

March 2020 Quarterly Activities Report

# Battery Minerals diversifies with deal to acquire highly prospective copper-gold project in Victoria

**HIGHLIGHTS**

- Battery Minerals agrees to acquire 100% of Gippsland Prospecting, the owner of a copper-gold project next to Stavelly in Victoria
- Shareholder approval for the Gippsland Prospecting transaction will be sought at the Annual General Meeting to be held on 13 May 2020
- Battery Minerals continues to seek funding options for the Montepuez graphite project
- Cash on hand of \$4.77M at 31 March 2020

Battery Minerals Limited (ASX: BAT) ("Battery Minerals" or "the Company") is pleased to report on a successful March 2020 Quarter, during which the Company diversified its asset base with an agreement to acquire a highly prospective copper-gold project in Victoria.

**GIPPSLAND, VICTORIA****Agreement to acquire a controlling interest in Gippsland Prospecting**

On 2 and 16 March 2020, Battery Minerals announced that it had signed two binding agreements to acquire 100% of Gippsland Prospecting Pty Ltd ("Gippsland Prospecting"), which has the sole right to apply for a highly-prospective exploration licence immediately adjacent to Stavelly Minerals (ASX:SVY) Thursday's Gossan copper-gold project in Victoria.

Known as Block 4, the tenement covers 809sqkm and hosts the historic Moyston gold mine, which produced 75,000oz at 22g/t Au. The exploration licence is also just 7km from the rich Stawell gold mine, which has produced 5Moz of gold. Gippsland Prospecting won the Victorian Government tender, which gave it the sole right to apply for the exploration licence.

Battery Minerals will pay the three shareholders of Gippsland Prospecting \$500,000 in aggregate and issue them 439,363,850 shares in aggregate in return for 100 per cent of Gippsland Prospecting. Block 4 will be renamed E67801 on grant of the exploration licence (see full details below).

The acquisition is subject to the approval of Battery Minerals shareholders at its AGM to be held on 13 May 2020 and the grant of the exploration licence - E67801. Under the terms of the agreement, Gippsland Directors Kent Balas and Darryl Clark, who are both exploration geologists, will become Directors of Battery Minerals.

Block 4 is considered highly prospective for shear zone-hosted Orogenic gold deposits such as Stawell, as well as volcanic-hosted base metals mineralisation and large-scale Cadia Ridgeway-

type porphyry copper mineralisation, within the well-defined Stavelly volcanic belt.

The adjoining Stavelly tenement hosts the Thursday's Gossan porphyry copper-gold discovery (see Stavelly ASX release "AGM Presentation release dated 29 November 2019 and Stavelly ASX release dated 25 February 2020). Stavelly has reported high-grade copper intersections and stated that the mineralisation remains open along strike and down dip.

