

Battery Minerals agrees terms of US\$30m debt & equity funding package with RCF

Proceeds will be used for construction of Montepuez graphite project

Highlights

- Term sheet signed for US\$25m term loan and US\$5m equity
- US\$25m term loan is for 3 years at an interest rate of 10%pa
- RCF to subscribe for US\$5m (~AUD\$6.7m) in proposed placement
- Proceeds will be used for construction of the Montepuez graphite project

Battery Minerals Limited (ASX: BAT) is pleased to advise that it has taken another significant step to ensuring its Montepuez graphite project is fully-funded through a US\$30m debt and equity package agreed with Resource Capital Funds (RCF). The debt and equity package is subject (amongst other conditions) to Battery Minerals raising a further minimum ~AUD\$28.3m via issue of new equity.

Battery Minerals Managing Director David Flanagan said the debt and equity package marked a significant milestone for the Company as it starts the countdown to production and cashflow.

“We are particularly pleased that an investor of the calibre and experience of RCF wished to invest in us and they had confidence in the team, as we strive to be producing graphite concentrate and generating substantial cashflow in less than a year,” Mr. Flanagan said.

RCF Term Loan and Equity Subscription

Pursuant to the term sheet, subject to the satisfaction of certain conditions precedent:

- Battery Minerals will borrow US\$25mil from Resource Capital Fund VII L.P., at an interest rate of 10% per annum. Battery Minerals will pay an Establishment Fee of 2% and, subject to shareholder approval, grant approximately 333mil, five year options exercisable at 10 cents each; and
- Resource Capital Fund VII L.P. will subscribe for US\$5m worth of Battery Minerals fully paid ordinary shares (Shares) at a price per share equal to the lowest price at which Shares are issued between execution of the RCF term sheet and completion of the RCF equity subscription (being the lowest price at which shares are issued as allowed under the moratorium referred to in Appendix 1), and on equivalent and no less favourable terms and conditions as offered to investors under such issue.

Further details of the material terms and conditions of the RCF term loan and the equity subscription are contained in Appendix 1.

Background Information on RCF

Resource Capital Funds (“RCF”) is a group of commonly managed private equity funds, established in 1998 with a mining sector specific investment mandate spanning all hard mineral commodities and geographic regions. Since inception, RCF has supported 170 mining companies, with projects located in 51 countries and across 29 commodities. RCF aims to partner with companies to build strong,

successful and sustainable businesses that strive to produce superior returns to all stakeholders. Further information about RCF can be found on its website (www.resourcecapitalfunds.com).

Background Information on Battery Minerals

Battery Minerals Limited (“Battery Minerals”) is an ASX listed Australian company with two world-class graphite deposits in Mozambique, those being Montepuez and Balama Central. Battery Minerals has produced high quality graphite flake concentrate at multiple laboratories. Battery Minerals intends to commence graphite flake concentrate production from its Montepuez graphite project with first shipment in the March 2019 Quarter at export rates of 45,000 to 50,000tpa at an average flake concentrate grade of 96.7% TGC. In December 2017 and January 2018, Battery Minerals signed four binding offtake agreements for up to 41,000tpa of graphite concentrate, representing over 80% of Montepuez’s forecast annual production. The Mozambican Government has granted Battery Minerals a Mining Licence for its Montepuez graphite project and accepted the Company’s EIA for the Montepuez graphite project.

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

Battery Minerals has also recently announced delivery of a scoping study on its Balama Central project, which comprises a Stage 1 production rate of 55,000tpa (B1) and Stage 2 rate of an additional ~55,000tpa (B2) for an aggregate of 110,000tpa from Balama. Balama is currently the subject of a feasibility study. Combined with Montepuez and subject to continued positive economic, social and technical investigations, Balama Central provides scope for self-funded growth from a ~50,000tpa production-rate in 2019 to more than 200,000tpa in 2022. (See ASX announcements dated 1st March 2018 and 29 March 2018 for full details, Scoping Study Cautionary Statement and Competent Persons statement on the Balama Central Graphite Project Scoping Study and Balama Central Resource Upgrade. All material assumptions underpinning the production target (as disclosed in these previous announcements) continue to apply and have not materially changed)).

