



BATTERY MINERALS LIMITED

ACN 152 071 095

PROSPECTUS

For the offer of one (1) free quoted option exercisable at \$0.10 on or before 31 July 2023 (**Placement Options**), for every two (2) Placement Shares subscribed for by a Placement Participant under the Placement.

This Prospectus is also being issued in order to facilitate secondary trading of:

- (a) the Placement Options; and
- (b) the Shares to be issued upon the exercise of the Placement Options.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

THE PLACEMENT OPTIONS OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

IMPORTANT INFORMATION

General

This Prospectus is dated, and was lodged with ASIC on, 3 May 2019. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Placement Options will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation by ASX of the Placement Options the subject of the Offer.

A copy of this Prospectus is available for inspection at the Australian registered office of the Company at Level G, 10 Ord Street, West Perth, Western Australia during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (refer to Section 5.4). Placement Participants can obtain a copy of this Prospectus during the period of the Offer on the Company's website.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offer.

No updates to Prospectus

The information in this Prospectus may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Except as required by law or regulation, neither the Company, nor any other adviser of the Company intends to update this Prospectus or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Prospectus or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

Application Forms

The Application Form accompanying this Prospectus is important. An Application for Placement Options under the Offer can only be submitted on an Application Form. Please refer to the instructions in Section 2.7 regarding completion of an Application Form.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Overseas Shareholders

This Prospectus does not, and is not intended to, constitute an offer of Placement Options in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

The Offer is not being extended, and Placement Options will not be issued, to persons with an address which is outside Australia, Hong Kong or Germany.

No action has been taken to permit the offer of Placement Options to persons in any jurisdiction other than Australia, Hong Kong or Germany. The distribution of this Prospectus in jurisdictions outside Australia, Hong Kong, or Germany is restricted by law and persons outside of Australia, Hong Kong or Germany should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Continuously quoted securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Exposure period

No exposure period applies to the Offer.

Speculative investment

An investment in the Placement Options should be considered highly speculative. Refer to Section 4 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for Placement Options should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the Placement Options.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for the Placement Options have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that there will be an increase in the value of the Placement Options in the future.

Forward-looking statements

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Diagrams

Any diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to WST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 7.

CORPORATE DIRECTORY

Directors

David Flanagan – Executive Chairman
Jeremy Sinclair – Managing Director
Jeff Dowling – Non-Executive Director
Paul Glasson – Non-Executive Director
Brett Smith – Non-Executive Director **
Gilbert George – Non-Executive Director **
Ivy Chen – Non-Executive Director

Company Secretary

Tony Walsh
Nick Day

Registered Office

Level G, 10 Ord Street
West Perth WA 6005

Website

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

Stock Exchange Listing

Australian Securities Exchange
ASX Codes: BAT, BATO

Share Registry

Automic Registry Service Limited
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: +61 8 9324 2099

Lawyers

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

Auditor*

KPMG
235 St. Georges Terrace
Perth WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

** To stand down at May 2019 Annual General Meeting

INDICATIVE TIMETABLE

Event	Date
Lodgement of Prospectus	3 May 2019
Dispatch of Prospectus	3 May 2019
Opening Date for the Offer (Opening Date)	3 May 2019
Closing Date for the Offer (Closing Date)	5:00pm (WST) on 20 May 2019
Annual General Meeting	21 May 2019
Dispatch of holding statements	27 May 2019
Expected Date for Quotation of Placement Options on ASX	28 May 2019

The above timetable is indicative only and subject to change. Subject to compliance with all applicable laws, the Directors reserve the right to vary these dates, including the Closing Date for the Offer, without prior notice.

1. Company Overview

1.1 Background

The Company, an ASX listed company (ASX code: BAT), is a mining development and minerals exploration company dedicated to exploring for and developing mineral deposits in Mozambique. The Company is maintaining a focus on its two graphite development assets, the Montepuez Graphite Project and the Balama Central Project, which are located in Mozambique. These projects are expected to come into production with 12 to 18 months of financial close of project financing for these two graphite projects.

The Company has recently announced the delivery of a feasibility study on its Balama Central Project which comprises a Stage 1 production rate of 58,000 tonnes per annum (**tpa**).

Combined with the Montepuez Graphite Project and subject to continued positive economic, social and technical investigations, the Balama Central Project provides scope for self-funded growth from a ~50,000 tpa production-rate (subject to project finance close) to more than 150,000 tpa (refer to the Company ASX announcement dated 12 December 2018 for full details on the feasibility study on the Balama Central Project).

1.2 Montepuez Graphite Project

The Company is planning to commence graphite flake concentrate production from its Montepuez Graphite Project, with first shipment 12 to 15 months after financial close of project financing, at export rates of up to 50,000 tpa with an average flake concentrate grade of ~96% total graphitic carbon (**TGC**).

In December 2017 and January 2018, the Company signed four binding offtake agreements for up to 41,000 tpa of graphite concentrate, representing over 80% of the Montepuez Graphite Project's forecast annual production.

In March 2018, the Mozambican Government granted the Company a mining licence for its Montepuez Graphite Project and accepted the Company's environmental impact assessment.

In the December 2017 Quarter, the Company commenced ordering some of the long order items for its Montepuez Graphite Project. The primary crusher arrived on site in 2018 and has providing aggregate for early site works and permanent camp construction, completed in the December 2018 Quarter.

