



2018  
Annual Report

## Corporate Directory

### Directors

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

### Company Secretary

Tony Walsh  
Nick Day

### Registered Office

Ground Floor, 10 Ord Street  
West Perth WA 6005  
T: +61 8 6148 1000

### Website

[www.batteryminerals.com](http://www.batteryminerals.com)

### Share Registry

Automic Registry Services  
Level 2, 267 St Georges Terrace,  
Perth, Western Australia 6000  
T: 1300 288 664  
E: [info@automic.com.au](mailto:info@automic.com.au)  
W: [www.automic.com.au](http://www.automic.com.au)

### Auditors

KPMG  
235 St. Georges Terrace  
Perth WA 6000

### Bankers

Westpac Banking Corporation  
Level 13, 109 St Georges Terrace  
Perth WA 6000

### Solicitors

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

### Stock Exchange

Australian Securities Exchange Limited  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000  
  
ASX Code: BAT  
ABN 75 152 071 095



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# Executive Chairman's Report



## Dear Shareholder

The global energy and combustion engine vehicle markets across the world have entered a period of considerable disruption. There is significant optimism that low or no emission solutions are a reality and importantly supported by large scale commercial production of lithium ion batteries.

This disruption is driving demand for minerals in a way that delivers benefits to local communities, potentially very strong returns for shareholders and rewarding places to work for employees.

It is not possible to make lithium ion batteries without graphite.

Your company is advancing two outstanding projects in a region of Mozambique that currently hosts up to half the world's known graphite resources. The Company's deposits are also adjacent to the world's largest graphite mine. In 2019 Mozambique is set to be the world's largest exporter of graphite concentrates and is already cemented as a key contributor in the delivery of lithium ion batteries for the world.

Yes, there are challenges in delivering a mine in a remote location but it must be highlighted that it's only in those remote under explored areas that remarkable world-class giant discoveries can be made.

During the last 12 months Battery Minerals Limited ("Battery Minerals") has continued to evolve into a world class ASX listed graphite development company with two low cost high quality graphite deposits in Mozambique, being Montepuez and Balama Central.



The 2018 year was one in which your company remained focused on ticking all of the boxes as it advanced through key milestones towards graphite flake concentrate production - initially from its Montepuez graphite project. First shipment is due within ~15 months of concluding project finance.

The Montepuez graphite project is designed to operate at export rates of ~50,000tpa at an average flake concentrate grade of over 96% TGC. Material highlights in 2018 included:

- In late 2017 and early 2018, Battery Minerals signed four offtake agreements for up to 41,000tpa of graphite concentrate, representing ~82% of Montepuez's forecast annual production.
- In March 2018, the Mozambican Government granted Battery Minerals a Mining Licence and accepted the Company's Environmental Impact Assessment for the Montepuez graphite project.
- In October 2018 Battery Minerals announced growth in its Mineral Resource estimate from 105.9 million tonnes at 7.7% TGC to 119.6 million tonnes at 8.1% TGC, an increase from 8.1 million tonnes to 9.7 million tonnes in contained graphite.
- In late November 2018 Battery Minerals completed its mine implementation plan for its Montepuez graphite project which gave the following material results:-
  - 50 year mine life at a production rate of 50,000tpa at 96% TGC (average feed rate of 497,000tpa at ~11% TGC)
  - Average C1 Cost for the first 10 years USD \$361/t (FOB Pemba)
  - Remaining project CAPEX USD \$39.5M
  - Ore Reserves of 42.19 million tonnes at 9.27% TGC
  - Waste to ore strip ratio 0.8

Your company is advancing two outstanding projects in a region of Mozambique that currently hosts up to half the world's known graphite resources.



- Completed construction of a permanent village with self-contained accommodation for 100 people at the Montepuez graphite project.
- Construction of a tailings dam wall designed to store tailings and capture process water for ongoing operations at the Montepuez graphite project.
- Civil works across site on roads and the plant site designed to support stage 1 of operations at the Montepuez graphite project.
- Built and handed over a new school to our local community.
- As part of project funding the Company also appointed advisory firm Origin Capital to manage the debt funding process. Independent technical and commodity market audit teams were commissioned to complete detailed reviews for the benefit of lenders. The investigations confirmed your Company has a reasonable basis in support of its development plans.

In December 2018 Battery Minerals announced a feasibility study on its Balama Central project, which comprises a Stage 1 production rate of 58,000tpa (B1) which yielded the following material results:-

- 27-year mine life at a product rate of 58,000tpa at 96% TGC (average feed rate of 480,000tpa at ~12.5% TGC)
- Average C1 Cost for the first 10 years USD \$363/t (FOB Pemba)
- Project CAPEX USD \$69.4M
- Ore Reserves of 19.66 million tonnes at 11.06% TGC
- Waste to ore strip ratio 2.0

As Battery Minerals executes subsequent expansions, subject to the completion of all necessary studies, permits, construction, financing arrangements, infrastructure access, it expects Montepuez concentrate production output to grow to over 100,000 tonnes per annum of graphite flake. When combined with Balama Central and subject to continued positive economic, social and technical investigations, Battery Minerals expects its graphite concentrate production to grow to a rate to at least 150,000tpa at a grade of +96% TGC.

In early 2018 Battery Minerals announced that the Board appointed two new Independent Non-Executive Directors, Mr. Jeff Dowling and Ms. Ivy Chen as part of the Company's ongoing transition and rapid growth to become a graphite production company. Mr. David Flanagan became Managing Director at that time and Ms. Cherie Leeden stood down from the Board.

Effective from 8 April 2019, as part of its strategy of building the operational and development capability in its Management team, the Battery Minerals Board appointed experienced mining operations executive Mr. Jeremy Sinclair as Managing Director & CEO, and Mr. David Flanagan was appointed Executive Chairman.

After 7 years on the Board, Mr. Brett Smith and Mr. Gilbert George will stand down from the Board at the 2019 Annual General Meeting. In addition, Mr. Jeff Dowling became the Lead Independent Non-Executive Director on 8 April 2019. Battery Minerals continues to have a majority of Independent Non-Executive Directors, with a Lead Independent Non-Executive Director, another two Independent Non-Executive Directors and two Executive Directors, being the Managing Director, Jeremy Sinclair and Executive Chairman, David Flanagan. The Board would like to thank Brett Smith and Gilbert George for their service and input to the development of the Company.

The Board would like to thank staff and shareholders for their continued support during the year and it looks forward to making great steps to grow shareholder wealth through the development of its two world class, low cost quartile graphite projects in Mozambique.

**David Flanagan**  
Executive Chairman





## Operations Update

First shipment is due within ~15 months of concluding project finance





Port allocation at Pemba Port for  
100,000 tpa of graphite concentrate



# Operations Update

## Executive Summary

Battery Minerals Limited (“Battery Minerals”) is an Australian Securities Exchange (ASX) publicly 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 rates of ~50,000tpa at an average flake concentrate grade of 96% TGC.

In December 2017 and January 2018, Battery Minerals signed four offtake agreements for up to 41,000tpa of graphite concentrate, representing 82% of Montepuez’s forecast annual production. In H1 FY2018, the Mozambican Government has granted Battery Minerals a Mining Licence and it has also accepted the Company’s Environmental Impact Assessment (EIA) for the Montepuez Graphite Project.

