

June 2017 Quarterly Activities Report

31 July 2017

Strong progress made on approvals and testwork for Montepuez Graphite Project in Mozambique

QUARTER HIGHLIGHTS:

- Montepuez Graphite Project Mining Licence Application Submitted
- Montepuez Graphite Project Environmental Impact Assessment completed
- Stage 1 bulk sample mining and test work studies advancing on schedule as part of the Lithium Ion Battery Anode Definitive Feasibility Study (DFS)
- Bulk sample extraction, crushing and bagging of approximately 1,800 tonnes of Montepuez graphite ore completed and awaiting export from Pemba port
- Advanced and ongoing spherical graphite technical due diligence continuing with multiple battery/electric vehicle companies located in Japan, USA and China
- Implementation of a China-based Marketing, Research and Procurement Strategy
- Subsequent to the quarter's end, the Mozambique Government gave a binding commitment to provide Battery Minerals a port allocation at the Pemba Port for up to 100,000tpa of graphite exports
- The Company remains well funded for planned work, with \$5.4m cash reserves as at the end of the quarter

Graphite-development company Battery Minerals Limited (ASX: BAT) is pleased to report on the strong progress it made in the June 2017 quarter towards bringing its Montepuez Graphite Project in Mozambique into production.

The key achievement was the extraction, crushing and bagging of approximately 1,800 tonnes of Montepuez high-grade graphite (>10%TGC) ore, which is the commencement of the bulk sample programme.

AUSTRALIA

945 Wellington Street,
West Perth, WA 6005,
AUSTRALIA.

E: info@batteryminerals.com
T: +61 8 9322 7600
F: +61 8 9322 7602

MOZAMBIQUE

Edifício Solar das Acacias,
Avenida Julius Neyrere 4000,
Lojas 05 ae 06,
Cidade de Maputo,
Mozambique.

T: +258 214 937 35

www.batteryminerals.com
ABN 75 152 071 095

For personal use only

Expert metallurgical test work consultants have been identified to undertake this programme and contracts are in the process of being finalized.

The Company is now moving to process its bulk sample through a facility in China. Once processed into concentrate, much of the flake concentrate will then be further processed to purified spherical graphite. On completion of this programme, the Company will have sufficient data to achieve a DFS-level of confidence in spherical graphite production. The DFS will focus on the supply of purified uncoated spherical graphite for use as anode material in Lithium Ion Batteries (LiB).

This continues the advancement of the highly positive economic assessment of an integrated mining and processing purified spherical graphite (PSG) operation as reported in the March quarter.

Background

Battery Minerals has further developed its significant position in the LiB market and is continuing to work to capitalize on its early-mover advantage to embed the Company as a strategic global supplier of ethically-produced graphite and PSG.

LiBs are now arguably accepted as being a significant driver of an energy revolution in the development of electric vehicles and energy storage technologies across the world. Due to its high conductivity and safety performance metrics, PSG is now an essential component in the anodes of LiBs.

Battery Minerals has discovered and defined in excess of 100 million tonnes of high grade graphite resources in the east African country of Mozambique (See ASX release dated 15 February 2017 for further details). Mozambique has the largest graphite endowment of any country in the world and it is currently undergoing a significant period of exploration, mining and infrastructure investment.

Purified Spherical Graphite and Montepuez Graphite

During the March Quarter, the Company released the results of a PSG Pre-Feasibility Study (PFS) and the Montepuez Graphite Definitive Feasibility Study (DFS) which confirmed robust economics. The studies describe a strong foundation on which to move to project approvals, customer agreements and subsequent project development.

Key outcomes of the combined studies included forecast production of 100,000 tonnes per annum of flake graphite, 20,000 tonnes per annum of PSG production, a 30-year mine life, annual operating cashflows of US\$80M and lowest-quartile cash costs for flake production.

See ASX releases dated 15 February 2017 and subsequent presentations for further details. Key material assumptions have not changed since this date.

AUSTRALIA

945 Wellington Street,
West Perth, WA 6005,
AUSTRALIA.

E: info@batteryminerals.com
T: +61 8 9322 7600
F: +61 8 9322 7602

MOZAMBIQUE

Edifício Solar das Acacias,
Avenida Julius Neyerere 4000,
Lojas 05 ae 06,
Cidade de Maputo,
Mozambique.