The Company's experienced development and operations team will manage development and construction of the Montepuez Graphite Project and engage local subcontractors to supply camp services, assist with construction and complete various site works and engineering engagements, meaning that there is no fixed term contract for the construction of the Montepuez Graphite Project.

With a wet season between December and March each year in Mozambique, the timing of engineering, delivery of plant to site, construction and engagement of key staff will be critical to ensuring the development of the Montepuez Graphite Project. Subject to the timing of the financial close of project financing, the Company is planning on completing the majority of the development of the Montepuez Graphite Project prior to the onset of the wet season, which has the potential to delay completion of the construction of the Montepuez Graphite Project.

The Company expects production to grow to over 100,000 tpa graphite flake concentrate from its Montepuez Graphite Project as the Company executes subsequent expansions.

1.3 Capital Raising

On 4 April 2019, the Company announced, amongst other things, a two-tranche placement to sophisticated and professional investors to raise in aggregate a total of approximately \$5.1 million (before costs) through the issue of approximately 204 million Shares at an issue price of \$0.025 per

Share (**Placement Shares**) together with, subject to prior Shareholder approval, the grant of one (1) free attaching quoted option for every two (2) Placement Shares issued, exercisable at \$0.10 on or before 31 July 2023 (**Placement Options**) (**Placement**). The Placement will be undertaken in two tranches, as follows:

- (a) approximately 160 million Placement Shares were issued on 11 April 2019, under the Company's placement capacities pursuant to Listing Rules 7.1 and 7.1A (**Tranche 1 Placement**);
- (b) approximately 44.41 million Placement Shares will be issued on or around 21 May 2019, subject to Shareholder approval at a general meeting of Shareholders to be held on or around 21 May 2019 (**General Meeting**) (**Tranche 2 Placement**); and
- (c) all Placement Options will be issued on or around 28 May 2019, subject to Shareholder approval at the General Meeting; and

The Placement Shares under Tranche 2 Placement and Placement Options are subject to Shareholder approval being obtained at the Annual General Meeting, proposed to be held on 21 May 2019 (refer to Section 2.3 for further details).

Please refer to the Company's announcement dated 4 April 2019 for further details the Placement.

2. Details of the Offer

2.1 The Offer

This Prospectus invites Placement Participants to apply for a total of up to 102,210,000 Placement Options, on the basis of one (1) Placement Option for every two (2) Placement Shares validly subscribed for under the Placement (**Offer**).

All Placement Participants will be sent a copy of this Prospectus, together with an Application Form.

Only Placement Participants can accept the Offer. Refer to Section 2.7 for details on how to apply under the Offer.

No funds will be raised from the Offer as the Placement Options are free attaching to the Placement Shares.

All of the Placement Options offered under this Prospectus will be granted on the terms and conditions detailed in Section 5.1.

All of the Shares issued upon the future exercise of the Placement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.2 for further details of the rights and liabilities attaching to the Shares.

2.2 Purpose of the Offer

The Placement Shares will be issued to professional and sophisticated investors within the meaning of sections 708(8) and 708(11) of the Corporations Act in order to raise approximately \$5.1 million (before costs).

The Placement will assist the Company with its working capital needs, as it progresses debt and other financing for the construction of its Montepuez Graphite Project in Mozambique as well as undertaking minor preparatory and design works on the Montepuez Graphite Project.

The purpose of this Prospectus is to:

- (a) make the Offer;

- (b) ensure that the on-sale of the Placement Options does not breach section 707(3) of the Corporations Act; and
- (c) ensure that the on-sale of the underlying Shares to be issued upon the exercise of the Placement Options is in accordance with ASIC Corporations Instrument 2016/80.

2.3 Conditional Offer

At the General Meeting, the Company will seek Shareholder approval for, among other things:

- (a) the grant of the Placement Options under the Tranche 1 Placement; and
- (b) the issue of the Placement Shares and Placement Options under the Tranche 2 Placement;

If Shareholder approval is not obtained for the grant of the Placement Options under the Tranche 1 Placement, then the Company will not proceed with the Offer. However, Placement Participants under the Tranche 1 Placement will still have received their Placement Shares.

If Shareholder approval is not obtained for the grant of the Placement Shares and Placement Options under the Tranche 2 Placement, then the Company will not proceed with the Tranche 2 Placement.

Refer to the Company's Notice of General Meeting lodged with ASX on 15 April 2019 for further details on the General Meeting.

2.4 Opening and Closing Dates

The Company will accept Application Forms in respect of the Offer from Placement Participants from the Opening Date until 5.00pm (WST) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the closing dates of the Offer without prior notice. If a closing date is varied, subsequent dates may also be varied accordingly.

2.5 No minimum subscription

There is no minimum amount sought to be raised under the Offer.

2.6 Effect on control

The Offer will have no impact on the control of the Company as no person as a result of the Offer will increase their voting power in the Company:

- (a) from 20% or below to more than 20% of issued capital of the Company; or
- (b) from a starting point that is above 20% and below 90% of issued capital of the Company.

2.7 Application Forms

Placement Participants may apply for Placement Options under the Offer by completing the Application Form accompanying this Prospectus in accordance with the instructions outlined on the Application Form. Applications pursuant to the Offer may only be made by those investors who participated in the Placement.