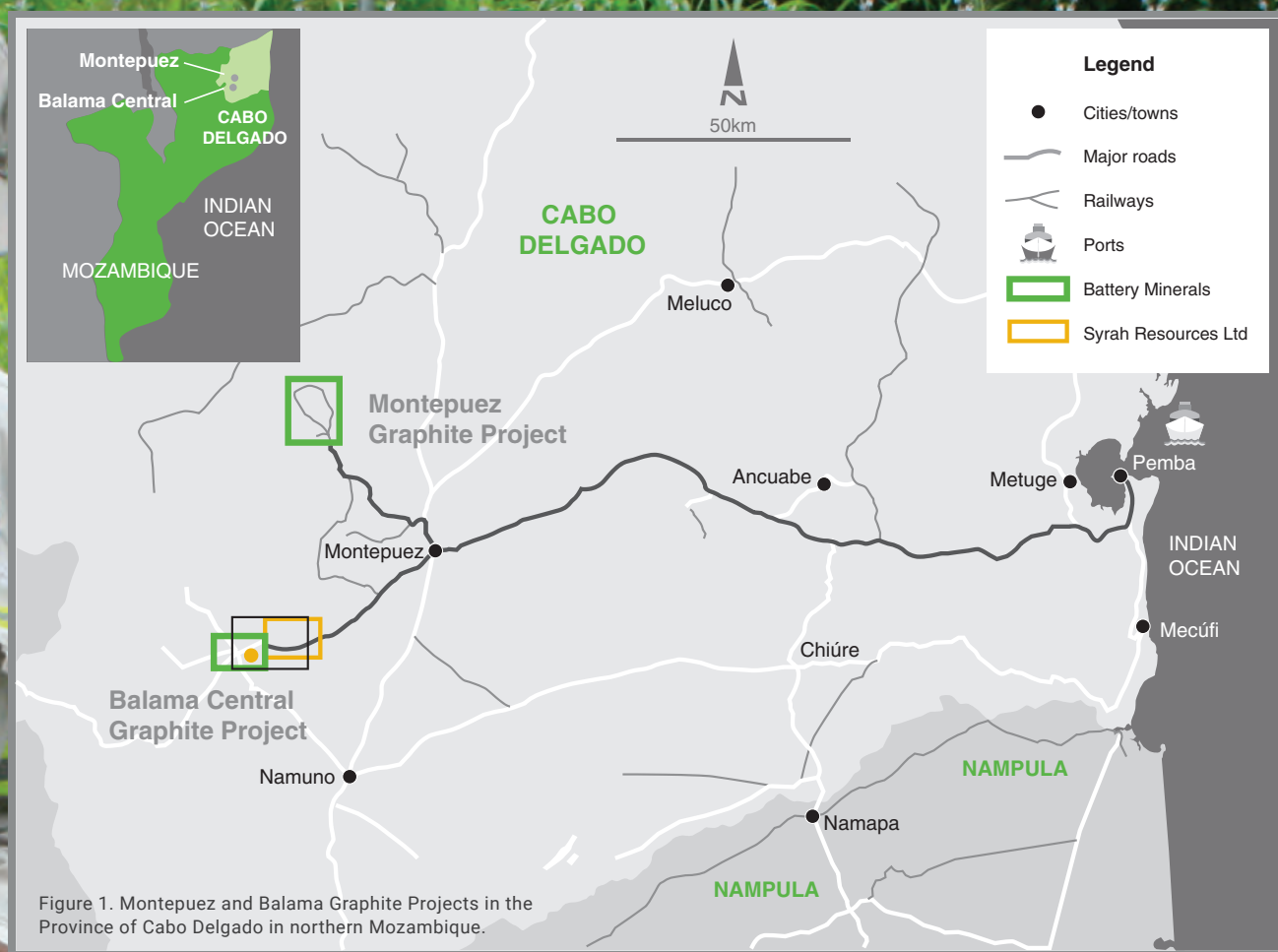
As Battery Minerals executes subsequent expansions, subject to the completion of all necessary studies, permits, construction, financing arrangements, infrastructure access, it expects production to grow to over 100,000 tonnes per annum graphite flake concentrate from its Montepuez Graphite Project.

In December 2018, Battery Minerals announced a feasibility study on its Balama Central project, which comprises a Stage 1 product rate of 58,000tpa of 96%TGC graphite flake.

Combined with Montepuez and subject to continued positive economic, social and technical investigations, Balama Central provides scope for self-funded growth from a graphite flake ~50,000tpa production-rate to at least 150,000tpa.



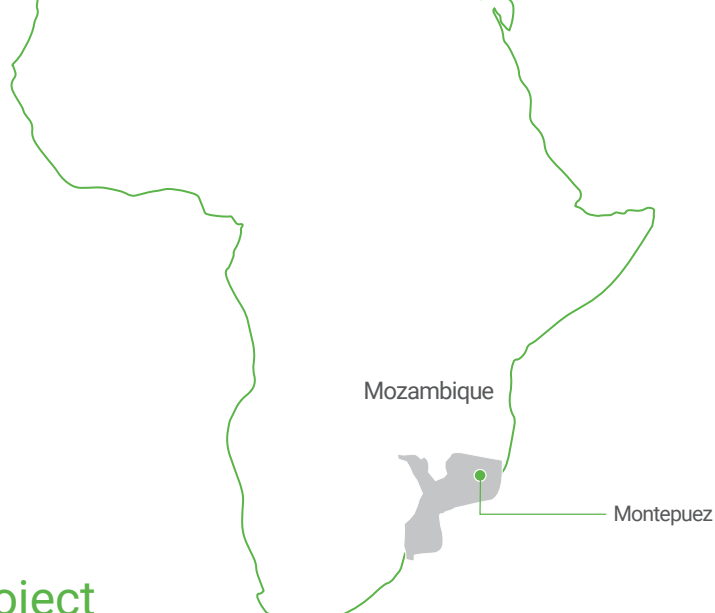






# Operations Update

## Montepuez Graphite Project



**Stage 1 Production**  
**50ktpa**

50 year mine life at production rate of 50,000tpa at 96% TGC (average feed rate of 497,000tpa at ~ 12% TGC)

**Opex**  
**\$360.9/t**

Average C1 Cost for the first 10 years USD \$360.9/t

**Capex Remaining**  
**\$39.5M<sup>1</sup>**

Project CAPEX remaining  
USD \$39.5M

**Strip Ratio**  
**0.8**

Waste to ore strip  
ratio 0.8

1. See ASX Announcement dated 4 December 2018 for full details.



Completed construction of a tailings dam wall designed to store tailings and capture process water for ongoing operations at the Montepuez Graphite Project



## Montepuez Economics – CAPEX and OPEX December 2018

During the December 2018 Quarter, Battery Minerals announced a significant improvement in the Montepuez Graphite Project's economics. The total estimated pre-production establishment capital cost outstanding for the project is US\$39.5M, including contingency, and the average operating cost for the first 10 years is US\$361/t (FOB Pemba) as detailed below:

CAPEX Area	Total Capex USD\$	Spent to end of Nov 2018 USD\$	Remaining Capex USD\$
Process Plant and Power	28,129,000	4,160,000	23,969,000
Mining Equipment and Light Vehicles	4,378,000	72,000	4,306,000
Camp infrastructure and fit-out	3,108,000	3,108,000	0
Earthworks, Tailings Storage Facility and Water Storage	3,834,000	3,491,000	343,000
Buildings, officers and workshops	1,814,000	62,300	1,751,700
Owners costs	4,747,000	1,772,000	2,975,000
Pre-production Costs	4,926,000	47,000	4,879,000
Freight	1,672,000	389,000	1,283,000
<b>Total</b>	<b>52,608,000</b>	<b>13,101,300</b>	<b>39,506,700</b>

The average C1 operating cost summary (FOB Pemba) for the project for the first 10 years is detailed below:

OPEX for years 1 to 10	USD\$ pa	USD\$/t conc
Mining	5,129,000	102.9
Processing	5,692,000	114.3
General and Administrative	2,545,000	30.7
Logistics	3,082,000	51.1
Maintenance	1,532,000	61.9
<b>Total C1 cost (FOB Pemba)</b>	<b>17,980,000</b>	<b>360.9</b>

Notes:

1. Above table excludes Government Royalties.
2. Above table based on average blended ore of 50,000 tpa TGC production rate and ~1.4Mtpa mined and process run of mine (ROM) ore at an average rate of ~500,000tpa at 12% TGC



## Montepuez Mineral Resource - October 2018

During October 2018, the Company updated the Mineral Resource estimates that formed the basis of the Montepuez Graphite project implementation mine plan.

### Montepuez October 2018 Mineral Resource Estimate (2.5% TGC Cut-off)

Type	Total Mineral Resource					
	Tonnes		TGC		Cont. Graphite	
	Mt		%		kt	
	Oct 18	Historical	Oct 18	Historical	Oct 18	Historical
Weathered	10.3	13.0	7.7	7.9	790	998
Primary	109.2	92.9	8.1	7.7	8,870	7,066
<b>Total</b>	<b>119.6</b>	<b>105.9</b>	<b>8.1</b>	<b>7.7</b>	<b>9,660</b>	<b>8,064</b>

Note: See announcement dated 18 October 2018 for full details and Competent Persons sign-off

## Montepuez Ore Reserve - December 2018

During December 2018, Battery Minerals announced a significant increase in Ore Reserves at its Montepuez Graphite Project in Mozambique.

### Montepuez Graphite Project November 2018 Ore Reserve Estimate

Deposit	Ore type	Class	Ore (Mt)	TGC (%)
	Weathered	Probable	5.98	8.34
<b>Total</b>	Fresh	Probable	36.21	9.42
	<b>Total</b>	<b>Probable</b>	<b>42.19</b>	<b>9.27</b>

Note: See announcement dated 4 December 2018 for full details and Competent Persons sign-off

## Montepuez Graphite Project Flake Size Classification

The Ore Reserve update and associated mine plan has had a positive impact on the Montepuez flake size classification. This relates to the inclusion of an increased quantity of fresh material, which contains a higher proportion of +150-micron flake.

The life of mine flake graphite concentrate sizing is summarised below:

### Montepuez Graphite Project Life of Mine (LOM) Flake Size Distribution

Montepuez – LOM Flake Graphite Concentrate Sizing				
Flake size	Flake size (mesh)	Flake size (micron)	% of concentrate	TGC grade
Jumbo	+50 Mesh	+300	11.0%	96%
Large	+80 Mesh	+180 -300	20.7%	96%
Medium	+100 Mesh	+150 -180	11.3%	96%
Fine	-100 Mesh	0 - 150	57.1%	96%

### Montepuez Graphite Project Average Product Flake Size Classification (Weathered & Fresh)

Flake size	Flake size (mesh)	Flake size (micron)	Weathered	Fresh
			% in Interval	% in Interval
Jumbo	+50 Mesh	+300	5.9	11.6
Large	+80 Mesh	+180 -300	3.5	22.5
Medium	+100 Mesh	+150 -180	13.6	11.0
Fine	-100 Mesh	0 - 150	77.0	54.9

## Montepuez Mining Agreement Progress

In March 2018, Battery Minerals secured a Mining Licence for its Montepuez Graphite Project. This, combined with the successful \$20M fund raising completed in early July 2018, paved the way for significant development activity during H2 2018.

During the year, Battery Minerals continued to progress government engagement in relation to the Mining Agreement. The Mining Agreement is not a condition precedent to production, exports and cashflows. The execution of a Mining Agreement is a right enshrined in the mining law that enables investing companies to obtain absolute clarity around the application of the legal framework to the project. The Mining Agreement also formalises the project's fiscal stability rights into a contractually binding document and provides an agreed dispute resolution process. The Company does not expect a material adverse variation in project economics in the Mining Agreement.

## Montepuez Mine Layout and Design

Pit designs were based on Whittle pit optimisations for each deposit considering project specific unit costs, prices, recoveries and geotechnical inputs. The pit optimisations were constrained within the limits of the Measured and Indicated Resources for each deposit. The current design for the Buffalo pit extends to a depth of approximately 132m, whilst the current design for Elephant pit extends to a depth of approximately 135m.

Each pit will have a single waste dump, located to the east of each excavation. Pit ramps will be orientated to ensure that both ore and waste haulage distances are minimized. Long-term ore stockpiles will be located between each pit and the ROM pad.

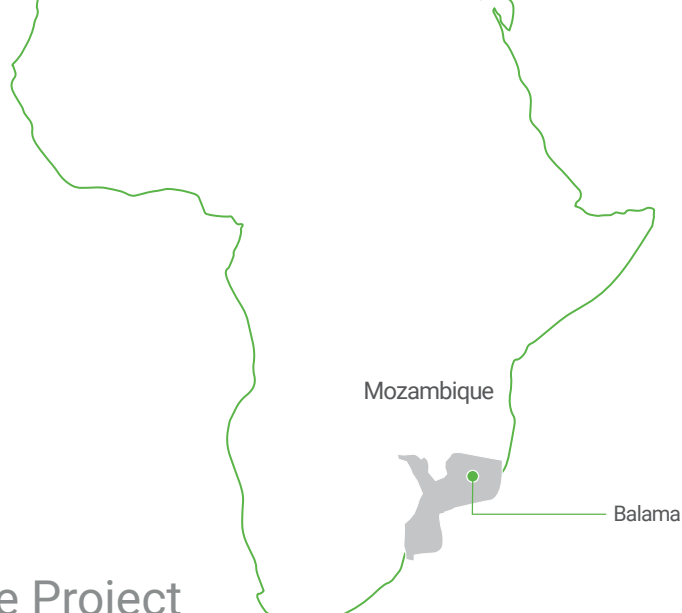


Figure 2. Montepuez Graphite Project: Mine & Processing Site Layout.



# Operations Update

## Balama Central Graphite Project



[ **US\$2,962M\*** ]

Life of Mine (LoM) sales  
revenue (net)

[ **US\$1,912M\*** ]

LoM cash generation

[ **US\$69.4M\*** ]

Capex (pre-production)  
for Stage 1

Battery Minerals expects to develop Balama Central after the Montepuez Graphite Project is commissioned



\*. See ASX Announcement dated 12 December 2018 for full details.