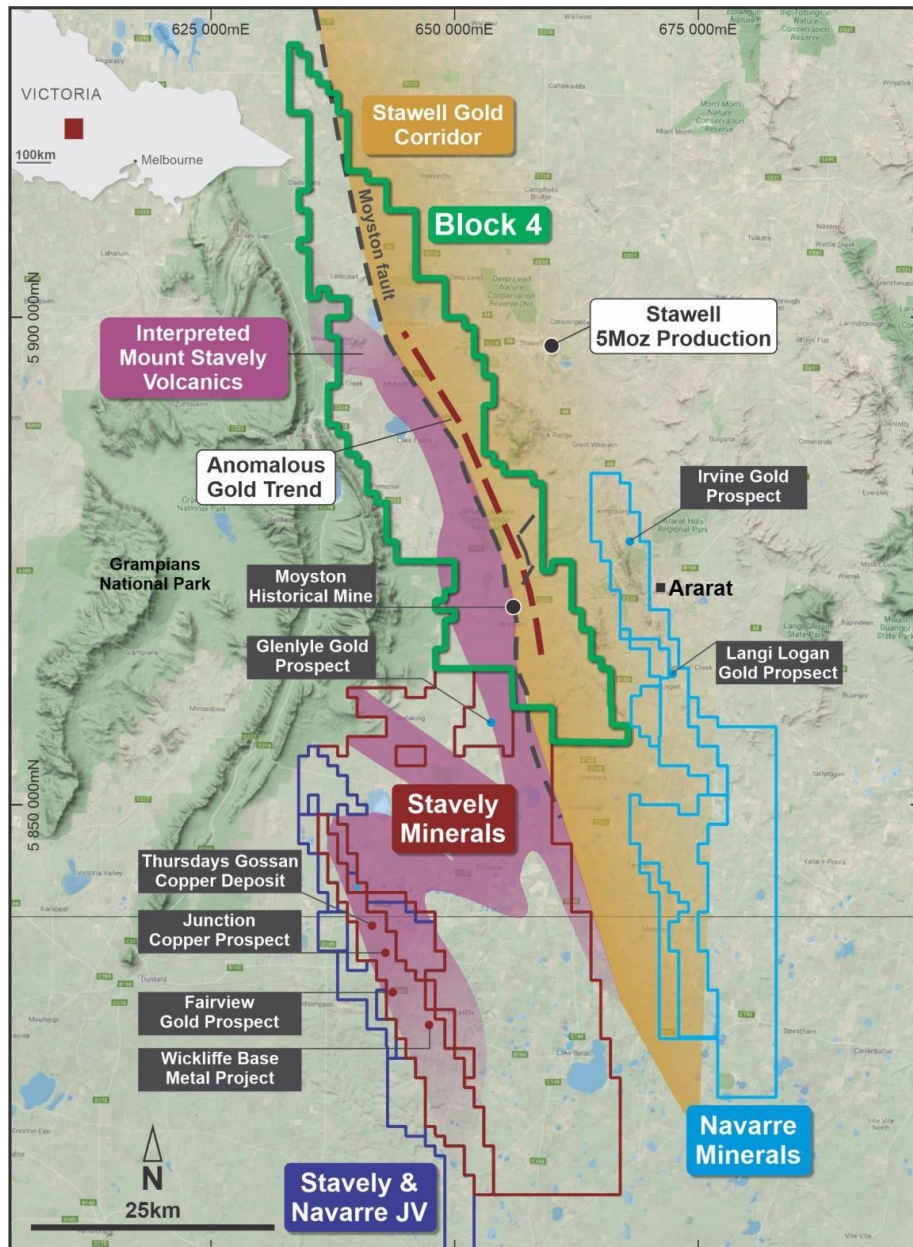


Figure 5 - Location of Block 4 adjacent to Stavelly historic mine and Stavelly tenure showing locations of key regional prospects and deposits

### Material terms

The material terms of the acquisition agreement are:

- Battery Minerals will acquire 100% of the shares in Gippsland Prospecting Pty Ltd, the owner of 100% of Block 4.

- Subject to shareholder approval, Battery Minerals will pay the three (3) shareholders of Gippsland Prospecting \$500,000 in aggregate and issue them 439,363,850 shares in aggregate in return for 100% of Gippsland Prospecting
- Battery Minerals has agreed to spend a minimum of \$1.5 million on exploration and evaluation on Block 4 in the first 12 months after completion of the transaction.
- On completion of the transaction, Mr Kent Balas and Dr Darryl Clark will join the Battery Minerals Board, and Mr Balas will be appointed as Managing Director of Battery Minerals.
- Subject to shareholder approval, Battery Minerals will issue the new members of the management and consulting team 70 million Zepo incentive 5-year options where vesting is subject to clear performance targets, being the definition of mineral resources, ore reserves and commencement of mining.
- In addition, Battery Minerals will repay Gippsland Prospecting shareholder loans of ~\$250,000 for past expenditure.

Shareholder approval will be sought on 13 May 2020 at the Company's Annual General Meeting.

For further information and competent person sign-offs, please see Battery Minerals announcements dated 2 and 16 March 2020.

## **GRAPHITE PROJECTS, MOZAMBIQUE**

### **COVID 19 UPDATE**

The Company has implemented a range of measures to combat the risks associated with COVID-19. These measures are in addition to the travel restrictions and the requirement for 14-day isolation periods throughout our countries of interest.