All Placement Participants will be sent a copy of this Prospectus, together with an Application Form.

Completed Application Forms should be returned in accordance with the instructions on the Application Form.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Placement Options accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Placement Options.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

2.8 Representations by Applicants

By completing and returning an Application Form, in addition to the representations set out elsewhere in this Prospectus and the respective Application Forms:

- (a) you acknowledge that you have received a copy of this Prospectus and an accompanying Application Form, and read them both in their entirety;
- (b) you agree to be bound by the terms of the Offer (as applicable to you), the provisions of this Prospectus and the Constitution;
- (c) you authorise the Company to register you as the holder(s) of the Placement Options allotted to you;
- (d) you declare that all details and statements in the Application Form are complete and accurate;
- (e) you declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (f) you acknowledge that once the Application Form is returned the Application may not be varied or withdrawn except as required by law;
- (g) you agree to accept and be issued up to the number of Placement Options specified in the Application Form;
- (h) you authorise the Company and its respective officers or agents to do anything on your behalf necessary for the Placement Options to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (i) if you (or any person for whom you are acquiring the Placement Options) are in Hong Kong, you (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; and
- (j) if you (or any person for whom you are acquiring the Placement Options) are in Germany, you (and any such person) are a "qualified investor" within the meaning of the Prospectus Directive (Directive 2003/71/EC) as amended and implemented in Germany.

2.9 Issue and dispatch

The Company intends to issue Placement Options on 28 May 2019. Securityholder statements will be dispatched as soon as possible after issue of the Placement Options.

It is the responsibility of Applicants to determine their allocation prior to trading in the Placement Options. Applicants who sell Placement Options before they receive their holding statements will do so at their own risk.

2.10 ASX quotation

Application will be made to ASX no later than seven days after the date of this Prospectus for the official quotation of the Placement Options.

The Placement Options will only be quoted in the event that the ASX quotation conditions are met. If the quotation conditions are not met or ASX otherwise does not grant quotation of the Placement Options, the Placement Options will be unquoted.

The fact that ASX may grant official quotation of the Placement Options is not to be taken in any way as an indication of the merits of the Company, the Placement Options or Shares.

2.11 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer.

2.12 CHES

The Company participates in the Clearing House Electronic Subregister System, known as CHES. ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement will send you a CHES statement.

The CHES statement will set out the number of Placement Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Placement Options.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Automatic Registry Service Limited and will contain the number of Placement Options issued to you under this Prospectus and your security holder reference number.

A CHES statement or Issuer Sponsored statement will routinely be sent to Securityholders at the end of any calendar month during which the balance of their holding changes. Securityholders may request a statement at any other time, however, a charge may be made for additional statements.

2.13 Overseas Applicants

No action has been taken to register or qualify the Placement Options, or the Offer, or otherwise to permit the offering of the Placement Options, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Placement Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus. In particular, this Prospectus may not be distributed to any person, and the Placement Options may not be offered or sold in any country outside Australia except to the extent permitted below.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Placement Options have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Placement Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Placement Options that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted the Placement Options may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Germany

This document has been prepared on the basis that all offers of Placement Options will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Germany, from the requirement to publish a prospectus for offers of securities.

An offer to the public of the Placement Options has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- (a) to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, "MiFID II") and the MiFID II Delegated Regulation (EU) 2017/565;
- (b) to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and the MiFID II Delegated Regulation (EU) 2017/565;
- (c) to any person or entity who has requested to be treated as a professional client in accordance with MiFID II; or
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II unless such entity has requested to be treated as a non-professional client in accordance with the MiFID II Delegated Regulation (EU) 2017/565.

2.14 Risk factors

An investment in Placement Options should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are detailed in Section 4.

2.15 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Placement Options under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Placement Options under this Prospectus.

2.16 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2.17 Major activities and financial information

A summary of the activities and financial information relating to the Company for the financial year ended 31 December 2018 is in the Annual Report which was lodged with ASX on 15 April 2019.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of the Annual Report are listed in Section 5.4.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether to participate in the Offer.

2.18 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 6148 1000.

3. Effect of the Offer

3.1 Capital Structure on completion of the Offer

	Shares	Listed Options
Balance at the date of this Prospectus (including the Shares issued under the Tranche 1 Placement)	1,273,671,549	172,274,066

	Shares	Listed Options
To be issued under the Tranche 1 Placement (subject to Shareholder approval at the General Meeting)	-	80,000,000
To be issued under the Tranche 2 Placement (subject to Shareholder approval at the General Meeting)	44,420,000	22,210,000
Balance after the Offer	1,318,091,549	274,484,066

The above table does not include the 146,650,000 unlisted options currently on issue ⁽¹⁾ or the grant of Options to Directors, which is the subject of Shareholder approval at the General Meeting. Refer to the Notice of Annual General Meeting for further details.