## Feasibility Study December 2018

In December 2018, Battery Minerals announced that a Feasibility Study had found that its second proposed graphite project in Mozambique, Balama Central will generate outstanding financial returns over a 27-year mine life at a production rate of 58,000tpa \*\*.

Key Balama Central Feasibility Study findings	Feasibility Study findings***
Ore processing rate	480,000tpa @12.5%
Concentrate production rate	58,000tpa @ 96%
Life of Mine (LoM) sales revenue (net)	US\$2,962 million
LoM cash generation	US\$1,912 million*
Average EBITDA at BMI pricing****	+US\$35M per annum
Project pre-tax IRR	55%
Project payback period	2.3 years
Capex (pre-production)	US\$69.4 million
C1 LoM operating cash cost	US\$425/t of product (FOB Pemba)
First 8 years C1 operating cash cost	US\$363/t of product (FOB Pemba)
Waste to ore strip ratio	2.0

\*- Excludes National Ownership (anticipated to be ~5%) and 32% tax rate and royalties

\*\*- Based on Ore Reserves (see ASX released dated December 2018)

\*\*\*- Feasibility Study findings (+15%/-5%) as at 12 Decemeber 2018

\*\*\*\*- Based on the latest BMI CIF China forecast graphite prices for 2022

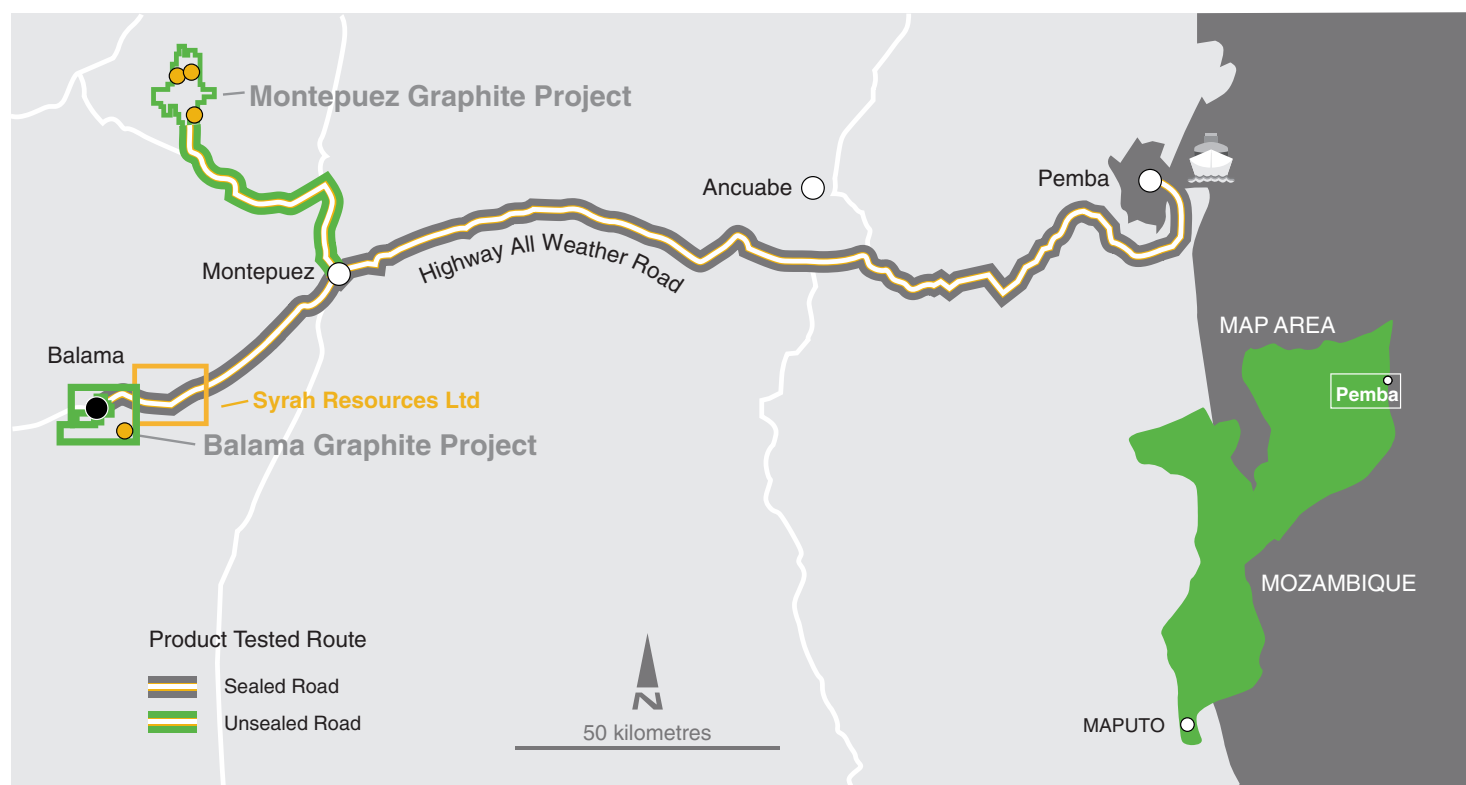


Figure 3. Infrastructure map showing the Balama Central Graphite Project relative to Montepuez and the nearest deep-water port of Pemba

## Balama Central Graphite Project: Mineral Resource Estimate March 2018

Type	Total Mineral Resource		
	Tonnage Mt	TGC %	Cont. Graphite Kt
Weathered	7.4	10.7	790
Primary	25.6	10.1	2,573
<b>Total</b>	<b>33.0</b>	<b>10.2</b>	<b>3,363</b>

Note: See announcement dated 18 October 2018 for full details and Competent Persons sign-off

## Balama Central Graphite Project: Ore Reserve Estimate December 2018

Pit	Ore type	Class	Ore (Mt)	TGC (%)
	Weathered	Probable	5.44	10.74
<b>Total</b>	Fresh	Probable	14.21	11.19
	<b>Total</b>	<b>Probable</b>	<b>19.66</b>	<b>11.06</b>

Note: See announcement dated 12 December 2018 for full details and Competent Persons sign-off

## Balama Central Graphite Project economics – CAPEX and OPEX December 2018

Balama Central Capex	USD
Process Plant	20,893,575
Non-Process Infrastructure	7,709,246
Mining	8,171,160
EPCM	3,200,000
Owner's Costs	9,221,324
Resettlement Action Plan (RAP)	4,132,600
Non-Mining Mobile Fleet	1,939,648
TSF and Bulk Water Storage	6,838,080
Freight	1,786,170
Contingency	5,534,083
<b>Total</b>	<b>69,425,887</b>

## The Weathered Ore and Fresh Ore C1 operating cost summaries (average blended ore):

Weathered Ore OPEX Category	COST US\$/y	COST US\$/t feed	COST US\$/t product	Distribution
Labour	3,260,031	6.79	56.09	15.9%
Power	3,782,923	7.88	65.08	18.5%
Reagents & Consumables	3,720,950	7.75	64.02	18.2%
Maintenance Materials	615,404	1.28	10.59	3.0%
G&A	1,941,712	4.05	33.41	9.5%
Product Logistics	3,914,138	8.15	67.34	19.1%
Mining and Earthworks	3,215,479	6.56	55.32	15.7%
<b>Total C1 Cost</b>	<b>20,450,636</b>	<b>42.06</b>	<b>351.84</b>	<b>100.0%</b>



