

September 2019 Quarterly Activities Report

Battery Minerals advances funding for Montepuez Graphite Project

African resource funding specialist appointed; Contractor v Owner model assessment provides scope to cut capex by up to \$6m

HIGHLIGHTS

- Battery Minerals appoints ThirdWay Africa as corporate finance and development capital advisor for its Montepuez Graphite Project
- Progressing through structured, revised funding process
- Battery Minerals signs MoU with leading US group for graphite processing JV in Mozambique
- Contractor versus Owner Operating model being assessed with the potential to reduce Montepuez Graphite Project capex by up to \$6M.
- Cash on hand of \$5.1M at 30 September 2019, with monthly cash spend significantly reduced in the quarter from the first two quarters of 2019
- Subsequent to quarter end, the Company received final proceeds of USD250,000 for the sale of a non-core tenement in 2017
- Independent analysts continue to forecast substantial graphite demand on the back of the EV industry

Battery Minerals Limited (ASX: BAT) ("Battery Minerals" or "the Company") is pleased to report on progress it made during the September 2019 Quarter towards its goal of becoming a significant graphite supplier to the traditional graphite and lithium ion battery industries.

Appointment of corporate finance and development capital advisor

During the September 2019 Quarter, Battery Minerals announced that it had conducted a holistic review, which commenced in May 2019, of its business activity given its narrowed focus on funding. This culminated in a revised funding strategy and the implementation of a company-wide cost reduction program.

ThirdWay Africa ("ThirdWay"), a specialist corporate finance and development capital advisor, who focus on funding Indian Ocean Africa projects and developments, was appointed to assist the Company to secure project funding.

ThirdWay has extensive African funding experience and international networks which are available to the Company as part of the project funding process.

ThirdWay specialises in securing traditional debt and equity capital and other funding from large development organisations and governments, with a particular focus on countries in and around Indian Ocean Africa. ThirdWay's understanding and presence in Mozambique, together with an extensive network in key financial centres in the UK, Europe and the Americas, means it is ideally placed to assist the Company in securing funding for the Montepuez Graphite Project.

ThirdWay has been appointed on a fixed term, performance incentivized basis with defined milestones.

Cost Reduction Strategy

In parallel with the appointment of ThirdWay, Battery Minerals implemented a cost reduction strategy aimed at ensuring it remains funded throughout the project financing process. The cost reduction exercise, which commenced in May 2019, has significantly reduced ongoing overheads while not impacting the Company's ability to complete project funding or the tenure of the assets. Until the project is funded, the Company will only incur development and exploration/evaluation expenditure where necessary. The Company has cut its monthly expenditure by just under 50% from the first half of 2019.

Urbix MoU

Subsequent to the end of the September 2019 Quarter, Battery Minerals announced that it had signed a Memorandum of Understanding with US graphite technology specialist Urbix, with the aim of establishing a joint venture in Mozambique.

The MoU with Urbix, which has been a long-time technology partner of Battery Minerals, lays the foundation for establishing a Joint Venture (JV) which would develop an environmentally friendly graphite purification facility in Mozambique.

It is envisaged that the facility will source graphite concentrate from Battery Minerals' Montepuez Graphite Project as well as potentially toll-treat graphite from other mines in Mozambique and utilise the environmentally friendly, proprietary Urbix purification method to produce high purity, +99.95%TGC graphite products.

Urbix specialises in the refinement and purification of natural graphite and advanced graphite derivatives. Since December 2017, Urbix and Battery Minerals have been working together to establish a strategy combining Urbix technologies with Battery Minerals' graphite concentrates to generate graphite products for the refractory, composites, lithium-ion, and nuclear markets.

Battery Minerals and Urbix will work together to complete all necessary feasibility study work for the proposed JV purification facility in Mozambique.

Montepuez Economic Enhancement Work

As part of the Company's funding strategy, Battery Minerals has been investigating options to enhance the economics and fundability of the Montepuez Graphite Project. This has included a review of the current capital expenditure basis of the owner-operator model assumed for its Montepuez Graphite Project. The Company is assessing the benefits of a contractor operating model for key operating contracts for the provision of mining services and electrical power generation for the purpose of reducing capital expenditure.

In addition to the capital cost reduction benefits that result from contractors providing their own equipment, the Company is also testing the potential for key contractors to partner in the success of the project by participating in funding of the Montepuez Graphite Project. Based on preliminary discussions with potential contractors, there is interest in this collaborative

approach. Requests for quotes and tenders have been issued to the market, as required by Mozambican law.