Notes:

- (1) Comprising:
- a) 2,500,000 unquoted options with an exercise price of \$0.092, exercisable on or before 31 May 2020;
 - b) 5,000,000 unquoted options with an exercise price of \$0.10, exercisable on or before 23 December 2021;
 - c) 28,900,000 unquoted options with an exercise price of \$0.15, exercisable on or before 23 December 2021;
 - d) 5,000,000 unquoted options with an exercise price of \$0.20, exercisable on or before 23 December 2021;
 - e) 5,000,000 unquoted options with an exercise price of \$0.25, exercisable on or before 23 December 2021;
 - f) 3,000,000 unquoted options with an exercise price of \$0.13, exercisable on or before 21 June 2022;
 - g) 5,000,000 unquoted options with an exercise price of \$0.20, exercisable on or before 21 June 2022;
 - h) 10,000,000 unquoted options with an exercise price of \$0.094, exercisable on or before 21 June 2022;
 - i) 3,500,000 unquoted options with an exercise price of \$0.20, exercisable on or before 22 May 2022;
 - j) 7,800,000 unquoted options with an exercise price of \$0.1125, exercisable on or before 12 January 2021;
 - k) 7,800,000 unquoted options with an exercise price of \$0.15, exercisable on or before 12 January 2021;
 - l) 20,000,000 unquoted options with an exercise price of nil, exercisable on or before 3 July 2023, subject to performance milestones;
 - m) 7,500,000 sign-on options with an exercise price of \$0.13, exercisable on or before 30 June 2023;
 - n) 1,000,000 unquoted options with an exercise price of \$0.20, exercisable on or before 16 July 2023;
 - o) 1,000,000 unquoted options with an exercise price of \$0.20, exercisable on or before 16 July 2023;
 - p) 500,000 unquoted options with an exercise price of \$0.20, exercisable on or before 16 July 2023;
 - q) 500,000 unquoted options with an exercise price of \$0.20, exercisable on or before 16 July 2023;
 - r) 200,000 unquoted options with an exercise price of \$0.20, exercisable on or before 16 July 2023;
 - s) 75,000 unquoted options with an exercise price of \$0.15, exercisable on or before 16 July 2023;
 - t) 7,900,000 unquoted options with an exercise price of \$0.20, exercisable on or before 16 July 2023;
 - u) 75,000 unquoted options with an exercise price of \$0.15, exercisable on or before 16 July 2023; and
 - v) 24,400,000 unquoted options with an exercise price of nil, exercisable on or before 13 July 2023, subject to performance milestones.

3.2 Effect of the Offer on the Company

The principal effect of the Offer, assuming all Placement Options offered under this Prospectus are issued in accordance with the Offer, will be to increase the number of Options currently on issue by up to 102,210,000 Options.

3.3 Market price of Shares

The highest and lowest market sale prices of Shares on ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales were:

Highest:	\$0.036 per Share on 29 March 2019
Lowest:	\$0.022 per Share on 15, 16 and 17 April 2019
Latest	\$0.023 per Share on 2 May 2019

3.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4. Risk Factors

The proposed future activities of the Company are subject to a number of risks and other factors which may impact the financial performance of the Company and the value of its securities. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company and cannot be mitigated.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Potential investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

4.1 Specific Investment Risks

(a) Project Finance Funding Risk

No assurance can be given that the Company will complete project financing on terms and conditions acceptable to the Company or the Company will otherwise satisfy the conditions to any project financing it arranges and be able to drawdown and access the project financing.

If the Company is unable to raise the minimum equity funding or otherwise satisfy the conditions of any project financing it arranges, the Company may be required to limit its operations (namely, the development of Montepuez Graphite Project) and/or raise additional funds through public or private financing. Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(b) Future Capital Requirements

Upon completion of the Placement, the Company anticipates that the Montepuez Graphite Project will require further funding by way of project finance and various forms of equity capital. No assurance can be given that any such financing will be available or that, if available, it will be available on terms acceptable to the Company or Shareholders. The Company may in the future raise additional funds through public or private financing.

The Company requires further funding for the development of the Montepuez Graphite Project, and if sufficient funds are not available from either debt or equity markets to satisfy the Company's requirements, the Company may be required to reduce the scope of its operations and scale back its development programme as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(c) Project Development Risk

The Company has not yet completed the development of the Montepuez Graphite Project and does not expect to commence production at the Montepuez Graphite Project until 12 to 15 month after project finance close. The Company expects to incur significant capital expenditures during the continued development of the Montepuez Graphite Project. The Company may encounter unexpected difficulties, including shortages of materials or delays in delivery of materials, unexpected operational events, facility or equipment malfunctions or breakdowns, unusual or unexpected adverse geological conditions, cost overruns, regulatory issues, adverse weather conditions and other catastrophes, such as explosions, fires, floods and accidents, increases in the level of labour costs and the existence of any labour disputes, and adverse local or general economic or infrastructure conditions. In addition, there will be operating losses which need to be funded as the Montepuez Graphite Project undergoes commissioning and ramps up to full production. Accordingly, the Company may not be able to complete the development of the Montepuez Graphite Project on schedule, at the budgeted cost or at all, and any delays

beyond the expected development periods or increased costs above those expected to be incurred could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and ability to pay dividends to Shareholders.

(d) **Regulatory Risk**

Mining companies must obtain numerous regulatory permits that impose strict conditions on various matters in connection with mining. The permitting rules are complex and change over time, potentially in ways that may make mining companies' ability to comply with the applicable requirements more difficult or impractical or even preclude the continuation of ongoing operations or the development of future mining operations. Prior to commencing mining operations, the Company must conclude a Mining Agreement with the Government of Mozambique. The Company anticipates that there will be a number of conditions precedent to the Mining Agreement. Whilst the Company expects to conclude a mutually satisfactory Mining Agreement, if the Company is unable to obtain the rights necessary for its operations, including the Mining Agreement, there may be adverse implications for the Company's production, results of operations, ability to export graphite concentrate or cash flow.

