has had regard to a range of valuation methodologies including:

- Discounted cash flow forecasts – this approach uses externally sourced forecasts for graphite prices, estimated quantities of recoverable ore, production levels, operating costs and capital requirements sourced from the Group's budgeting process.
- Comparable reserve and resource tonne multiples - enterprise value contained graphite multiples on both a reserve and resource basis has been calculated for selected peers. Share prices were significantly affected as a result of volatility on global and graphite markets.
- Simulated option value using an option pricing model – this approach simulates multiple scenarios using the Monte Carlo option pricing model by adjusting the probability of the graphite price increasing.

Each of the above approaches is considered to be a fair value less cost of sale approach.

## Notes to the Consolidated Financial Statements (continued)

The softening of the graphite market and resultant pricing has resulted in a challenging environment to raise sufficient funding to progress the development of the Montepez Graphite Project. Under current forecast pricing, it is unlikely that the projects would be developed, however, the Group intends to preserve the value of its projects and keep them in good standing until prices recover. In this regard, the Directors have had regard to above methodologies in determining the recoverable amount of \$3 million. Should graphite prices not significantly improve in the future, there is a risk that the carrying values will be further impaired to nil.

### 14. Trade and Other Payables

#### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>Current</b>		
Trade and other payables	156,900	606,905
Accrued expenses	56,173	203,339
	<b>213,073</b>	<b>810,244</b>

### 15. Provisions

#### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

#### Employee benefits

##### Short term obligations

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>Current</b>		
Provisions – employee benefits	161,022	211,658
	<b>161,022</b>	<b>211,658</b>
<b>Movement</b>		
Balance at beginning of the year	211,658	-
Employee benefits provision accrued during the year	354,447	211,658
Employee benefits paid during the year	(405,083)	-
<b>Balance at the end of the year</b>	<b>161,022</b>	<b>211,658</b>

## Notes to the Consolidated Financial Statements (continued)

### 16. Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

#### (a) Share capital

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Ordinary shares fully paid	78,909,275	74,125,719
	<b>78,909,275</b>	<b>74,125,719</b>

#### Movements in ordinary share capital

2019		No. of Shares	Issue Price	Amount, \$
01-Jan-2019	Opening Balance	1,113,671,549	-	74,125,719
12-Apr-2019	Share issue - Placement - Tranche 1 <sup>(1)</sup>	160,000,000	\$0.025	4,000,000
30-May-2019	Share issue -Placement – Tranche 2 <sup>(2)</sup>	44,420,000	\$0.025	1,110,500
	Less: Share issue costs		-	(326,944)
		<b>1,318,091,549</b>		<b>78,909,275</b>

#### Movements in ordinary share capital

2018		No. of Shares	Issue Price	Amount, \$
01-Jan-2018	Opening Balance	532,028,113	-	41,516,848
15-Jan-2018	Share issue - Placement - Tranche 2	222,362,362	\$0.060	13,341,743
15-Jan-2018	Share issue to contractors and staff	9,141,821	\$0.060	548,509
28-Mar-2018	Conversion of performance rights	3,500,000	\$0.058	203,000
29-Mar-2018	Share issue to contractor	672,307	\$0.060	40,339
25-May-2018	Share issue - Placement - Tranche 1	183,681,689	\$0.060	11,020,901
02-Jul-2018	Share issue - Placement - Tranche 2	160,866,645	\$0.060	9,654,830
02-Aug-2018	Share issue to contractor	1,418,612	\$0.031	44,076
	Less: Share issue costs	-	-	(2,244,527)
		<b>1,113,671,549</b>		<b>74,125,719</b>

<sup>(1)</sup> The Tranche 1 Placement shares were issued on 12 April 2019 under the Company's 15% placement capacity pursuant to ASX Listing Ruling 7.1 and on 21 May 2019 the General Meeting of Battery Minerals Limited shareholders approved and ratified the prior issue of the shares as part of Tranche 1 Placement.

<sup>(2)</sup> The issue of Tranche 2 Placement securities was approved by the General Meeting of Battery Minerals shareholders held on 21 May 2019.

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a pool each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of an authorised capital.

## Notes to the Consolidated Financial Statements (continued)

### 16. Issued Capital (continued)

#### Options

Information relating to options over ordinary shares on issue, including details of options issued, exercised, lapsed during the financial year and options outstanding at the end of the year is set in Note 17 and Note 23.