Battery Minerals believes a switch to a contracting model could reduce the current Montepuez Graphite Project funding requirement of US\$55 million (excludes financing costs, refer to *Table 1* below for the breakdown), by up to US\$6 million. As stated above, this potential reduction relates to the capital associated with mining and mobile fleet (US\$3.9m) and power generation (US\$2.1m) which would result from the outsourcing of the mining services and electrical power generation.

The reduction in funding requirement for the Montepuez Graphite Project that comes from a reduction in capital (up to US\$6 million), combined with the potential for contractor participation in the funding solution, and the possibility of increases in operating costs, will be assessed for its net impact during the December 2019 Quarter.

The current capital expenditure required to complete the project, including escalation to July 2019, excluding financing costs, and excluding potential capital savings discussed above, is shown in *Table 1*.

Table 1

Project Direct Capex Costs	USD\$M
Direct Project Capex	39.0
Pit Development and Operational Readiness	3.7
VAT Tax to Government	5.4
Working Capital	5.0
Contingency	2.0
TOTAL	55.1

GRAPHITE MARKET

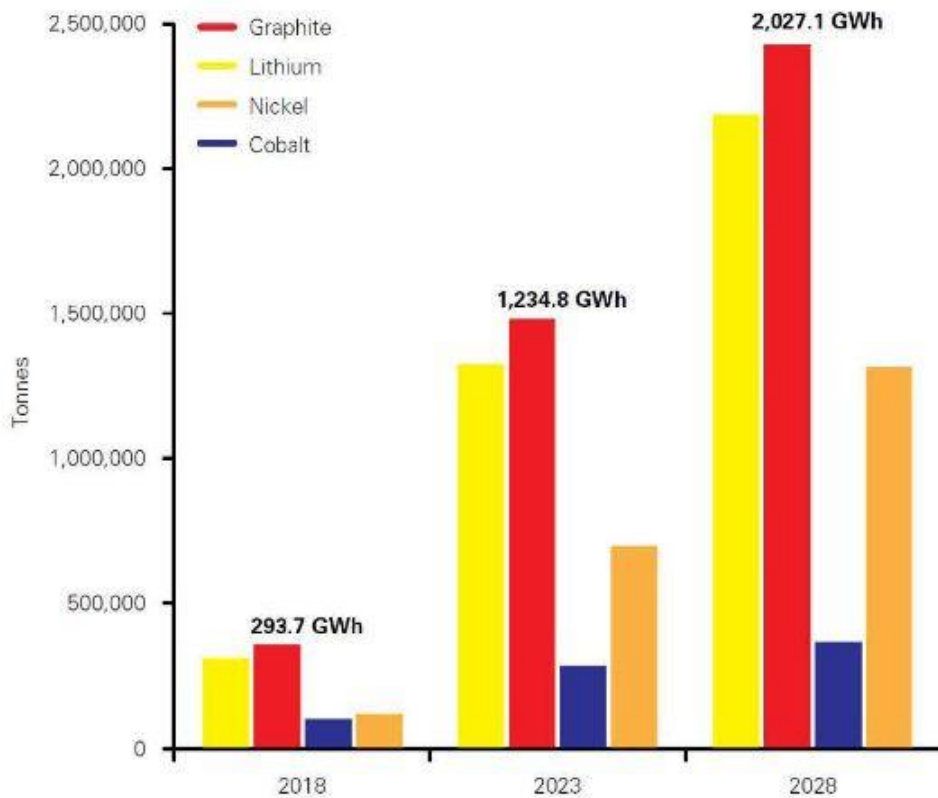
The Company remains confident that future market fundamentals are robust. Recent presentations by independent forecasters continue to show there has been a number of market and political developments globally that are extremely supportive of growth in the EV market and growth in large-scale battery and graphite anode plants.

Graphite demand from large-scale battery and graphite anode plants is expected to drive a seven-fold increase in graphite demand from 352,000 tonnes in 2018 to 2,432,000 tonnes per annum by 2028 (Source: BMI World Tour 2019/13 September 2019 presentation).

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

The traditional graphite market is forecast to continue to grow at a steady 3% (Source: BMI Flake Graphite Forecast Quarter 3 2019), and provides a stable base market for the versatile, high quality Montepuez flake concentrate.

These independent forecast growth trends would support a potential production start date for the Montpezet Graphite Project in H2 2021, should financial close be achieved inside H1 2020.