(e) **Operational risk**

The Company's development and mining activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of factors such as costs/shortages of circuital inputs such as diesel fuel, adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Hazards incidental to the development and mining of mineral properties such as unusual or unexpected geological formations may be encountered by the Company. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

The Company will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

(f) **Foreign Exchange Risk**

The Company operates in Mozambique where the Company's capital expenditure and ongoing expenditure and sales contracts are denominated in Mozambican Metical, the currency of Mozambique. The Company also conducts its business in Australian Dollars, United States Dollars and South African Rand. The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. The Company intends to convert some or all of the Australian dollar proceeds raised pursuant to the Capital Raisings into Mozambican Metical and United States Dollars. As the Company's operations change, the Directors will review this policy periodically going forward. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

(g) **Access to Skilled Personnel**

The Company is dependent on a number of key management personnel, including the services of certain key employees and consultants. The Company's ability to manage its development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a

skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Company's ability to manage and expand the business.

Under Mozambican laws, the Company is required to have the vast majority of its workforce comprising of Mozambican nationals. Any variation to this regulation needs prior authorisation of the Ministry of Labour. Consequently, it may be difficult for the Company to attract and retain suitably qualified and experienced people. If the Company cannot do so, this could have a material adverse effect on the Company's ability to manage and expand the business.

(h) **Weather Risks**

Mozambique has a wet season between December and March each year. This wet season may prohibit the Company from undertaking some or all construction works at the Montepuez Graphite Project. Delays in the construction of the Montepuez Graphite Project may result in the Company not being able to complete the development of the Montepuez Graphite Project prior to the onset of the wet season which may delay completion of the construction of the Montepuez Graphite Project. Any such delays could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

(i) **Port Risk**

The Company currently has a binding 100,000 tpa allocation at the Port of Pemba, Mozambique, for the purpose of exporting graphite concentrate. The Company is currently in discussions with the Mozambican Government to convert this allocation into a binding port agreement. Whilst the Company expects to conclude a mutually satisfactory full port usage agreement with the Mozambican Government, no assurance can be given that the Company will convert this port allocation into a full port usage agreement or that the Company will be able to expand its port allocation as required. If the Company is unable to finalise a full port usage agreement at the Port of Pemba, or unable to obtain port access at the levels required to satisfy the Company's operations, the Company may be required to seek alternative methods to export graphite concentrate or scale back or discontinue its operations. This could have a material adverse effect upon the Company's financial performance and results of operations.

(j) **Commodity Price Volatility**

Revenues of the Company will predominantly be derived from the sale of graphite concentrates. Consequently, the Company's operational and financial performance, as well as the economic viability of its projects, any future earnings of the Company are likely to be closely related to the price of graphite. The demand for, and the price of, graphite is highly dependent on a variety of factors, including international supply and demand, the price and availability of substitutes, actions taken by governments and global economic and political developments. Volatility in commodity markets may therefore materially affect the profitability and financial performance of the Company and the price of its securities.

In addition, any sustained low global price for graphite (as well as other related commodities) may adversely affect the Company's business and financial results, and its ability to finance, and the financing arrangements for, its activities or its planned capital expenditure commitments (in the ordinary course of the Company's operations).

The factors which affect the prices for graphite, as well as other related commodities (which are outside the control of the Company and its Directors) include, among many other factors, manufacturing and construction activities; the quantity of global supply in each of these respective commodities as a result of the commissioning of new mines and the decommissioning of others; political developments in countries which produce material quantities of these named commodities; the weather in these same countries; the price and availability of appropriate substitutes; advancements in technologies and the uses and potential uses of graphite, and the demand for the applications for which these

commodities may be used; and sentiment or conditions in the countries and sectors in which the Company or its future business/commercial partners will potentially sell their products. Given the complex array of factors which contribute to the prevailing global price of these commodities, it is particularly difficult for the Company to predict with any certainty the prevailing price for these commodities and accordingly, investors are cautioned not to place undue reliance on any price or demand forecasts provided by the Company or by external analysts.

(k) **Sovereign Risk**

The Montepuez Graphite Project is located in Mozambique. The Company maintains positive relationships with key government stakeholders in Mozambique. Irrespective of these relationships, the Company may be affected by possible political or economic instability. There can, for example, be no assurance that future political and economic conditions will not result in the government adopting policies respecting foreign ownership and development of interests in mineral resources.

The risks include, but are not limited to, terrorism, military repression, fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude may prevent, hinder or delay the Company's business activities and render the Montepuez Graphite Project unprofitable by preventing or impeding future property exploration, development or mining. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, restrictions on repatriation of earnings, royalties and duties, income taxes, nationalization of property or businesses, expropriation of property, maintenance claims, environmental legislation, land use, land claims of local people, water use and mine safety.

All of these factors are inherent with any mining investment in any jurisdiction and may, in the future, adversely affect the financial performance of the Company and the market price of its securities. No assurance can be given regarding future stability in any country in which the Company has an interest.