#### (b) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration & evaluation programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at the end of the year is as follows:

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Cash and cash equivalents	4,119,160	7,252,709
Current trade and other receivables	1,991,916	407,507
Current trade and other payables	(213,073)	(810,244)
Current provisions	(161,022)	(211,658)
	<b>5,736,981</b>	<b>6,638,314</b>

### 17. Reserves

#### Foreign currency translation reserves

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the foreign controlled entities where their functional currency is different to the presentation currency of the reporting entity. These foreign exchange differences are recognised in other comprehensive income as described in Note 2. B and accumulated in a separate reserve account within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

#### Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options, contingent rights and performance rights granted by the Company.

Reserves	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Foreign currency translation reserve	(1,113,323)	(151,879)
Share-based payments reserve <sup>(1)</sup>	5,241,608	6,029,637
	<b>4,128,285</b>	<b>5,877,758</b>

<sup>(1)</sup> Share based payment reserve comprises options issued as share-based payments. Refer to Note 23 for more details.



## Notes to the Consolidated Financial Statements (continued)

### 17. Reserves (continued)

#### Movements in share-based payments reserve

2019	Details	No. of Options & Rights	Amount \$
01-Jan-19	Opening Balance	307,324,066	6,029,637
15-Feb-19	Forfeited options <sup>(1)</sup>	(2,000,000)	(9,885)
21-May-19	Options issued to directors <sup>(2)</sup>	65,500,000	121,217
21-May-19	Options issued to employees <sup>(3)</sup>	72,850,000	20,695
30-May-19	Listed options exercisable at \$0.10 <sup>(4)</sup>	102,210,000	-
24-Jun-19	Forfeited options <sup>(5)</sup>	(1,500,000)	(17,809)
01-Jul-19	Forfeited options <sup>(1)</sup>	(200,000)	(2,443)
01-Jul-19	Forfeited options <sup>(1)</sup>	(1,200,000)	(14,660)
08-Nov-19	Forfeited options <sup>(6)</sup>	(22,000,000)	(84,036)
15-Nov-19	Forfeited options <sup>(1)</sup>	(600,000)	(7,330)
22-Nov-19	Forfeited options <sup>(7)</sup>	(50,000,000)	(59,461)
31-Dec-19	Vesting expense of prior years' options	-	386,764
31-Dec-19	Reverse vesting expense of prior years <sup>(8)</sup>	-	(1,121,081)
<b>31-Dec-19</b>	<b>Balance at end of year</b>	<b>470,384,066</b>	<b>5,241,608</b>

The total share-based payment expense of (\$788,027) relating to prior years was reversed into profit and loss in 2019 due to a low probability of vesting conditions to be met.

<sup>(1)</sup> Unvested options forfeited upon resignation of an employee.

<sup>(2)</sup> Zepo options were issued to David Flanagan, Jeremy Sinclair and Jeff Dowling in accordance with the approval of the General Meeting of shareholders on 21 May 2019. Options are exercisable at nil price and expiry on 20 June 2024. 8,000,000 options issued to David Flanagan and 12,000,000 options issued to Jeremy Sinclair have vesting conditions linked a financial close and equity funding for the Montepuez Project phase 1. 38,000,000 options issued to Jeremy Sinclair have vesting conditions linked to commencement of commercial production being 43.5% of the Montepuez stage 1, 43.5% the Montepuez project stage 2 and 13% of the Balama project stage 1. 7,500,000 options issued to Jeff Dowling will vest in three equal parts on completion of 12 months, 24 months and 36 months of continuous service.

<sup>(3)</sup> The issue of Zepo options to employees was approved at the General Meeting of shareholders on 21 May 2019. Options are exercisable at nil price and expire on 20 June 2024. 23,450,000 options will vest on financial close and equity funding for the Montepuez project stage 1; 23,750,000 options will vest on commencement of commercial production of the Montepuez project stage 1; 24,650,000 options will vest on commencement of commercial production of the Montepuez project stage 2 and 1,000,000 options will vest on commencement of commercial production of the Balama project.

<sup>(4)</sup> Listed options exercisable at 10 cents on or before 31/07/2023, issued for every two Placement Shares subscribed under the Placement approved by the General meeting of Battery Minerals shareholders on 21 May 2019.

<sup>(5)</sup> Unvested options forfeited upon resignation of Ivy Chen.

<sup>(6)</sup> Unvested options forfeited upon resignation of Ben van Roon.

<sup>(7)</sup> Unvested options forfeited upon resignation of Jeremy Sinclair from the position of a Managing Director

<sup>(8)</sup> Share-based payment expenses recognised in prior periods have been reversed on the expectation that vesting conditions not being met.