Fresh Ore OPEX Category	COST US\$/y	COST US\$/t feed	COST US\$/t product	Distribution
Labour	3,260,031	6.79	56.09	13.9%
Power	3,782,923	7.88	65.08	16.1%
Reagents & Consumables	3,720,950	7.75	64.02	15.8%
Maintenance Materials	615,404	1.28	10.59	2.6%
G&A	1,941,712	4.05	33.41	8.3%
Product Logistics	3,914,138	8.15	67.34	16.6%
Mining and Earthworks	5,369,661	11.19	107.96	26.7%
<b>Total C1 Cost</b>	<b>22,604,817</b>	<b>47.09</b>	<b>404.48</b>	<b>100.0%</b>

Notes:

1. Above two OPEX tables excludes Government Royalties.
2. Above tables based on average blended ore of 58,000 tpa TGC production rate and ~1.7Mtpa mined and process run of mine (ROM) ore at an average rate of ~480,000tpa at 12.5% TGC

## Balama Central Mine layout and design

Mining at Balama Central will be completed with standard truck and excavator methods. Drill and blast of the fresh material will be required.

Pit designs for the Lennox and Byron deposits were based on Whittle pit optimisations for each deposit considering project specific unit costs, prices, recoveries and geotechnical inputs. The pit optimisations were constrained within the limits of the Indicated Resources for each deposit. The current design for the Lennox pit extends to a depth of approximately 90m, whilst the current design for Byron pit extends to a depth of approximately 135m deep. Each pit will have a single waste dump, located to the east of each excavation. Pit ramps will be oriented to ensure that both ore and waste haulage distances are minimized. Long-term ore stockpiles will be located between each pit and the ROM pad. The project layout is shown in figure 4 below.

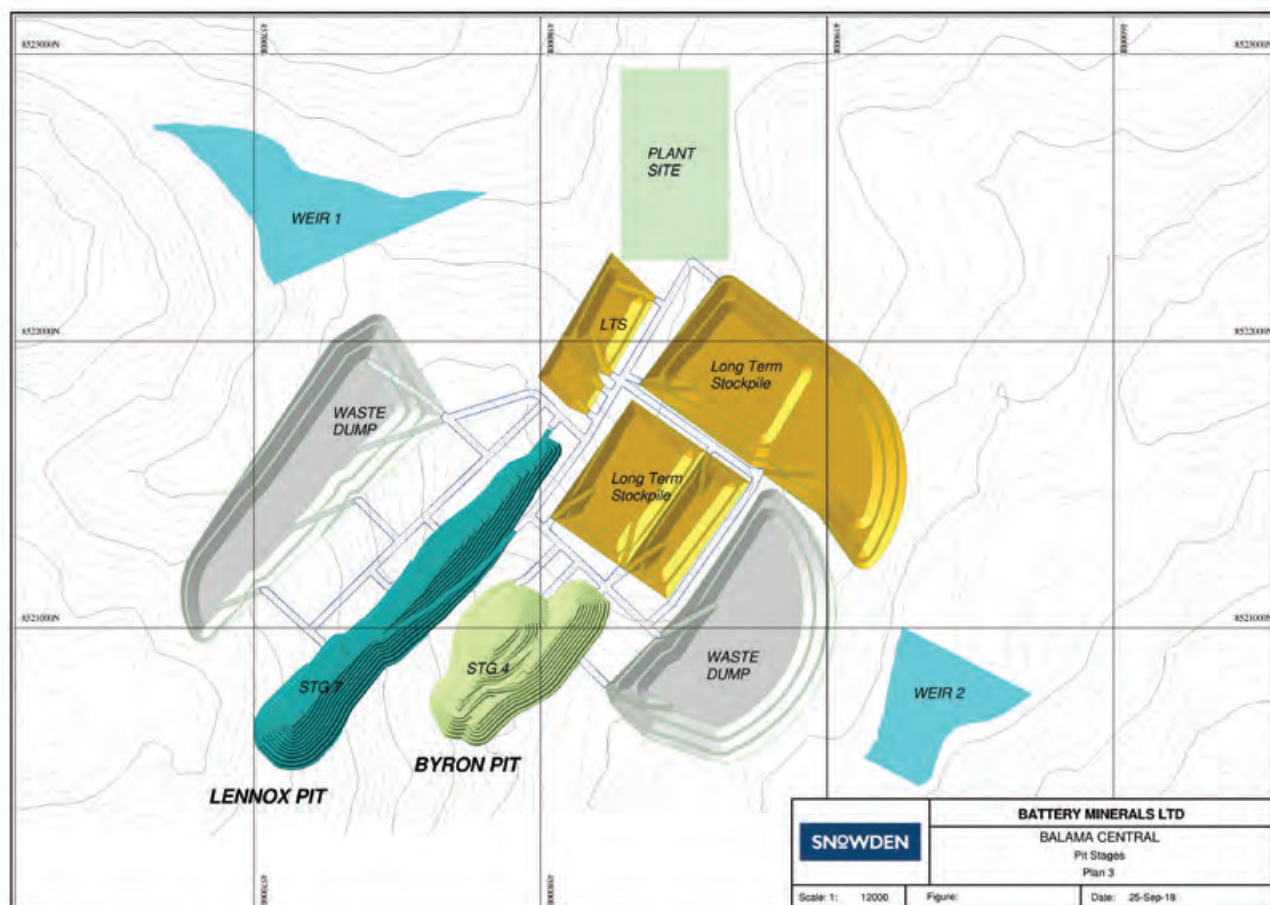


Figure 4. Balama Central Graphite Project: Mine & Processing Site Layout.

## Battery Minerals - Group Mineral Resource Statement

### Battery Minerals Group MRE

Group Mineral Resource Estimate (2.5% - Montepuez 6% - Balama TGC Cut-off)				
Group Total Mineral Resource - Weathered				
Project	Deposit	Tonnes Mt	TGC %	Cont. Graphite kt
Montepuez	Elephant	6.6	7.0	460
	Buffalo	3.7	8.7	330
Balama Central	Lennox	4.8	10.9	520
	Byron	2.6	10.4	270
Total		17.7	8.9	1,580

Group Total Mineral Resource - Primary				
Project	Deposit	Tonnes Mt	TGC %	Cont. Graphite kt
Montepuez	Elephant	70.3	7.3	5,150
	Buffalo	38.9	9.6	3,720
Balama Central	Lennox	17.2	10.0	1,720
	Byron	8.4	10.2	850
Total		134.8	8.5	11,440

Group Total Mineral Resource				
Project	Deposit	Tonnes Mt	TGC %	Cont. Graphite kt
Montepuez	Elephant	76.9	7.3	5,620
	Buffalo	42.6	9.5	4,050
Balama Central	Lennox	21.9	10.2	2,230
	Byron	11.0	10.2	1,120
Total		152.5	8.5	13,030

Note: See announcement dated 18 October 2018 for full details and Competent Persons sign-off

## Battery Minerals - Group Ore Reserve Statement

### Battery Minerals Group Probable Ore Reserves

Project	Mt	Grade % TGC	Contained Graphite Mt
Balama <sup>1</sup>	19.66	11.06	2.17
Montepuez <sup>2</sup>	42.19	9.27	3.91
Total	61.9	10.1	6.08

Notes:

1. See announcement dated 4 December 2018 for full details and Competent Persons sign-off
2. See announcement dated 12 December 2018 for full details and Competent Persons sign-off







# Community

In 2018 the project completed the construction of a Primary School in the village of Nquewene, which provides education for two terms of 350 pupils. The school has two classrooms, a principal's office, teachers offices and a library alongside sanitation facilities. Work also began on making school furniture crafted from local resources and using local artisans in the form of seats and benches. Support was provided to assess the local health clinic through the provision of beds, sheets blankets and pillows for the in-patient facilities, furniture for the consultation rooms and the painting of the buildings.

