

Battery Minerals raises \$20m to continue building Montepuez Graphite Project

Over-subscribed placement ensures Battery Minerals continues to be on track for commissioning in Q1 CY2019

Highlights

- **Battery Minerals has received commitments for \$20m via a share placement at 6c per share**
- **Placement was over-subscribed amid strong demand from existing shareholders, institutional investors in Australia and overseas**
- **Proceeds will be used to continue construction of the Montepuez Graphite Project in Mozambique, where commissioning and first shipment are planned for Q1 CY2019 and Q2 CY2019 respectively**
- **Montepuez construction well advanced with key plant equipment already on site**
- **Securities Purchase Plan (SPP) to be completed in June 2018, providing eligible shareholders with opportunity to participate in capital raising**
- **Feasibility Study on Battery Minerals' second graphite project, Balama, set for completion later this calendar year**

Battery Minerals Limited (ASX: BAT) is pleased to advise that its strategy to develop the Montepuez Graphite Project in Mozambique is well on track, with the Company receiving firm commitments for \$20 million in a share placement.

The placement was at 6 cents per share with a free one-for-two option exercisable at 10c with an expiry date of July 2023. The Placement will be done in two tranches, with the second tranche of shares and all options subject to shareholder approval at a meeting to be planned for next month.

The proceeds of the raising will be used to continue the construction of the Montepuez Graphite Project, where commissioning is set for the March quarter of next year. Stage One at Montepuez will produce 45,000 to 50,000 tonnes a year of graphite concentrate, which will generate ~US\$25 million of net operating cashflow a year, based on currently published prices.

Battery Minerals Managing Director David Flanagan said the highly successful raising marked another step towards commencing production and cashflow from the Montepuez Graphite Project.

"We were overwhelmed with offers from investors who were attracted to the short lead time to production and cashflow," Mr. Flanagan said.

"Construction at Montepuez is already well-advanced. We have ordered our long lead items and these will be delivered over coming months. We commissioned our crushing circuit last week."

Battery Minerals' largest shareholder, Farjoy Pty Ltd, has committed to subscribe for A\$5 million in the Tranche 2 of the Placement. Morgans Corporate Limited and Hartleys Limited acted as Joint Lead Managers to the Placement.

In addition to the Placement, Battery Minerals will undertake a Securities Purchase Plan (SPP). This will enable all eligible Battery Minerals shareholders to apply for up to A\$15,000 of shares on the same terms as the Placement.

Placement

Under the Placement, BAT will issue approximately 333.33 million shares at 6c per share (“New Shares”) in two tranches to professional, institutional and sophisticated investors. New Shares will rank equally with existing shares on issue. Subject to shareholder approval, Placement investors will receive one listed 10 cent option with an expiry date of July 2023 for every two shares subscribed for. Battery Minerals intends to apply to have the free attaching options quoted so that can be traded on ASX.

The Placement will be undertaken in two tranches:

- Approximately 183.6 million New Shares will be issued in the first tranche under the Company’s placement capacity pursuant to ASX Listing Rules 7.1 (~107.8 million New Shares from Listing Rule 7.1 capacity) and ASX Listing Rule 7.1A (~75.8 million New Shares from Listing Rule 7.1A capacity), and
- the balance of New Shares and all options will be issued subject to shareholder approval at a general meeting of Battery Mineral shareholders planned for late June 2018.

Securities Purchase Plan

In addition to the Placement, Battery Minerals will undertake a Securities Purchase Plan to raise a targeted A\$5 million (“SPP”) enabling participation by all eligible Battery Minerals shareholders on the same terms as the Placement, for an amount of up to A\$15,000 per eligible shareholder. Eligible shareholders are those on the register on the Record Date being 5pm WST Wednesday 16 May 2018.

The SPP will be conducted on the same terms of the Placement. The options attaching to the shares issued under the SPP are subject to shareholder approval at the general meeting planned for late June 2018.