## Notes to the Consolidated Financial Statements (continued)

### 17. Reserves (continued)

2018	Details	No. of Options & Rights	Amount \$
01-Jan-18	Opening Balance	70,400,000	4,879,087
15-Jan-18	Tranche 1 & 2 options issued – Placement <sup>(1)</sup>	334,141,820	77,222
15-Jan-18	Unlisted options exercisable at \$0.15 <sup>(2)</sup>	7,800,000	-
15-Jan-18	Unlisted options exercisable at \$0.1125 <sup>(2)</sup>	7,800,000	-
04-Feb-18	Expiry unlisted options	(1,000,000)	-
28-Mar-18	Performance rights vested <sup>(3)</sup>	(3,500,000)	(203,000)
21-Jun-18	Unlisted options issued – Placement <sup>(4)</sup>	91,840,796	-
27-Jun-18	Options issued to directors <sup>(5)</sup>	7,500,000	87,167
28-Jun-18	Options issued to directors <sup>(6)</sup>	20,000,000	114,647
30-Jun-18	Forfeited options <sup>(7)</sup>	(1,500,000)	(14,938)
02-Jul-18	Options issued to employees <sup>(8)</sup>	24,400,000	151,477
02-Jul-18	Options issued to employees <sup>(9)</sup>	11,250,000	53,630
04-Jul-18	Expiry unlisted options	(91,840,796)	-
04-Jul-18	Listed options issued exercisable at \$0.10 <sup>(10)</sup>	172,274,066	-
31-Jul-18	Expiry unlisted options	(334,141,820)	(77,222)
15-Sep-18	Forfeited options <sup>(11)</sup>	(600,000)	(3,724)
30-Sep-18	Expiry unlisted vested options <sup>(7)</sup>	(1,000,000)	-
08-Oct-18	Forfeited options <sup>(12)</sup>	(6,500,000)	(37,742)
31-Dec-18	Vesting expense of prior years' options	-	1,003,033
<b>31-Dec-18</b>	<b>Balance at end of year</b>	<b>307,324,066</b>	<b>6,029,637</b>

### 18. Accumulated Losses

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>Movement in accumulated losses</b>		
Balance at beginning of the year	(35,358,826)	(28,115,661)
Loss attributable to the owners of Battery Minerals Limited	(36,774,169)	(7,243,165)
<b>Balance at end of the year</b>	<b>(72,132,995)</b>	<b>(35,358,826)</b>

## Notes to the Consolidated Financial Statements (continued)

### 19. Operating Cash Flow Reconciliation

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
<b>Reconciliation of operating cash flows to operating loss:</b>		
Loss from ordinary activities after income tax	(36,774,169)	(7,243,165)
<b>Adjustment for non-cash items:</b>		
Depreciation and amortisation	161,330	86,378
Mine development impairment	34,930,796	-
Fair value adjustment to equity securities	42,267	174,350
Gain on sale of assets	90,341	-
Share- based payments	(788,027)	1,353,549
Dissolution of subsidiary	(203,045)	(258,883)
Foreign currency (gain)/loss	(693,106)	(123,633)
<b>Changes in operation assets and liabilities during the year:</b>		
(Increase)/decrease in trade and other receivables	95,680	337,265
Increase/(decrease) in trade and other payables	(886,244)	(596,567)
<b>Net cash outflow from operating activities</b>	<b>(4,024,177)</b>	<b>(6,270,706)</b>

### 20. Financial Risk Management

#### Financial Risk Management

The Group's activities expose it to a variety of financial risks including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign currency and interest rate risks and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors as required. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

These disclosures are not, nor are they intended to be an exhaustive list of risks which the Group is exposure to.

#### (a) Market risk

Market risk arises from Group's exposure to interest bearing financial assets and foreign currency financial instruments. It is a risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates (currency risk), interest rates (interest rate risk) and share prices (price risk).

#### (b) Foreign exchange risk

The functional currency of the Group is Australian dollars; however, the Group and the parent entity operate internationally and are exposed to various currencies, primarily with respect to US Dollars (USD) and Mozambique New Meticals (MZN).

## Notes to the Consolidated Financial Statements (continued)

### 20. Financial Risk Management (continued)

The Group is exposed to foreign exchange risk arising from fluctuations of the Australian dollar against US dollar (USD), EUR and South African Rand (ZAR) at parent level and fluctuations of the Australian dollar against MZN at subsidiary level. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in the light of exchange rate movements. The Group does not have any further material foreign currency dealings other than the noted currencies.