To support health service outreach programs, the company repaired the health centre's ambulance, provided spare parts and supplied fuel for the running of the patient care service. With the objective of reducing water-borne diseases the company supplied 3 boreholes for the immediate community, providing safe water for 12,500 people. To promote sport in the area, the company provided uniforms and balls for several local soccer teams and supported events which promote local culture and crafts.



Battery Minerals funds school development to help children gain a better education.









# Graphite End Uses



Electric Vehicles



Lubricants



Steel, Foundries &  
Refractories



Lithium-ion Batteries



Poised to become a key natural graphite supplier to the booming battery sector, with construction underway at its Montepuez Graphite Project in Mozambique.





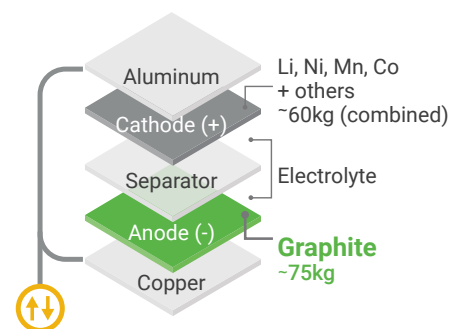
## What is Graphite?

Graphite is a soft, black, hexagonal crystalline form of pure carbon. It is formed in thin plates and typically found in metamorphic rocks.

Graphite's exceptional versatility, electrical and thermochemical properties makes it an ideal material for use in making lubricants, electrodes, battery anodes, nuclear applications, refractory and as a fire retardant.

**Graphite is an essential component of lithium-ion batteries**

**Composition of a 62kWh Lithium-ion battery**











# Financial Report

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# Directors' Report

The Board of Directors present the following report on Battery Minerals Limited and its controlled entities (referred to hereafter as "the Group") for the year ended 31 December 2018.

## Directors

The names of the Directors in office during the financial year and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Director	Position	Appointed	Resigned
Jeff Dowling	Non-Executive Chairman	25 January 2018	-
David Flanagan	Managing Director	11 October 2016	-
Cherie Leeden	Executive Director	19 July 2013	25 January 2018
Gilbert George	Non-Executive Director	1 August 2012	-
Brett Smith	Non-Executive Director	1 August 2012	-
Paul Glasson	Non-Executive Director	19 April 2017	-
Ivy Chen	Non-Executive Director	25 January 2018	-

## Dividends

No dividends were paid during the year (31 December 2017: Nil).

## Principal Activities

Battery Minerals Limited, an ASX listed company (ASX:BAT) is a diversified 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 projects Montepuez and Balama which are located in Mozambique.

## Review of Operations

### a. Group Overview

The Company's strategy is to produce high-quality graphite flake, a crucial ingredient in the efficient operation of lithium-ion batteries. Subject to completing project financing for the Montepuez Graphite Project in Mozambique, the company initially expects to produce 50,000tpa of 96% TGC and grow production towards over 200,000tpa over the next five years.

### b. Highlights & Significant Changes in State of Affairs

**Offtake:** In January 2018, three binding offtake agreements were signed with Guangxing Electronic Materials (GEM), Keshou and Black Dragon for 10,000tpa each.

**Placement:** A \$20m fund raising was successfully completed in January 2018.

**Scoping Study:** The Balama Scoping Study was successfully completed and announced on 1 March 2018.

**Mining Licence:** The Company's Mining Licence for the Montepuez Project was granted in March 2018.

**Increase in the Mineral Resource at Balama Central Graphite Project in Mozambique:** Resource at the Balama Central Graphite Project doubled to 32.9 million tonnes at 10.2% TGC following 1,600m of diamond drilling.

**Placement:** During June 2018 Quarter, the Company completed a \$20.7 million fund raising.

**Montepuez Graphite Project Resource Update:** Battery Minerals' grade control drilling programme at the Buffalo deposit at Montepuez increased the Resource base and confidence levels at the Buffalo Deposit. The Group mineral Resource in



## Directors' Report (continued)

October 2018 increased to 152.5mt @ 8.5% for 13.03mt<sup>1</sup> of contained Graphite (Montepuez and Balama Central Projects). The Montepuez Project Mineral Resources increased to 119.6mt @ 8.1% TGC.

**Camp, Tailings and Earthworks Completed:** Construction and commissioning of the permanent 100-person accommodation camp; Tailing Storage Facility; and earth works for the processing plant were completed during in the last quarter of 2018.

**Updated Resources, Reserves and Mining Plan for Montepuez Graphite Project:** During the December 2018 Quarter Company announced a significant increase in the Montepuez Ore Reserve estimate to 42.2Mt at 9.3% TGC. The Company also noted a significant improvement in the Montepuez Graphite Project's economics during the quarter. The total estimated pre-production establishment capital cost outstanding for the project is US\$39.5M, including contingency, and the average operating cost for the first 10 years is US\$361/t (FOB Pemba).

**Balama Central Feasibility Study completed:** During the December 2018 Quarter, the Company announced a positive Feasibility Study for its second proposed graphite project in Mozambique, Balama Central with a 27-year mine life at a production rate of 58,000tpa. The initial Ore Reserve estimate was announced at 19.7Mt at 11.1% TGC, average C1 Operating Cost for the first 8 years of US\$363/t and a Project CAPEX of US\$69.4M.

### Likely Developments and Expected Results

The Group will continue to focus on its strategic plan to develop and bring the Montepuez Graphite Project and Balama Graphite Project successfully into commercial production. This involves securing the funding in the form of debt and equity to complete the development and achieve production of its flake graphite concentrate. The Company continues to build its operational and administrative capability, systems and processes working towards becoming a successful production company in the graphite market.

The Group's long-term strategic objective is to develop its projects, grow production to 200,000 tonnes of graphite concentrate per annum, ensure all activities are carried out in a transparent and responsible way contribute to the well-being of local communities, in addition to increasing shareholders' value.

### Risk Management

The Board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that activities are aligned with these risks and opportunities. The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

### Environmental Regulation

The Group is subject to significant environmental regulation in respect of mineral exploration activities. The Group operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers. The Group's exploration activities are currently regulated by significant environmental regulation under the laws of Mozambique. The Group aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The Directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment. There have been no known breaches by the Group during the year.

### After Reporting Date Events

There are no events after the end of the Reporting Period to disclose.

# Directors' Report (continued)

## Information on Directors

### Jeff Dowling

(appointed 25 January 2018)

#### Qualifications

Non-Executive Chairman

Bachelor of Commerce from the University of Western Australia and is a fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Financial Services Institute of Australasia

#### Experience

Jeff is a proficient corporate leader with 37 years' experience in the professional services with Ernst & Young. Jeff has held numerous leadership roles within Ernst & Young including at national level being a member of the executive management team and a Board Member. Jeff's professional expertise centres around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions principally in the resources, retail and insurance industries. Jeff's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of 5 years. Jeff also led Ernst & Young's Oceania China Business Group and was responsible for building Ernst & Young's Oceania relationships with Chinese Corporations.