(l) **The Company has no history of earnings and no production revenues**

The Company has no history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from exploration operations and expects to continue to incur losses until production commences and reaches the required level. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in coming months as needed for consultants, personnel and equipment associated with construction, commissioning, ramp up and commercial production of its operations. The amounts and timing of expenditures will depend on the progress of construction activities and production ramp up.

The Company expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations.

(m) **The Company has limited operating history**

The Company has limited operating history on which it can base an evaluation of its prospects. The Company may encounter risks and difficulties experienced by companies whose performance is dependent upon newly-constructed assets, such as any one of our properties failing to perform as expected, having higher than expected operating costs, having lower than expected customer revenues, or suffering equipment breakdown, failures or operational errors. Despite this, members of the Company's Board of Directors and management team have considerable experience in developing and mining of coal projects both globally and within Mozambique.

The future success of the Company is dependent upon a number of factors, including the successful construction and commissioning of the Montepuez Graphite Project.

(n) **Environmental Risks**

The operations and proposed activities of the Company are subject to the laws and regulation of all jurisdictions in which the Company is operating concerning the environment. As with most mining operations, the Company's activities are expected to have an impact on the environment. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The cost and complexity in complying with the applicable environmental laws and regulations may affect the viability of potential developments of the Company's projects, and consequently the value of those projects, and the value of the Company's assets.

(o) **Title Risks**

Interests in tenements are governed by the respective legislation in the jurisdiction in which the Company's tenements are located, and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met, if insufficient funds are available to meet expenditure commitments, or the Company's rights and title are challenged or impugned by third parties.

(p) **Agreements for sales or off-take**

The Company has entered into four offtake agreements covering approximately 80% of stage 1 of the Montepuez Graphite Project. The Company may enter into additional offtake agreements in the future.

If the Company fails to meet its obligations in terms of product quantity, quality or timing of supply, it may face a risk that these contracts may be cancelled. This could have a material adverse effect upon the Company's financial performance and results of operations.

(q) **Mineral resource and mineral reserve estimates**

The Company's mineral resources and mineral reserves are estimates. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Whilst the Company has mitigated this risk through detailed drilling at 25m by 12.5m spacing and bulk sample mining of approximately 2,500 tonnes, mineral resource and reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

For most new mine developments the actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, mineral reserves are valued based on future costs and future prices and consequently, the actual mineral reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations. Any inaccuracy in the Company's mineral reserves and mineral resources estimates could result in lower than expected revenues, higher than expected costs, decreased profitability and asset impairments.

(r) **Mining Risks**

When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. Each mineral deposit is unique. The occurrence and quality of the deposit, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, quality and overall yield of a deposit are not precise calculations but are based on interpretation and samples from drilling, which, even at close drill hole spacing, represent a very small sample of the entire orebody.

(s) **Competition Risk**

The industry in which the Company is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company undertakes all reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Company not being differentiated to other similar offerings.

The size and financial strength of some of the Company's competitors may make it difficult for it to maintain a competitive position in the technology market.

(t) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

4.2 **General Investment Risks**

(a) **Price of securities**

The securities of the Company are subject to general market risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Security price that are not explained by the performance of the Company.

The price at which the securities of the Company are quoted on the ASX may increase or decrease due to a number of factors, some of which may not relate directly or indirectly to the Company's performance or prospects.

There is no assurance that the price of the securities of the Company will increase in the future, even if the Company's earnings increase.

Some of the factors which may affect the price of the securities of the Company include:

- (i) fluctuations in the domestic and international markets for listed stocks;
- (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government;
- (iii) fiscal, monetary or regulatory policies, legislation or regulation;
- (iv) inclusion in or removal from market indices;
- (v) the nature of the markets in which the Company operates;
- (vi) general operational and business risks;

- (vii) variations in sector performance, which can lead to investors exiting one sector to prefer another; and
- (viii) initiatives by other sector participants which may lead to investors switching from one stock to another.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in securities of the Company.

In the future, the sale of large parcels of securities of the Company may cause a decline in the price at which the securities of the Company trade on ASX.

(b) **Tax law and application**

The application of and change in relevant tax laws (including income tax, goods and services tax (or equivalent), rules relating to deductible liabilities, or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Securityholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia and Mozambique) and / or any changes in tax rules and tax arrangements (in Australia and Mozambique) may increase the amount of tax paid or payable by the Company, may also impact Securityholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and Securityholder returns. In addition, an investment in securities of the Company involves tax considerations which may differ for each Securityholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

(c) **Force majeure events**

Events may occur within or outside Australia and Mozambique that could impact upon global, Australian, Mozambican or other local economies relevant to the Company's financial performance, the operations of the Company and the price of the securities of the Company. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

(d) **Accounting standards**

Australian Accounting Standards (**AAS**) are adopted by the AASB and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(e) **Expected future events may not occur**

Certain statements in this Prospectus constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties,

prospective investors should not place undue reliance on such forward looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, or any other person referred to in this Prospectus, that a particular outcome or future event is guaranteed.

(f) **Shareholder dilution**

In the future, the Company may elect to issue further securities in connection with fundraisings, including to raise proceeds for acquisitions. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

(g) **Trading in securities of the Company may not be liquid**

There is no guarantee that there will be an ongoing liquid market for securities of the Company. Accordingly, there is a risk that, should the market or Company's securities become illiquid, the Securityholders will be unable to realise their investment in the Company.