Forecast demand for Graphite from battery manufacturers and anode processors 2018 to 2028

MATERIAL	2018	2023	2028
LITHIUM	305,577	1,323,842	2,190,361
GRAPHITE ANODE	352,440	1,481,736	2,432,496
COBALT	98,141	277,912	360,380
NICKEL	116,616	694,523	1,314,677
TOTAL GWh	293.7	1,234.8	2,027.1

(Source: BMI World Tour 2019 - 13 September 2019 presentation)

MONTEPUEZ GRAPHITE PROJECT

Mining Agreement

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

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

During the September 2019 Quarter, Battery Minerals continued to progress government engagement in relation to the Mining Agreement. As previously advised, the Company does not expect a material variation in project economics to result from the Mining Agreement.

Community Investment

The Company continues to work closely with nominated local representatives on selected community initiatives which includes employing locally, supporting the local medical clinic, education and development of the local community at the local school, health and hygiene, and road safety. Once the Company achieves project finance and commences development and then production, the Company will ramp up its planned long term locally supported and government endorsed community initiatives.

BALAMA CENTRAL GRAPHITE PROJECT - Mining Licence Submitted

As previously reported, Battery Minerals' mining concession application for its Balama Central graphite project was submitted to Government in late June 2019 for its review and consideration. The outcomes of the social impact study included in the mining concession application are an important part of the application and can be summarised as follows:

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

The environmental impact assessment (EIA), which is in the final stage of consultations and drafting, indicated no serious environmental threats. Once the EIA is complete, the company will gather further socio-cultural data points and begin the resettlement consultation process.

CORPORATE

As at 30 September 2019, the Company had cash and liquid assets of \$5.1M. The Company continues to reduce cash spend wherever possible to insure the Company has the highest possible chance of securing project finance for its Montepuez graphite project over the coming months.

Subsequent to the quarter end, US\$250,000 has been deposited into the Company's account, representing final payment for the sale of its equity interest in Tenement 5572 in Mozambique (refer March 2017 Quarterly Report, "Ruby Project").

Background Information on Battery Minerals

Battery Minerals Limited ("Battery Minerals") is an ASX listed Australian company with two world-class graphite deposits in Mozambique, being Montepuez and Balama Central. Battery Minerals has produced high quality graphite flake concentrate at multiple laboratories. Subject to completing project financing, Battery Minerals intends to commence graphite flake concentrate production from its Montepuez Graphite Project at a rate of 50,000tpa at an average flake concentrate grade of 96% TGC.

In December 2017 and January 2018, Battery Minerals signed four binding offtake agreements for up to 41,000tpa of graphite concentrate, representing over 80% of Montepuez's forecast annual production. In 2018, the Mozambican Government granted Battery Minerals a Mining Licence and its Environmental License for the Montepuez Graphite Project.

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

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

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Competent Person's Statement

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

Any references to Ore Reserve and Mineral Resource estimates should be read in conjunction with the competent person statements included in the ASX announcements referenced in this report as well as Battery Minerals' other periodic and continuous disclosure announcements lodged with the ASX, which are available on the Battery Minerals' website. For Mineral Resources - See announcement dated 16th July and 18th October 2018 for full details and Competent Persons sign-off. For Ore Reserves - See announcements dated 4 and 12 December 2018 for full details and Competent Persons sign-off. The information in this report that relates to Battery Minerals' Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by Battery Minerals of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The information in this Report that relates to Montepuez Mineral Resources is extracted from the ASX Announcement titled 'Group Resource Update' dated 18 October 2018, where the Statement of Estimates of Mineral Resources was compiled by Mr. Shaun Searle who is a Member of the AIG. Mr. Searle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Mr Searle consented to the inclusion in that report of the matters based on his information in the form and context in which it appears.

Important Notice

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

Forward Looking Statements

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

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

Appendix 1: Montepuez Graphite Project Ore Reserves and Mineral Resources

Montepuez Graphite Project ¹ November 2018 Ore Reserve Estimate			
Deposit	Ore type	Ore (Mt)	TGC (%)
Buffalo	Weathered	3.58	8.31
	Fresh	16.80	10.06
	Subtotal	20.38	9.75
Elephant	Weathered	2.41	8.39
	Fresh	19.41	8.87
	Subtotal	21.82	8.82
TOTAL	Weathered	5.98	8.34
	Fresh	36.21	9.42
	TOTAL	42.19	9.27