#### Current Directorships

Non-Executive Chairman, S2 Resources Limited  
Non-Executive Director, NRW Holdings Limited  
Non-Executive Director, Fleetwood Corporation Ltd

#### Former directorships in last 3 years

Chairman, Sirius Resources NL (Resigned 23 September 2015)  
Chairman, Pura Vida Energy NL (Resigned 16 May 2016)  
Non-Executive Director, Atlas Iron Limited (Resigned 4 May 2016)

### David Flanagan

(appointed 11 October 2016)

#### Qualifications

Managing Director

BSc, WASM, MAusIMM, FAICD

#### Experience

Mr Flanagan is a geologist with more than 25 years' experience in the mining and mineral exploration industry in Australia, Indonesia and Africa. Mr Flanagan was the founding Managing Director at Atlas Iron. During his tenure at Atlas Iron he oversaw its growth from a junior exploration company, to an ASX top 100 listed iron ore exporter, and the operator of three iron mines producing at a rate of 12Mtpa.

Mr Flanagan is the Chancellor of Murdoch University, and during 2014 was named Western Australian of the Year. He was awarded an Eisenhower Fellowship in 2013 and remains active in the not for profit sector. In January 2018, David was awarded the prestigious Member of the General Division of the Order of Australia Award

#### Current Directorships

nil

#### Former directorships in last 3 years

Non-Executive Chairman, Atlas Iron Limited (Resigned 11 June 2015)  
Managing Director, Atlas Iron Limited (Resigned 28 June 2016)  
Non-Executive Director, Northern Star Resources Limited (Resigned 20 April 2018)

### Cherie Leeden

(appointed 19 July 2013)

(resigned 25 January 2018)

#### Qualifications

Executive Director – Technology and Business Development

BSc Applied Geology (Hons)

#### Experience

Ms Leeden is a member of the Australian Institute of Geoscientists. Ms Leeden has been involved in mining and exploration for the past 15 years and was responsible for pegging the Company's Montepuez graphite project in Mozambique. Ms Leeden has developed significant knowledge in the last four years in the battery minerals space.

#### Current Directorships

Nil

#### Former directorships in last 3 years

Nil



# Directors' Report (continued)

## Information on Directors (cont'd)

### Gilbert George

(appointed 1 August 2012)

Qualifications

Experience

Non-Executive Director (previously Non-Executive Chairman up to 11 October 2016)

BSc (Hons) MEC

Gilbert has a wide range of experience in international business development and management. Formerly a senior bilingual Australian embassy official in Tokyo he continues to provide strategic advice to companies in Australia, Africa, Japan, the US and Europe. He has been involved in over \$950 million of new investment in Australia including in the resource industry, IT, food processing and service sectors. His resource experience includes coal, iron ore, gold, uranium, oil and heavy mineral sands. He was formerly a director of Tokyo Gas Australia Pty Ltd and TEPCO Australia.

Mr George also has strong cultural interests, particularly in music education

Current directorships

Nil

Former directorships in last 3 years

Nil

### Brett Smith

(appointed 1 August 2012)

Qualifications

Experience

Non-Executive Director

BSc (Hons), MAUSIMM MAIG

Brett Smith has acquired over 20+ years of experience in the mining and exploration industry as a geologist, manager, consultant and director. His industry experience is broad, dominated by exploration and resource definition.

Current Directorships

Managing Director, Corazon Mining Limited

Former directorships in last 3 years

Executive Director, Cauldron Energy Limited (Resigned 23 June 2015)  
Non-Executive Director, Pacific Bauxite Limited (Resigned 29 November 2018)

### Paul Glasson

(appointed 19 April 2017)

Qualifications

Experience

Non-Executive Director

BSc La Trobe University, Melbourne, Australia

Mr Glasson is a highly regarded China strategy specialist. He has lived in Shanghai for the past 20 years and is currently Executive Chairman of Satori Investments, a China focused investment advisory and private equity firm. He is a Life Member of the Australia China Business Council. Paul is well known as a foremost expert on Chinese outbound investment, having been recognised with Deal of the Year by Mines and Money in 2014 for his origination and lead on the Baosteel-Aurizon on-market hostile takeover of Aquila, as well as being Young Leader of Asia by the Boao Forum for three years. He was also the Australia China Business Council's key proponent in engaging with key Chinese government and enterprise from 2008-2014

Current Directorships

Nil

Former directorships in last 3 years

Nil

## Directors' Report (continued)

### Information on Directors (cont'd)

<b>Ivy Chen</b>	Non-Executive Director
(appointed 25 January 2018)	
Qualifications	B.App.Sc (Geology), MAusIMM GAICD
Experience	Ivy is a corporate governance specialist with more than 30 years' experience in mining and resource estimation. She served as the national geology and mining adviser for the Australian Securities and Investments Commission (ASIC) from 2009-2015 and is currently Principal Consultant at CSA Global. Ivy's experience in the mining industry in Australia and China, as an operations and consulting geologist includes open pit and underground mines for gold, manganese and chromite. As a consulting geologist she has conducted mineral project evaluation, strategy and development and implementation, through to senior corporate management roles. Ivy has been a member of the VALMIN committee since 2015.
Current Directorships	Nil
Former directorships in last 3 years	Nil

### Director Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Group during the year:

	Number of Meetings Eligible to Attend	Number of Meetings Directors' attended
<b>Director</b>		
Mr David Flanagan	10	10
Mr Gilbert George	10	9
Mr Brett Smith	10	9
Mr Paul Glasson	10	8
Mr Jeff Dowling	10	10
Ms Ivy Chen	10	10

### Retirement, election and continuation in office of directors

In accordance with the Constitution, the appropriate directors will retire at the annual general meeting and, being eligible, offer themselves for re-election. Directors Gilbert George and Brett Smith have advised the Company that they will be retiring at the next general meeting as announced on 14 March 2019.

### Company Secretary

**Mr Tony Walsh** was appointed as Joint Company Secretary on 17 February 2017. Tony Walsh has over 30 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions including 14 years with the ASX in Perth where he acted as ASX liaison with the JORC committee, four years as Chairman of an ASX listed mining explorer and as a director of a London AIM listed explorer. Tony is also currently Company Secretary of Legend Mining Ltd (ASX: LEG). Tony is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia, the Institute of Chartered Secretaries and the Institute of Chartered Accountants in Australia.

**Mr Nick Day** was appointed as Joint Company Secretary on 8 October 2018. Nick Day has over 20 years of experience as a company director, CFO and company secretary for a broad range of listed and private technology companies and mining and exploration companies. These have included ASX and TSX listed exploration companies with copper, gold, lead, coal, zinc, rare earths and uranium projects in Madagascar, the Philippines and North/South America, nano-technology and e-book IT companies to \$600 million nickel/platinum AIM and ASX listed exploration and mining operations across six countries in Africa. He has extensive experience in Africa and Asia with strategic planning, business development, mergers and acquisitions, bankable feasibility studies, debt raising and project development.