The Group's exposure to US Dollar foreign currency risk at the reporting date, expressed in Australian Dollars, was as follows:

	AUD
<b>Financial assets</b>	
Cash and cash equivalents	884,525
<b>Total financial assets</b>	<b>884,525</b>
<b>Financial liabilities</b>	
Trade creditors and other payables	20,762
<b>Total financial liabilities</b>	<b>20,762</b>

The following conversion rates were used at the end of the financial year:

USD/AUD      0.7002      (2018: 0.7046)

#### Sensitivity analysis – change in foreign currency rates

The following table demonstrates the estimated sensitivity on assets and liabilities held in foreign currency at 31 December 2019 to a 10% increase/decrease in the USD/AUD exchange rates, with all variables held consistent, on a post-tax profit or loss and equity. These sensitivities should not be used to forecast the future effect of movement in the Australian dollar exchange rate on future cash flows.

Impact on post tax profits and equity	2019 \$	2018 \$
USD/AUD +10%	(78,524)	(91,193)
USD/AUD -10%	95,974	111,459

A hypothetical change of 10% in exchange rates were used to calculate the Group's sensitivity to foreign exchange rate movements as this is management's estimate of possible rate movements over the coming year taking into account currency market conditions and past volatility (2018: 10%).

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at and during the year ended 31 December 2019, the Group had interest-bearing assets in the form of cash and cash equivalents of \$4,119,160 (2018: \$7,252,709) and a mine performance bond of \$3,509,854 (2018: \$3,523,792). As such the Group's operating cash flows are somewhat exposed to movements in market interest rates due to the movements in variable interest rates on cash and cash equivalents.

## Notes to the Consolidated Financial Statements (continued)

### 20. Financial Risk Management (continued)

The Group's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

#### Sensitivity analysis – change in interest rates

Based on the financial assets held at reporting date, with all other variables assumed to be held constant, the table below sets out the notional effect on consolidated profit or loss after tax for the year and on equity at reporting date under varying hypothetical changes in prevailing interest rates.

#### Impact on post tax profits and equity

	2019 \$	2018 \$
Hypothetical 80 basis points increase in interest	61,032	86,212
Hypothetical 80 basis points decrease in interest	(61,032)	(86,212)

The hypothetical movement in basis points for the interest rate sensitivity analysis is based on the currently observed market environment (2018: 0.80%).

The weighted average interest rate received on cash, cash equivalents and mine performance bond of the Group is 4.49% (2018: 5.38%)

#### (d) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining a sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any Group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

	2019 \$	2018 \$
<b>Financial assets</b>		
Cash and cash equivalents	4,119,160	7,252,709
Other receivables	236,989	86,234
Non-current receivables	3,509,854	3,523,792
<b>Total financial assets</b>	<b>7,866,003</b>	<b>10,862,735</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings as follows:

	2019 \$	2018 \$
<b>Financial assets</b>		
Westpac Bank AA- rated	3,563,002	6,794,337
Mozambique banks BBB – rated <sup>(1)</sup>	4,066,013	3,982,164
Unrated	236,989	86,234
	<b>7,866,004</b>	<b>10,862,735</b>

(1) Includes mine performance bond of MZN 152 million (\$3.5 million equivalent) held with the Unico Bank in Mozambique.

## Notes to the Consolidated Financial Statements (continued)

### 20. Financial Risk Management (continued)

#### (e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. As at the reporting date the Group had sufficient cash reserves to meet its requirements.

The financial liabilities of the Group at reporting date were trade & other payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-90 days terms of creditor payments.

	Less than 1 month \$	1-3 months, \$	3months - 1 year \$	No set date of repayment	Total \$
<b>2019</b>					
Trade creditors & other payables	59,980	201,400	112,715	-	374,095
	<b>59,980</b>	<b>201,400</b>	<b>112,715</b>	-	<b>374,095</b>
<b>2018</b>					
Trade creditors & other payables	181,634	692,107	148,161	-	1,021,902
	<b>181,634</b>	<b>692,107</b>	<b>148,161</b>	-	<b>1,021,902</b>

#### (f) Net fair value

##### Fair value estimation

The fair value of financial assets and financial liabilities held by the Group must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

##### Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position are analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in the making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1).
- inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of the financial assets not quoted in an active market has been determined with reference to the amount at which the instrument could be exchanged in a current active market between willing parties, other than in a forced or liquidation sale. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The total of each category of financial instruments, other than those with carrying amounts which are reasonable approximations of fair value, are set out below:

<b>Financial instruments – Level 1</b>	<b>2019 \$</b>	<b>2018 \$</b>
Equity securities – carrying amount <sup>(1)</sup>	-	84,533
Equity securities – fair value amount <sup>(1)</sup>	-	84,533

## Notes to the Consolidated Financial Statements (continued)

### 20. Financial Risk Management (continued)

- <sup>(1)</sup> 10,566,636 listed equity securities issued by Trek Limited in 2018 were sold to Morgans Financial Limited in May 2019. On 31 December 2018 the price of Trek Limited share was \$0.008, and the fair value of the equity securities was \$84,533. The Trek shares were sold at the market price of \$0.004 in May 2019 resulting in fair value movement of \$42,267 recognised through profit and loss at the reporting date.