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Forward Looking Statements

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

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

Appendix 1

Material Terms of the RCF VII Term Loan

Matter	Detail
Amount:	US\$25M
Purpose:	To fund construction of the Montepuez project.
Repayment Date:	Three years from drawdown.
Establishment Fee:	2% of the Term Loan paid in cash or shares (@ 30-day VWAP)
Early Repayment Fee:	None
Interest Rate:	10% per annum, payable quarterly in arrears.
Interest payments:	In cash or shares at Company's election for 1 st 12 months
	After the first 12 months, the ability to take cash or shares this will be at election of RCF.
Security:	All Group and project assets.
Options:	The Company will grant RCF VII ~333mil options at an exercise price at a price of 10 cents each. The Options will have an expiration date of five years from the issue date. The grant of these options is subject to shareholder approval at a shareholder meeting planned for June 2018. The number of options will be subject to the USD/AUD exchange rate at the date of completion.
Conditions Precedent:	<ol style="list-style-type: none"> 1. Completion of RCF project and Company due diligence 2. Transaction documents to be agreed and executed. 3. Battery Minerals completing a capital raising of a minimum A\$35M less RCF's of US\$5M. 4. Battery Minerals obtaining all required shareholder approvals for the term sheet, including for issue of shares on exercise of the Options. 5. The issue of the Options. 6. Material contracts in place and to RCF satisfaction. 7. Confirmation, to RCF satisfaction, of third party commitments such that – in conjunction with the RCF Funding Package – construction of Montepuez is fully funded. 8. RCF investment team site visit. 9. RCF Investment Committee approval. 10. All required government and regulatory approvals. 11. Battery Minerals providing certain information regarding the Montepuez project to RCF. 12. Confirmation that Battery Minerals is in compliance with all applicable laws and not in possession of 'excluded information'. 13. RCF confirmation that appropriate security is available and, if required by RCF, discharge of any security interests 14. Other conditions which RCF considers necessary resulting from its due diligence findings. 15. Transaction documents to be agreed and executed.
Indebtedness	Battery Minerals cannot enter into borrowings or other financial indebtedness except:
	(a) under the Term Loan;
	(b) leasing facilities up to an aggregate of A\$5 million;
	(c) credit given on the purchase of goods and services required for the carrying on of its day to day mining business;
	(d) non-recourse borrowings;
	(e) inter-company loans; and
	(f) with the written consent of RCF.

Material Terms of the RCF VII Equity Subscription

Matter	Detail
Amount:	US\$5M
Issue Price:	Price per Share equal to the lowest price at which Shares are issued between execution of the RCF term sheet and completion of the RCF equity subscription, and on equivalent and no less favourable terms and conditions as offered to investors under such issue.
Purpose:	To fund construction of the Montepuez project.
Conditions Precedent:	1. Transaction documents to be agreed and executed.
	2. Battery Minerals completing a capital raising of a minimum A\$35M less RCF's of US\$5M.
	3. The Board has at all material times recommended that shareholders vote in favour of, and approval is obtained for, the issue of shares the subject of the RCF equity subscription.
	4. ASX not having indicated to Battery Minerals or RCF that it will not grant permission for the official quotation of the shares the subject of the RCF equity subscription on or before completion.
	5. The RCF term loan has become unconditional and Battery Minerals Limited has issued a drawdown notice, both in accordance with the terms of the RCF term loan.
RCF's Director appointment rights:	One Board seat when RCF's relevant interest (shares and options) exceeds 10% on a fully diluted basis
	Two Board seats if RCF's relevant interest in ordinary shares exceeds 20%.
	The Board of Directors shall be capped at 7 members
Moratorium on issue of equity securities:	Battery Minerals must not issue equity securities from execution of the term sheet until the completion date, subject to a number of exceptions include, on conversion of existing securities, as announced prior to the term sheet or equity securities issued under one or more capital raisings to a maximum of A\$65m in aggregate.