Indicative Timetable*:

Milestone	Indicative Date and Time*
Securities Purchase Plan (SPP) record date	5pmWST – Wednesday 16 May 2018
Announcement of SPP Offer	Thursday 17 May 2018
Tranche 1 New Share Settlement	Thursday, 24 May 2018
Tranche 1 New Share Allotment	Thursday, 24 May 2018
Dispatch SPP Offer Booklet and Prospectus	Monday, 28 May 2018
Securities Purchase Plan closing date	5pm WST – Friday, 22 June 2018
General Meeting of Shareholders	Late June 2018
Issue date of Tranche 2 New Share, all Placement options & SPP securities	Within 5 bus days of Shareholders Meeting

* The Company may change any of the Indicative Timetable at its discretion (even if the Offer has opened or applications have been received). If the General Meeting is not held in late June 2018, the Issue Date, Trading Date and Despatch Date will take place on later dates.

Use of Funds

The funds raised via the Placement and the SPP will primarily be applied towards advancing the development of its Montepuez Graphite Project in the Cabo Delgado Province of Mozambique. Specifically the funds will be used for:

- Montepuez construction works being completed later this year

- Performance guarantee and environmental license fee related to Montepuez mining license approvals;
- Study work at the Balama Central Graphite Project; and
- General working capital.

Note: See page 14 of May 2018 Investor Presentation for further details on “Expenditure planned for Montepuez Construction”.

RCF Term Sheet

As advised on 3 May 2018, Battery Minerals signed a term sheet with Resource Capital Fund VII L.P (RCF). Pursuant to the term sheet, subject to the satisfaction of certain conditions precedent:

- Battery Minerals will borrow US\$25mil from RCF, at an interest rate of 10% per annum. Battery Minerals will pay an Establishment Fee of 2% and, subject to shareholder approval, grant approximately 333million five year options exercisable at 10 cents each; and
- RCF 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 of the 3 May 2018 announcement), and on equivalent and no less favourable terms and conditions as offered to investors under such issue.

See Appendix 1 of the 3 May 2018 announcement for material terms and the conditions precedent that need to be satisfied under the RCF Term Sheet.

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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Competent Persons Statement

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

Please see BAT 15 February 2017 and 29 March 2018 ASX announcements for full details and Competent Person Statements relating to Mineral Resources and Ore Reserves.

Important Notice

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

Forward Looking Statements

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

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

Balama Central Scoping Study Parameters - Cautionary Statements in 1 March 2018 ASX announcement

This Scoping Study has been undertaken to determine the potential viability of an open pit mine and graphite processing plant constructed onsite at the Balama Central Project and to form a view of the order of magnitude potential and a basis on which to complete further studies. The Scoping Study has been prepared to an accuracy level of $\pm 35\%$. The results should not be considered a profit forecast or production forecast.

The Scoping Study is a preliminary technical and economic study of the potential viability of the Balama Central Project. In accordance with the ASX Listing Rules, the Company advises it is based on low-level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation work including infill drilling and appropriate studies are ongoing and they will contribute to our ability to estimate any ore reserves or to provide any assurance of an economic development case. This study does not warrant that reserves will be reported. Other than the mineral resource upgrade in this announcement, Battery Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement of 1 March 2018 and that all material assumptions and technical parameters underpinning the production estimates in the market announcements continue to apply and have not materially changed. Other than the mineral resource upgrade in this announcement, Battery Minerals confirms that the form and context in which the Scoping Study findings as presented have not been materially modified from the original market announcements. The total production target is based on Indicated resource exclusively. The Company has concluded that it has reasonable grounds for disclosing a production target.

The Scoping Study is based on the material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While Battery Minerals considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range outcomes indicated in the Scoping Study, additional funding will likely be required. Investors should note that there is no certainty that Battery Minerals will be able to raise funding when needed. It is also possible that such funding may only be available on terms that dilute or otherwise affect the value of the Battery Minerals' existing shares. It is possible that Battery Minerals could fund development of Balama Central from cashflow from its Montepuez graphite project, approximately 60kms north of Balama Central, which is currently in the early stages of construction. It is also possible that Battery Minerals could pursue other 'value realisation' strategies such as sale, partial sale, or joint venture of the Project. If it does, this could materially reduce Battery Minerals' proportionate ownership of the Project.

The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement and believes that it has a reasonable basis to expect it will be able to fund the development of the Project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Note: Battery Minerals released the results of a DFS on its Montepuez Project on 15 Feb 2017 and its Value Engineering Study results for Montepuez on 18 Oct 2017. The results Balama Central Scoping Study were released on 1 March 2018. These releases are available on Battery Minerals' website & on ASX.