### 21. Related Party Disclosure

#### Parent entities and subsidiaries

Battery Minerals Limited is the ultimate Australian parent entity.

Interests in subsidiaries are set out below:

	Country of Incorporation	% Equity 31 December 2019	% Equity 31 December 2018
Rio Mazowe Limited	Mauritius	100	100
Express Resources Pty Ltd	Australia	100	100
Index Resources Pty Ltd	Australia	100	100
Action Resources Pty Ltd	Australia	100	100
Jackal Resources Pty Ltd	Australia	100	100
Au Resources Pty Ltd	Australia	100	100
Skype Resources Pty Ltd	Australia	100	100
Tanga Resources Limited	Mauritius	nil <sup>(1)</sup>	100
Rovuma Resources Limited	Mauritius	100	100
Jorc Resources Limited	Mauritius	100	100
Assain Investments Limited	Mauritius	100	100
Greenstone Resources Limited	Mauritius	100	100
Niassa Metals SA	Mozambique	nil <sup>(1)</sup>	100
Suni Resources SA	Mozambique	100	100
Niassa Gold SA	Mozambique	100	100
Goldcrest Resources Sa	Mozambique	100	100
Afriminas Minerais Limitada	Mozambique	100	100

- <sup>(1)</sup> Sold to Nedeel LLC on 25 January 2019 as per the share sale agreement of 26 September 2018. Tanga Resources Limited owned 100% of Niassa Metals SA, a subsidiary in Mozambique. Refer to Note 25 for more details.

## Notes to the Consolidated Financial Statements (continued)

### 21. Related Party Disclosure (continued)

#### (a) Key Management Personnel

The following persons were directors of Battery Minerals Limited during the financial year:

Director	Position	Appointed	Resigned
David Flanagan	Non-Executive Chairman	1 July 2019	-
	Executive Chairman	8 April 2019	1 July 2019
	Managing Director	25 January 2018	8 April 2019
	Executive Chairman	30 March 2017	25 January 2018
	Non-Executive Chairman	11 October 2016	30 March 2017
Jeremy Sinclair	Non-Executive Director	22 November 2019	-
	Managing Director	8 April 2019	22 November 2019
Jeff Dowling	Non-Executive Director	8 April 2019	-
	Non-Executive Chairman	25 January 2018	8 April 2019
Gilbert George	Non-Executive Director	1 August 2012	21 May 2019
Brett Smith	Non-Executive Director	1 August 2012	21 May 2019
Paul Glasson	Non-Executive Director	19 April 2017	21 June 2019
Ivy Chen	Non-Executive Director	25 January 2018	21 June 2019

#### (b) Other key management personnel

Name	Position	
Tony Walsh	Company Secretary	-
Ben Van Roon	Chief Operating Officer	resigned 8 November 2019
Nick Day	Chief Financial Officer	-

#### (c) Key management personnel compensation

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Short-term employee benefits	541,045	1,983,983
Share based payments	(72,709)	1,199,124
Post-employment benefit	25,358	74,854
<b>Total</b>	<b>493,694</b>	<b>3,257,961</b>

#### (d) Loans to key management personnel

There were no loans made or outstanding to directors of Battery Minerals Limited and other key management personnel of the Group, including their personally related parties.

#### (e) Other transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than share based payments (refer to Note 23).



## Notes to the Consolidated Financial Statements (continued)

### 22. Auditors' Remuneration

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Audit fees by BDO Mozambique	16,391	-
Audit and review by KPMG Australia	46,598	50,000
Audit fees by KPMG Mozambique	-	10,644
Tax and legal advisory services fees by KPMG Mozambique	73,225	114,346
<b>Total remuneration for auditors' services</b>	<b>136,214</b>	<b>174,990</b>

### 23. Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model and Monte Carlo methodology as appropriate.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options or performance rights that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

#### (a) Option Issue

The following table discloses the number of options issued in the form of share-based payments to directors and employees in 2019:

Option	Recipient	Number of Options	Issue Date	Vesting Date	Expiry Date	Exercise Price, \$	Total Fair Value, \$
A	Jeff Dowling	7,500,000	21/05/2019	Various <sup>(1)</sup>	24/04/2024	nil	165,000
B	Jeremy Sinclair	50,000,000	21/05/2019	Various <sup>(2)</sup>	24/04/2024	nil	990,000
C	David Flanagan	8,000,000	21/05/2019	Various <sup>(3)</sup>	24/04/2024	nil	176,000
D	Employees	68,500,000	21/05/2019	Various <sup>(4)</sup>	24/04/2024	nil	1,507,000
E	Employees	4,000,000	21/05/2019	Various <sup>(5)</sup>	24/04/2024	nil	66,000
F	Employees	350,000	21/05/2019	Various <sup>(6)</sup>	24/04/2024	nil	7,700
		138,350,000					2,911,700

All options issued during the financial year had the nil exercise price and were valued at the share market price on the grant date. No share-based payment expense was recognised in profit in loss on the expectation that vesting conditions not being met.

## Notes to the Consolidated Financial Statements (continued)

### 23. Share-based payments (continued)

- (1) 7,500,000 options will vest in three equal tranches after 12, 24 and 36 months of continuous service on the board of directors.
- (2) 12,000,000 options will vest upon a financial close of the project finance and completion of the remaining equity funding for the Montepuez Graphite project Stage 1. The rest of the options will vest upon the commencement of commercial productions of different stages: 16,500,000 options upon the Montepuez Graphite project Stage 1; 16,500,000 options upon the Montepuez Graphite project Stage 2 and 5,000,000 options upon the Balama Central Graphite project Stage 1.
- (3) 8,000,000 options will vest upon a financial close of the project finance and completion of the remaining equity funding for the Montepuez project Stage 1.
- (4) 23,200,000 options will vest upon a financial close of the project finance and completion of the remaining equity funding for the Montepuez project Stage 1, 22,650,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1 and 22,650,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 2.
- (5) 1,000,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1, 2,000,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 2 and 1,000,000 options will vest upon the commencement of commercial production of the Balama Central Graphite project Stage 1.
- (6) 250,000 options will vest upon a financial close of the project finance and completion of the remaining equity funding for the Montepuez project Stage 1 and 100,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1.

#### (b) Share options outstanding at the end of the year have the following terms and conditions:

2019

Grant Date	Expiry Date	Exercise Price, \$	FV per security, \$	Balance at start of year	Granted during the year	Exercised during the year	Forfeited / expired during the year	Balance at end of the year	Vested & exercisable at end of the year
				Number	Number	Number	Number	Number	Number
30-May-16	30-May-20	0.09	0.036	2,500,000		-	-	2,500,000	2,500,000
21-Dec-16	21-Dec-21	0.10	0.093	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.15	0.087	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.20	0.082	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.25	0.078	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.15	0.086	10,000,000		-	-	10,000,000	-
21-Dec-16	21-Dec-21	0.15	0.086	3,000,000		-	-	3,000,000	3,000,000
21-Dec-16	21-Dec-21	0.15	0.086	4,400,000		-	-	4,400,000	4,400,000
21-Dec-16	21-Dec-21	0.15	0.086	3,000,000		-	-	3,000,000	3,000,000
15-Feb-17	23-Dec-21	0.15	0.064	1,500,000		-	-	1,500,000	500,000
8-Apr-17	22-May-22	0.20	0.059	1,000,000		-	-	1,000,000	-
26-May-17	26-May-22	0.94	0.046	10,000,000		-	-	10,000,000	-
26-May-17	26-May-22	0.20	0.038	5,000,000		-	-	5,000,000	-
26-May-17	26-May-22	0.13	0.042	3,000,000		-	-	3,000,000	3,000,000
27-Jun-18	30-Jun-13	0.13	0.017	4,500,000		-	-	4,500,000	2,250,000
27-Jun-18	30-Jun-13	0.13	0.017	3,000,000		-	1,500,000	1,500,000	1,500,000
27-Jun-18	3-Jul-23	0.00	0.031	20,000,000		-	-	20,000,000	-
27-Jun-18	13-Jul-23	0.00	0.031	19,800,000		-	7,000,000	12,800,000	-
27-Jun-18	16-Jul-23	0.20	0.014	6,600,000		-	2,000,000	4,600,000	2,200,000
27-Jun-18	16-Jul-23	0.20	0.014	2,000,000		-	1,000,000	1,000,000	-
27-Jun-18	16-Jul-23	0.15	0.014	150,000		-	-	150,000	75,000
21-May-19	24-Apr-24	0.00	0.022		72,850,000	-	16,000,000	56,850,000	-
21-May-19	24-Apr-24	0.00	0.022		65,500,000	-	50,000,000	15,500,000	-
				<b>119,450,000</b>	<b>138,350,000</b>	<b>-</b>	<b>77,500,000</b>	<b>180,300,000</b>	<b>42,425,000</b>