Montepuez Graphite Project 2018 Mineral Resource Estimate(2.5% TGC Cut-off) ²			
Type	Mt	% TGC	Cont. Graphite kt
Weathered	10.3	7.7	790
Primary	109.2	8.1	8,870
TOTAL	119.6	8.1	9,660

1. See ASX announcement on 4 December 2018 for "Increase in Montepuez Graphite Reserve" for detailed disclosure. Ore Reserves prepared by a competent person in accordance with the JORC Code. All material assumptions underpinning the production target in that announcement continue to apply and have not materially changed
2. See ASX announcement on 18th October 2018 for "Group Resources Update" for detailed disclosure, Mineral Resources prepared by a competent person in accordance with the JORC Code. All material assumptions underpinning the production target in that announcement continue to apply and have not materially changed

Appendix 2: Balama Central Graphite Project Ore Reserves and Mineral Resources

Balama Central Ore Reserve Estimate (6% TGC cut-off grade) ¹			
Pit	Ore type	Ore (Mt)	TGC (%)
Lennox	Weathered	3.36	11.09
	Fresh	8.19	11.70
	Total	11.55	11.52
Byron	Weathered	2.08	10.18
	Fresh	6.02	10.49
	Total	8.11	10.41
Total	Weathered	5.44	10.74
	Fresh	14.21	11.19
	Total	19.66	11.06

Balama Central Total Mineral Resource ²				
Domain	Type	Tonnage	TGC	Cont. Graphite
		Mt	%	kt
High Grade GS1 (>10% TGC)	Weathered	3.2	15.7	498
	Primary	9.1	15.7	1,429
	Sub-Total	12.3	15.7	1,927
Medium Grade (6 - 10% TGC)	Weathered	4.2	6.9	288
	Primary	16.4	6.9	1,142
	Sub-Total	20.6	6.9	1,430
	Total	32.9	10.2	3,357

1. See ASX announcement on 12 December 2018 for "Maiden Reserve for Balama" for detailed disclosure. Ore Reserves prepared by a competent person in accordance with the JORC Code. All material assumptions underpinning the production target in that announcement continue to apply and have not materially changed.
2. See ASX announcement on 29 March 2018 for "Mineral Resource Doubles at Balama" for detailed disclosure. Mineral Resources prepared by a competent person in accordance with the JORC Code. All material assumptions underpinning the production target in that announcement continue to apply and have not materially changed.

Appendix 3: Montepuez Project Vanadium Mineral Resources

On 29 April 2019, the Company announced an Inferred Resource for vanadium of 34.6Mt at 0.25% V_2O_5 from within the existing Ore Reserve pit designs of the Montepuez Graphite Project (Elephant and Buffalo).

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

Type	Tonnage (Mt)	V_2O_5 (%)	Cont. V_2O_5 (Kt)
Buffalo Graphite Deposit			
Primary	16.2	0.25	41
Total Buffalo	16.2	0.25	41
Elephant Graphite Deposit			
Primary	18.4	0.24	45
Total Elephant	18.4	0.24	45
TOTAL	34.6	0.25	86

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

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

Appendix 4: Tenement Summary - 30 September 2019 ¹

1. TENEMENTS HELD				
Tenement Reference	Location	Nature of interest	Interest at beginning of Quarter	Interest at end of Quarter
8770C	Mozambique	Mining Licence Granted	100%	100%
4118	Mozambique	Exploration License Granted	100%	100%
8555	Mozambique	Exploration License Granted	100%	100%
8609	Mozambique	Exploration License Granted	100%	100%

Note 1: The Balama Central graphite project mining concession application was lodged with government in late June 2019. The application process is expected to conclude in 2020.

Note 2: As advised in the March 2017 Quarterly Report, the Company has agreed to dispose of its interest in the tenement numbered 5572 in Mozambique. The transfer for the divestment of this tenement has now been processed in Mozambique and was concluded in October 2019. The transfer was approval by the Government of Mozambique.

Note 3: With respect to tenement's 8555 & 8609, an agreement was reached in December 2018 to dispose of these tenements. The agreement reached between BAT, its subsidiaries and Nedeel LLC, was for \$50,000 in cash and a 1% royalty (which may be sold for US\$1m up to the date of 730 days after the grant of a Mining Concession on either or both of the tenements). The change of ownership of these tenements is currently subject to the approval of the Mozambican Government.

2. MINING TENEMENTS

DISPOSED: Nil

3. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT

AGREEMENTS: Nil

4. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS ACQUIRED OR DISPOSED: Nil