T: +258 214 937 35

www.batteryminerals.com
ABN 75 152 071 095

For personal use only

Project Execution

Battery Minerals has now moved to a staged development approach as part of minimising start-up capex and funding subsequent project expansions from cashflows.

Stage 1 comprises bulk sample mining of approximately 1,800 tonnes of Montepuez high grade graphite ore, which commenced in the June quarter 2017. The extracted and crushed ore sample will now be exported and concentrated at a toll treatment facility in China, before processing to produce spheronized and purified product.

The Company is evaluating several purification methods. This test work will be carried out in the USA and in China under supervision by the Company's engineering team. The processing of the ore will be completed in the second half of 2017 and will provide sufficient data to conclude the economic parameters for a spherical graphite definitive feasibility study and to meet final battery end user due diligence requirements for supporting binding offtake agreements.

Through the appointment of our GM China and other support staff, the Company has acquired significant capability in procurement which has influenced the company's test work strategy. The prices we are achieving are substantially lower than the price to build a more substantive plant in Reno Nevada USA, representing a saving for shareholders of approximately US\$2M.

Upon completion of the Environmental Impact Assessment, the Company submitted its Mining Licence Application for the Montepuez Graphite Project. The Company is in regular contact with the Ministry of Natural Resources and Energy and is encouraged by Mozambican government representatives who remain fully supportive of the responsible development of mineral resources.

Marketing and Customer Contracts

The Company advanced discussions and technical due diligence with potential customers for flake and spherical graphite during the period, and negotiations are ongoing. The Company is in active product qualification and due diligence with a number of electric vehicle companies, battery manufacturers and reputable commodity trading houses.

The bulk sample will provide sufficient technical data for the completion of the spherical graphite DFS, we will have an opportunity to position the company for an optimal outcome in relation to plant procurement.

Infrastructure and Logistics

Subsequent to the end of the quarter, the Company secured an allocation of port capacity with the National Rail and Port authority of Mozambique – Portos e Caminhos de Ferro de Moçambique (CFM).

AUSTRALIA

945 Wellington Street,
West Perth, WA 6005,
AUSTRALIA.

E: info@batteryminerals.com
T: +61 8 9322 7600
F: +61 8 9322 7602

MOZAMBIQUE

Edifício Solar das Acacias,
Avenida Julius Neyrere 4000,
Lojas 05 ae 06,
Cidade de Maputo,
Mozambique.

T: +258 214 937 35

www.batteryminerals.com
ABN 75 152 071 095

For personal use only

The firm and binding allocation, which is at the Port of Pemba, is sufficient to underpin the Company's proposed graphite production and export of up to 100,000 tonnes per annum from its Montepuez Graphite Project in the Cabo Delgado province of Mozambique.

As part of this written commitment to Battery Minerals, CFM has also undertaken to work with the Company to ensure that sufficient stockpile and warehouse capacity is available to facilitate the proposed exports.

CORPORATE

The Company held its AGM during the quarter and all nine resolutions were passed unanimously on a show of hands. As at the end of the quarter the Company had AU\$5.4M in cash reserves. The Company is scheduled to receive a further US\$240,000 from Trek Resources as part of exercising the Kroussou Zinc JV option.

Kroussou Project JV

In November 2016, the Company entered into an option agreement with Trek Resources (ASX code: TKM) whereby Trek can elect to enter into a joint venture agreement in respect of the Kroussou Zinc project in Gabon subject to meeting certain conditions precedent and making a payment of US\$240,000 to Battery Minerals.

Subsequent to the end of the Quarter, on 20 July 2017, Trek advised the ASX of a successful placement of \$1.8m to advance the Kroussou Zinc project. Trek has elected to exercise this option and it will pay Battery Minerals US\$240,000 in cash and/or shares and secure the right to earn 30% of the Kroussou Project through the expenditure of US\$1M within 12 months of the exercise date.

-Ends-

For further information, please contact

Battery Minerals Limited

Steven Wood

Joint Company Secretary

T: +61 8 9322 7600

E: info@batteryminerals.com.au

AUSTRALIA

945 Wellington Street,
West Perth, WA 6005,
AUSTRALIA.

E: info@batteryminerals.com

T: +61 8 9322 7600

F: +61 8 9322 7602

MOZAMBIQUE

Edifício Solar das Acacias,
Avenida Julius Neyerere 4000,
Lojas 05 ae 06,
Cidade de Maputo,
Mozambique.