## Notes to the Consolidated Financial Statements (continued)

### 23. Share-based payments (continued)

2018

Grant Date	Expiry Date	Exercise Price, \$	FV per security, \$	Balance at start of year	Granted during the year	Exercised during the year	Forfeited / expired during the year	Balance at end of the year	Vested & exercisable at end of the year
				Number	Number	Number	Number	Number	Number
15-Jan-15	4-Feb-18	0.26	0.001	333,333		-	333,333	-	-
16-Jan-15	5-Feb-18	0.26	0.010	666,667		-	666,667	-	-
30-May-16	30-May-20	0.09	0.036	2,500,000		-	-	2,500,000	2,500,000
31-May-16	30-May-18	0.00	0.058	3,500,000		3,500,000 <sup>(1)</sup>	-	-	-
21-Dec-16	21-Dec-21	0.10	0.093	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.15	0.087	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.20	0.082	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.25	0.078	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.15	0.086	10,000,000		-	-	10,000,000	-
21-Dec-16	21-Dec-21	0.15	0.086	3,000,000		-	-	3,000,000	3,000,000
21-Dec-16	21-Dec-21	0.15	0.086	4,400,000		-	-	4,400,000	4,400,000
21-Dec-16	21-Dec-21	0.15	0.086	3,000,000		-	-	3,000,000	3,000,000
15-Feb-17	23-Dec-21	0.15	0.064	1,500,000		-	-	1,500,000	500,000
6-Apr-17	22-May-22	0.20	0.060	2,500,000		-	2,500,000	-	-
8-Apr-17	22-May-22	0.20	0.059	1,000,000		-	-	1,000,000	-
26-May-17	26-May-22	0.94	0.046	10,000,000		-	-	10,000,000	-
26-May-17	26-May-22	0.20	0.038	5,000,000		-	-	5,000,000	-
26-May-17	26-May-22	0.13	0.042	3,000,000		-	-	3,000,000	1,500,000
27-Jun-18	30-Jun-13	0.13	0.017		4,500,000	-	-	4,500,000	-
27-Jun-18	30-Jun-13	0.13	0.017		3,000,000	-	-	3,000,000	-
27-Jun-18	3-Jul-23	0.00	0.031		20,000,000	-	-	20,000,000	-
27-Jun-18	13-Jul-23	0.00	0.031		24,400,000	-	4,600,000	19,800,000	-
27-Jun-18	16-Jul-23	0.20	0.014		9,100,000	-	2,500,000	6,600,000	-
27-Jun-18	16-Jul-23	0.20	0.014		2,000,000	-	-	2,000,000	-
27-Jun-18	16-Jul-23	0.15	0.014		150,000	-	-	150,000	-
				<b>70,400,000</b>	<b>63,150,000</b>	<b>3,500,000</b>	<b>10,600,000</b>	<b>119,450,000</b>	<b>34,900,000</b>

**(c) The expense recognised in profit and loss**

The expense relating to prior years share-based payments of (\$788,027) was reversed into profit and loss in 2019 due to a low probability of vesting conditions to be met (2018: \$1,353,549).

## Notes to the Consolidated Financial Statements (continued)

### 24. Parent Entity Disclosure

The following details information related to the parent entity, Battery Minerals Limited, as at 31 December 2019. The information has been prepared on the same basis as consolidated financial statements.

	Company 31 Dec 2019 \$	Company 31 Dec 2018 \$
Current assets	3,510,203	6,951,740
Non-Current assets	5,920,128	35,924,391
<b>Total assets</b>	<b>9,430,331</b>	<b>42,876,131</b>
Current liabilities	248,910	825,328
<b>Total liabilities</b>	<b>248,910</b>	<b>825,328</b>
Contributed equity	78,909,275	74,125,719
Share based payments reserve	5,241,608	6,029,636
Accumulated losses	(74,969,462)	(38,104,551)
<b>Total equity</b>	<b>9,181,421</b>	<b>42,050,803</b>
Loss after income tax	(36,864,911)	(6,278,922)
Other comprehensive income/(loss) for the year	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>(36,864,911)</b>	<b>(6,278,922)</b>

#### Guarantees

The Parent Company has not entered into any guarantees in relation to the debts of its subsidiaries.