The funding process for the Montepuez graphite project, which is being led by ThirdWay Africa, is continuing, with various interested parties continuing with their due diligence process via the project's dataroom. Key funding development activities, including site visits, have been postponed until after travel and isolation restrictions have been lifted.

### **Montepuez Site**

Staffing of the Montepuez site has been reduced to key operational personnel, in line with the Mozambican Government's social distancing, isolation and travel restrictions.

In the interest of reducing the influx of foreign personnel into the project site in the district of Montepuez, the Company decided to reduce its staff presence on site. This effectively reduces risk to local populations to the import of COVID19 from South Africa and Australia. Furthermore, in compliance with the Australian Government's travel advisory, Battery Minerals personnel are not travelling to Mozambique for the purpose of work. The travel restrictions and reduced presence on site will not affect business continuity.

The Company will continue to monitor the situation during Q2 and will make any further recommended changes in alignment with national legislation and in support of the health and safety of the Company's staff and local communities.

## **MONTEPUEZ GRAPHITE PROJECT**

### **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

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 March 2020 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**

As previously advised, the Company works closely with local Government and community leaders on specific community initiatives including local employment and training, supporting medical and educational facilities and services such as schooling and clinic infrastructures and increasing access to safe water. Once the Company achieves project finance and commences development and then production, the Company will further expand 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 application reduced the footprint of the exploration license to minimise the impact on local communities. The license reclassified as 10031C (formerly 4118L) is 1543 Ha. Approval is expected in mid-2020.

The environmental impact assessment (EIA) for 10031C has been completed and no significant environmental or social threats have been indicated. The application for the environmental license was submitted in December 2019.

### **CORPORATE**

As at 31 March 2020, the Company had cash and liquid assets of \$4.77M (see Quarterly Cashflow Report and Note 1 below). The Company continues to reduce cash expenditure wherever possible to help ensure it maximises its ability to secure project finance for its Montepuez graphite project over the coming year and meet its funding obligations under the acquisition of Gippsland Prospecting.

### **Background Information on Battery Minerals**

In addition to the Gippsland Prospecting acquisition, 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. The Company has previously disclosed the combined Mozambique Graphite projects have potential to produce in excess of 150,000tpa of high-quality flake graphite.

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

and gold in the region. Battery Minerals will continue to actively pursue discoveries in these areas.

Authorised by the Board for release to ASX.

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**Battery Minerals' 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 16<sup>th</sup> July and 18<sup>th</sup> 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.

#### **Competent Person Declaration Gippsland Prospecting Pty Ltd**

The information in this release that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Alan Marlow, who is a Member of The Australasian Institute of Mining and Metallurgy and is currently a director of Gippsland Prospecting Pty Ltd. Dr. Marlow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Marlow consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Dr Marlow confirms that the historical exploration results set out in this announcement are an accurate representation of the available data and studies for the project owned by Gippsland Prospecting Pty Ltd.

#### **Forward-Looking Statements**

This announcement contains "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Gippsland Prospecting and any of its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Exploration potential is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Readers are cautioned not to place undue reliance on forward-looking statements and Gippsland Prospecting assumes no obligation to update such information.

**Note 1:** In March 2020 the Company secured the partial release of the mine performance bond of MZN 83 million (AUD equivalent \$1.963m) to reflect the current proposed capital expenditure on the Company's Montepuez graphite Project. As a result, the mining performance bond for stage one of the Company's Montepuez Graphite has been revised to US\$1.04 million on 11 March 2020 (classified as "Other receivables"). This has made available an additional US\$1.26 million (~AUD \$1.93 million) to the Company's cash at bank and on hand.

## Appendix 1: Tenement Summary - 31 March 2020 <sup>1</sup>

<b>1. TENEMENTS HELD</b>				
<b>Tenement Reference</b>	<b>Location</b>	<b>Nature of interest</b>	<b>Interest at beginning of Quarter</b>	<b>Interest at end of Quarter</b>
<b>8770C</b>	Mozambique	Mining Licence Granted	100%	100%
<b>10031C</b>	Mozambique	Mining Concession in Application	100%	100%
<b>8555</b>	Mozambique	Exploration License Granted	100%	100%
<b>8609</b>	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 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: 5572 transfer  
approved by Government  
and completed**

**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**