T: +258 214 937 35

www.batteryminerals.com

ABN 75 152 071 095

For personal use only

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.

Cautionary Statement

The Company advises that a proportion of the production target referred to in this announcement is based on an inferred mineral resource. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. Further detail around Concept Study included in ASX announcement dated 10 February 2016. The Company confirms that the material assumptions underpinning the production target in the Concept Study have not materially changed since first reported, pursuant to ASX listing rule 5.19.

Competent Persons Statement

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.

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.

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 Presentation that relates to Mineral Resources and Ore Reserves is extracted from the ASX Announcement titled 'Montepuez Graphite Project Mineral Resource and Ore Reserve Estimate' dated 15 February 2017 and DFS and PFS information is extracted from the ASX announcement entitled 'Lithium Ion Battery anode PFS and Montepuez Graphite DFS confirm robust economics' dated 15 February 2017, both of which are available at Battery Minerals website at <http://www.batteryminerals.com.au> in the ASX announcements page.

Battery Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. Battery Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

AUSTRALIA

945 Wellington Street,
West Perth, WA 6005,
AUSTRALIA.

E: info@batteryminerals.com
T: +61 8 9322 7600
F: +61 8 9322 7602

MOZAMBIQUE

Edifício Solar das Acacias,
Avenida Julius Neyrere 4000,
Lojas 05 ae 06,
Cidade de Maputo,
Mozambique.

T: +258 214 937 35

www.batteryminerals.com
ABN 75 152 071 095

Tenement Summary – 30 June 2017

1. MINING TENEMENTS HELD				
Tenement Reference	Location	Nature of interest	Interest at beginning of Quarter	Interest at end of Quarter
8770C	Mozambique	Mining Licence Application	0%	100%
Kroussou – G4-569	Gabon	Granted	100%	100% ¹
Kroussou – G4-588	Gabon	Granted	100%	100% ¹
4118	Mozambique	Granted	100%	100%
8555	Mozambique	Application	-	100%
8609	Mozambique	Granted	-	100%

1. Trek Minerals has option to fund an initial near term drilling program at Kroussou up to US\$250,000. Should TKM elect to exercise this option (prior to 31 July 2017), TKM will pay BAT US\$240,000 in cash and/or shares and secure the right to earn 30% of the Kroussou Project through the expenditure of US\$1M within 12 months of the exercise date. Option agreement contemplates Trek earning up to 70% via additional expenditure. Note Kroussou previously disclosed as one licence area.

2. MINING TENEMENTS DISPOSED				
Tenement Reference	Location	Nature of interest	Interest at beginning of Quarter	Interest at end of Quarter
6216	Mozambique	Relinquished on application for Mining Licence	100%	0%

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
AUSTRALIA

945 Wellington Street,
 West Perth, WA 6005,
 AUSTRALIA.

E: info@batteryminerals.com
 T: +61 8 9322 7600
 F: +61 8 9322 7602

MOZAMBIQUE

Edificio Solar das Acacias,
 Avenida Julius Neyrere 4000,
 Lojas 05 ae 06,
 Cidade de Maputo,
 Mozambique.

T: +258 214 937 35

www.batteryminerals.com
 ABN 75 152 071 095

For personal use only

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Battery Minerals Limited

ABN

75 152 071 095

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,172)	(3,171)
(b) development	-	-
(c) production	-	-
(d) staff costs	(341)	(581)
(e) administration and corporate costs	(279)	(617)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	22
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,783)	(4,346)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,173	9,736
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,783)	(4,346)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,390	5,390

For personal use only

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	5,390	7,173
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,390	7,173

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	186
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Executive and Non-executive director fees.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

For personal use only

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

n/a

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,150)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(400)
9.5 Administration and corporate costs	(320)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(1,870)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	6216 – Mozambique	Relinquished on application for Mining Licence	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	8770C – Mozambique	Mining Licence Application	0%	100%
	8609L – Mozambique	Granted exploration licence	0%	100%
	8555L – Mozambique	Application	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

[lodged electronically without signature]

31 July 2017

Sign here: Date:

(Director/Company secretary)

Steven Wood

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

For personal use only