#### Contingent Liabilities and Contractual Commitments of the Parent

The Parent Company has no commitments to acquire property, plant and equipment and has no contingent liabilities as at the date of this report.

### 25. Subsidiaries

#### Changes in ownership interests

A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners of the Company.

When the Group ceases to have control of subsidiary, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a subsidiary is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are re-classified to profit or loss where appropriate.

## Notes to the Consolidated Financial Statements (continued)

### 25. Subsidiaries (continued)

#### Recognition of Sale of Tanga Minerals Limited

Battery Minerals Limited entered into a binding share sale agreement with Nedeel LLC on 26 September 2018 to sell 100% of the issued capital of its Mauritian subsidiary, Tanga Minerals Limited, which holds 100% of Niassa Metals S.A (Mozambique). The deed of settlement was executed on 25 January 2019.

Battery Minerals recognizes the following estimated revenue and costs associated with the sale of Tanga Minerals

Transaction Element	Amount, \$
Cash Consideration Received (USD 50,000 @ 0.7157)	69,855
<b>Net revenue on sale of Tanga Minerals/ Niassa Metals</b>	<b>69,855</b>
Dispose of net liabilities in Tanga Minerals	(2,220)
Dispose of net liabilities in Niassa Metals	(207,548)
<b>Net gain on sale of Tanga Minerals/ Niassa Metals</b>	<b>(270,598)</b>

The gain on disposal of Tanga Minerals and Niassa Metals was recognised as profit for the year in the statement of profit or loss and other comprehensive income.

### 26. Commitments and Contingent Liabilities

#### (a) Exploration and mining licences commitments

With respect to the Group's mineral property interests in Mozambique, statutory expenditure commitments specified by the mining legislation are nominal in monetary terms. However, as part of the licence application and renewal requirements, the Group submits budgeted exploration expenditure. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. These amounts do not become legal obligations of the Group and actual expenditure does vary depending on the outcome of the actual activities.

The following shows the commitments for exploration and mining licences held by the Group:

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Within one year	707,417	682,022
Later than one year but no later than five years	-	-
	<b>707,417</b>	<b>682,022</b>

#### (b) Suppliers contract commitments

Based on the contracts signed with suppliers for the provision of services to the Montepuez Graphite Project the following summarised the Group's commitments to these suppliers:

	Consolidated 31 Dec 2019 \$	Consolidated 31 Dec 2018 \$
Within one year	-	54,545
Later than one year but no later than five years	-	-
	<b>-</b>	<b>54,545</b>

## Notes to the Consolidated Financial Statements (continued)

### 27. Events After the End of the Reporting Period

In March 2020 Battery Minerals Limited has signed two binding agreements to acquire 67% and 33% of Gippsland Prospecting Pty Ltd (Gippsland Prospecting), which has the sole right to apply for a highly prospective exploration licence of Block 4 immediately adjacent to Thursday's Gossan copper-gold project in Victoria. The acquisition is subject to the approval of Battery Minerals shareholders and the grant of the exploration licence. As a consideration, Battery Minerals will issue 439,363,850 ordinary shares and pay up to \$500,000 to the three shareholders of Gippsland Prospecting Pty Ltd and repay Gippsland Prospecting shareholder loans of \$250,000 for past expenditure. Battery Minerals has agreed to spend a minimum of \$1.5 million on exploration and evaluation on Block 4 in the first 12 months after completion of the transaction.

On completion of the transaction Mr Kent Balas and Dr Darryl Clark will join the Battery Minerals Board, and Mr Balas will be appointed as Managing Director of Battery Minerals. Subject to shareholder approval, Battery Minerals will issue the new members of management 70 million Zepo incentive 5-year options with vesting conditions subject to clear performance targets, being the definition of mineral resources, ore reserves and a decision to mine.

After the reporting date, the Company seen macro-economic uncertainty with regards to prices and demand for battery minerals including graphite as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in March 2020 has caused further abnormally large volatility in commodity and stock markets. The scale and duration of these developments remain uncertain but could impact the Company's ability to finance its projects.

## Directors' Declaration

In the Directors' opinion:

- (a) the financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001, and:
  - (i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the consolidated entity; and
  - (iii) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements.
- (b) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration by the Chairman and the Chief Financial Officer required by section 295A of the Corporations Act 2001 (Cth).

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by;



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David Flanagan  
Chairman

Perth, Western Australia, 25 March 2020