(h) **General economic and financial market conditions**

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. There is a risk that prolonged deterioration in general economic conditions may impact the demand for the Company's products and negatively impact the Company's financial performance, financial position, cash flows, dividends, growth prospects and Security price.

4.3 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Placement Options offered under this Prospectus. Therefore, the Placement Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Placement Options. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Placement Options pursuant to this Prospectus.

5. Additional Information

5.1 Terms and Conditions of the Placement Options

The terms and conditions of the Placement Options are as follows:

(a) **Entitlement**

The Placement Options entitle the holder to subscribe for one Share upon the exercise of each New Option.

(b) **Exercise Price, Vesting Date and Expiry Date**

The Vesting Date, Exercise Price and Expiry Date of each New Option will be as followings:

Tranche	Vesting Date	Exercise Price	Expiry Date
100%	Immediately	\$0.10	31 July 2023

(c) **Exercise period**

A New Option may be exercised at any time prior to the applicable Expiry Date, in the table in item (b) above.

(d) **Notice of exercise**

The Placement Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised. Any Notice of Exercise of a New Option received by the Company will be deemed to be a notice of the exercise of that New Option as at the date of receipt. A minimum of 5,000 Placement Options must be exercised at any one time.

(e) **Shares issued on exercise**

Shares issued on exercise of the Placement Options will rank equally with the then issued Shares of the Company.

(f) **Options quoted**

The Company will apply to ASX for quotation of the Placement Options. Subject to the quotation requirements being met, the Placement Options will be quoted.

(g) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Placement Options.

(h) **Timing of issue of Shares**

After a New Option is validly exercised, the Company must as soon as possible:

- (i) issue the Shares pursuant to the exercise of the Placement Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Placement Options.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the Placement Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Placement Options the opportunity to exercise their Placement Options prior to the date for determining entitlements to participate in any such issue.

(j) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the option holder would have received if the New Option holder had exercised the New Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.
- (k) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders, there will be no adjustment of the Exercise Price of a New Option.
- (l) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the New Option holder will be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (m) **Placement Options transferable**

The Placement Options are transferable.
- (n) **Lodgement instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Placement Options with the appropriate remittance should be lodged at the Company's share registry.

5.2 Rights and Liabilities Attaching to Shares

The Placement Options entitle the holder to subscribe for Shares on the following terms and conditions.

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued upon exercise of the Placement Options issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Variation of Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to the shares in any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(d) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or a failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(e) **Dividends**

Subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the shareholders entitled to the dividend which shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

(f) **Winding up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

5.3 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.4 below).

5.4 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

- (a) the Annual Report of the Company for the year ended 31 December 2018, being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus, being as follows:

Date Lodged	Subject of Announcement
29/04/2019	Quarterly Activities Report
29/04/2019	Quarterly Cashflow Report
29/04/2019	Substantial maiden vanadium Resource at Montepuez
15/04/2019	Notice of Annual General Meeting/Proxy Form
15/04/2019	Corporate Governance Statement and Appendix 4G

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the office of the Company at Level G, 10 Ord Street, West Perth, Western Australia:

- (i) this Prospectus;
- (ii) the Constitution; and
- (iii) the consents referred to in Section 5.12 and the consents provided by the Directors to the issue of this Prospectus.

5.5 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

5.6 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Placement Options under this Prospectus.

5.7 Director Participation

Placement

Mr David Flanagan, Mr Jeff Dowling, Mr Jeremy Sinclair, Mr Gilbert George and Ms Ivy Chen wish to participate in the Placement. Subject to receipt of Shareholder approval at the General Meeting, Mr David Flanagan, Mr Jeff Dowling, Mr Jeremy Sinclair, Mr Gilbert George and Ms Ivy Chen will be eligible to subscribe for the following Placement Shares and Placement Options:

Director	Placement Shares	Placement Options
Mr David Flanagan	2,000,000	1,000,000
Mr Jeff Dowling	500,000	250,000
Mr Jeremy Sinclair	4,000,000	2,000,000
Mr Gilbert George	1,000,000	500,000

Director	Placement Shares	Placement Options
Ms Ivy Chen	120,000	60,000

5.8 Directors' interests

Other than as detailed in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Detailed in the table are details of the Directors' relevant interests in the securities of the Company at the date of this Prospectus:

Director	Shares	Options
Mr Gilbert George ⁽¹⁾	9,198,656	4,500,000
Mr Brett Smith ⁽²⁾	728,521	4,124,999
Mr David Flanagan ⁽³⁾	4,997,492	50,425,000
Mr Jeff Dowling ⁽⁴⁾	1,500,000	4,800,000
Mr Paul Glasson ⁽⁵⁾	-	3,000,000
Ms Ivy Chen	100,000	3,050,000
Mr Jeremy Sinclair	-	-

Notes:

- (1) 4,051,747 Shares and 1,375,000 Options are held directly by Mr George, and 5,146,909 Shares and 3,125,000 Options are held by The Gilbert George Super Fund.
- (2) 1,000,000 Options are held by Mr Smith, 119,333 Shares and 41,666 Options are held by New Generation Exploration Fund Pty Ltd as trustee for The Smith Super Fund (of which Mr Smith is a director), and 609,188 Shares and 3,083,333 Options are held by Feliz (WA) Pty Ltd as trustee for Casero Family Trust (of which Mr Smith is a beneficiary).
- (3) 4,997,492 Shares and 425,000 Options are held by Synthafifax Pty Ltd as trustee for Alchemy Super Fund and 50,000,000 Options are held by Mr Flanagan as trustee for the Flanagan Family Trust.

- (4) 1,500,000 Shares and 300,000 Options are held by Mr Jeffrey Philip Dowling and Mrs Mary Anne Dowling as trustees for the Dowling Superannuation Fund and 4,500,000 Options are held by Starwood Holdings Pty Ltd as trustee for the JP Dowling Family Trust.
- (5) 3,000,000 Options are held by Satori Investments Greater China Limited, an entity controlled by Mr Glasson.

5.9 Directors remuneration

Directors received the following remuneration for the preceding two financial years:

Director	Financial Year	Total Remuneration (A\$) ⁽¹⁾
Mr Gilbert George ⁽²⁾	2017	244,746
	2018	122,529
Mr Brett Smith	2017	232,646
	2018	107,029
Mr David Flanagan	2017	1,661,100
	2018	1,054,008
Mr Jeff Dowling	2017	-
	2018	136,493
Mr Paul Glasson ⁽²⁾	2017	88,723
	2018	106,433
Ms Ivy Chen	2017	-
	2018	76,964

Notes:

- (1) The above table includes values for share based payments (options & performance rights) at their fair value. Please refer to the Company's annual reports for the years ended 31 December 2017 and 31 December 2018 for further details. Mr Jeremy Sinclair was appointed on 8 April 2019, subsequent to the most recent financial year end.
- (2) The directors' fees of Gilbert George and Paul Glasson include fees for the additional professional consultancy work of \$15,788 and \$3,790 respectively.

5.10 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Automatic Registry Service Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

Morgans Financial Limited and Hartleys Limited acted as joint lead managers to the Placement. In respect of this work the Company will pay Morgans Financial Limited and Hartleys Limited a joint lead manager fee of 6% of the total funds raised under the Placement.

The Company's legal advisors will be paid fees of approximately \$8,000 (plus GST) in relation to the preparation of this Prospectus and the Offer.

5.11 Expenses of the Offer

The estimated expenses of the Offer (exclusive GST) are as follows:

	\$
ASIC lodgement fee	3,206
Legal expenses	8,000
Printing, mailing and other expenses	3,000
ASX quotation fee	22,499
Joint Lead Manager ⁽¹⁾	306,000
Total	342,705

Note:

(1) Comprises a joint lead manager fee of 6% of the funds raised under the Placement pursuant to the issue of the Placement Shares.

5.12 Consents

DLA Piper Australia has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as Australian solicitors to the Company. DLA Piper Australia has not authorised or caused the issue of this Prospectus or the making of the Offer. DLA Piper Australia makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

Automic Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Automic Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registrar to the Company. Automic Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

5.13 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Placement Options in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send to you, free of charge to you, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

6. Authorisation

This Prospectus is authorised by each of the Directors. This Prospectus is signed for and on behalf of the Company by:



David Flanagan
Executive Chairman

3 May 2019

7. Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars unless otherwise specified.

Annual Report means the financial report lodged by the Company with ASIC in respect to the year ended 31 December 2018 and includes the corporate directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 31 December 2018, together with a Directors' report in relation to that financial year and the auditor's report for the period to 31 December 2018.

Applicant means a person who submits an Application Form.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

Balma Central Project means the Balma Central Project operated by the Company and located in Mozambique.

Board means the Directors meeting as a board.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date has the meaning given in the Indicative Timetable.

Company means Battery Minerals Limited ACN 152 071 095.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means Corporations Act (Cth) 2001.

Directors mean the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Placement Participant to subscribe for Placement Options under the Offer.

General Meeting has the meaning given in Section 1.3.

Indicative Timetable means the indicative timetable on page 1 of this Prospectus.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

Mining Agreement means the Mining Agreement with the Government of Mozambique required by the Company before commencing mining operations at the Montepuez Graphite Project.

Montepuez Graphite Project means means the Montepuez Graphite Project operated by the Company and located in Mozambique.

Notice of Exercise has the meaning given in Section 5.1.

Notice of General Meeting means the notice convening the General Meeting, including the Explanatory Memorandum.

Offer has the meaning given in Section 2.1.

Opening Date has the meaning given in the Indicative Timetable.

Option means an option to acquire a Share.

Placement has the meaning given in Section 1.3.

Placement Options has the meaning given in Section 1.3.

Placement Participant means a person who is invited to participate in the Placement.

Placement Shares has the meaning given in Section 1.3.

Prospectus means this prospectus dated 3 May 2019.

Securityholder means a holder of Placement Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Share Registry means Automic Pty Ltd.

Subsequent Capital Raising has the meaning given in Section 1.3.

TGC means total graphitic carbon.

tpa means tonnes per annum.

Tranche 1 Placement has the meaning given in Section 1.3.

Tranche 2 Placement has the meaning given in Section 1.3.

US\$ means United States dollars.

WST means Australian Western Standard Time.