**Mr Jeff Dawkins**, BCom. CA, resigned as Joint Company Secretary on 8 October 2018.



# Directors' Report (continued)

## Financial Performance and Financial Position

Financial Performance / Position	31-Dec-18 \$	31-Dec-17 \$	Change %
Cash and cash equivalents	7,252,709	7,723,112	-6%
Net assets	44,644,651	17,846,393	150%
Revenue	33,969	-	N/A
Loss for the period	(7,243,165)	(5,822,651)	24%
Loss per share	(0.763)	(1.330)	-43%

The financial result for the year ended 31 December 2018 is a loss for the period after tax of \$7,243,165 (2017: \$5,822,651). The net assets of the Group have increased from \$17,846,393 as at 31 December 2017 to \$44,644,650 as at 31 December 2018 due to the capitalised exploration and evaluation and mine development expenditure incurred during the financial year. The Group's working capital (current assets less current liabilities) has reduced marginally from \$6,806,911 as at 31 December 2017 to \$6,638,314 as at 31 December 2018, primarily due to share placements in January and May 2018 and effective cost control during the year.

## Shares under Option and Performance Rights

Unissued ordinary shares of Battery Minerals Limited under options as at 31 December 2018 are summarised as follows:

- Directors – 69,900,000,
- Employees – 52,125,000,
- Service Providers – 15,600,000
- Shareholders – 170,699,066

## Shares Issued on the Exercise of Options or Performance Rights

3,500,000 performance rights were converted to ordinary shares upon their vesting on 28 March 2018.

## Insurance of Directors and Officers Liability

The Group has executed a policy with an appropriate level of directors' and officers' insurance cover and paid a premium of \$21,000 during the financial year.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group.

## Indemnity and Insurance of Auditors

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 21 to the financial statements. The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed in Note 21 to the financial statements do not compromise the external auditor's independence.

# Directors' Report (continued)

## Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

## Audited Remuneration Report

This report for the year ended 31 December 2018 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ('the Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Directors and Key Management Personnel ('KMP') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Director share and option holdings
- F Additional information

The names of the Directors and Key Management Personnel in office during the period are as follows:

Director	Position	Appointed	Resigned
Jeff Dowling	Non-Executive Chairman	25 January 2018	-
David Flanagan	Managing Director	29 March 2017	-
	Non-Executive Chairman	11 October 2016	29 March 2017
Cherie Leeden	Executive Director	19 July 2013	25 January 2018
Gilbert George	Non-Executive Director	1 August 2012	-
Brett Smith	Non-Executive Director	1 August 2012	-
Paul Glasson	Non-Executive Director	19 April 2017	-
Ivy Chen	Non-Executive Director	25 January 2018	-
KMP	Position	Appointed	Resigned
Nick Day	CFO and Company Secretary	8 October 2018	-
Tony Walsh	Company Secretary	17 February 2017	-
Ben Van Roon	Chief Operating Officer	11 August 2017	-
Jeff Dawkins	CFO and Company Secretary	18 December 2017	8 October 2018
Andy Cardoso	Project Director	6 April 2017	30 June 2018

## A Principles Used to Determine the Nature and Amount of Remuneration

### (i) Board Oversight

For 2018, the Board elected not to establish a remuneration committee based on the size of the organisation and had instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.



# Directors' Report (continued)

## Audited Remuneration Report (continued)

The following items are considered and discussed as deemed necessary at the board meetings:

- The remuneration of Directors, senior officers and general staff;
- The terms and conditions of employment for the Managing Director;
- Review of the Managing Director's performance, at least annually, including setting the Managing Director's goals for the coming year and reviewing progress in achieving those goals;
- The recommendations of the Managing Director for the remuneration of all direct reports;
- Board structure and Director evaluation;
- Consideration of Non-Executive Directors remuneration.
- Ensuring that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

### (ii) Remuneration Philosophy

The Company's current remuneration policy is based on its status as a junior mineral resources company. The entity's performance is dependent upon its exploration, project evaluation and project development successes, and as such remuneration is maintained at a reasonable level to enable the attraction of key employees.

The Company's broad remuneration strategy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

To ensure the maximum amount of the Company's capital where possible is directed toward its exploration, project evaluation and project development activities, the Company issues options as a "non-cash" method of remunerating and incentivising Directors and Key Management Personal to align their goals with the Company and its shareholders.

### (iii) Non-Executive Directors

#### a) Fees and Payments

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

New Non-Executive Directors have up to the date of this report, been offered, subject to shareholder approval, "sign-on" out of the money incentive options with the objective of ensuring director goals are aligned with the Company and its shareholders. The vesting of the options issued are subject to minimum service periods of up to 12 months.

#### b) Base Fees

The current base fees paid to Non-Executive Directors were last reviewed with effect from 6 February 2015. Prior to this they were based on rates set at the listing of the Company on the ASX, being 24 October 2012. No remuneration is performance based. The Directors' share and option holdings ensure that their goals are aligned with the Company's share price.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The Directors' fee pool will be reviewed for adequacy periodically.

The maximum currently stands at \$500,000 cash remuneration per annum and was approved by shareholders via the adoption of a revised constitution at a general meeting of shareholders on 6 July 2012.

# Directors' Report (continued)

## Audited Remuneration Report (continued)

### c) Options

Issue of options to Non-Executive Directors as part of their overall remuneration package is subject to shareholder approval. Options granted to Non-Executive Directors are linked to continuous service as a Non-Executive Director with the Company.

### d) Additional Fees

A Non-Executive Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director and are based on commercial rates.

A Non-Executive Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

### e) Retirement Allowances for Directors

Current base fees are inclusive of superannuation contributions. Superannuation contributions required under the Australian Superannuation Guarantee Legislation will be made as part of the directors' overall fee entitlements where applicable. No other retirement allowances are paid.

### f) Transition from Explorer to Development Company Through to Production Company and Director Remuneration

The Company expects to evolve from exploration and project evaluation to project development company, through to production company.

With this evolution, the Board believes that the Company's remuneration policies and procedures for director remuneration will also evolve to a more traditional corporate governance model and in line with ASX Corporate Governance guidelines.

## iv) Executive Remuneration

The nature and amount of remuneration of Executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Executives.

In determining Executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

Given the current phase of the Company's development the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of Executives.

The Executive remuneration framework has two components:

- Base pay and benefits, including superannuation; and
- Equity incentives.

### Base Pay

Base Pay consists of base salaries, as well as employer contributions to superannuation funds. Base Pay is reviewed annually by the Board. The process consists of a review of Company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. No external remuneration consultants were used during the financial year.



# Directors' Report (continued)

## Audited Remuneration Report (continued)

The Company does not currently have a short-term incentive plan in place.

### Performance Based Remuneration - Equity Incentives Scheme

The Company has adopted an Employee Share Option Plan ("ESOP") to reward KMP and key employees and contractors for long-term performance. The maximum number of securities that can be issued under the ESOP plan is 5% of the Company's Issued Shares.

To achieve its corporate objectives the Company needs to attract and retain its key staff, whether employees or contractors. Grants made to eligible participants under the ESOP will assist with the Company's employment strategy and will:

- a) enable the Company to recruit, incentivise and retain KMP and other eligible employees to assist with the development of the Montepuez Project to achieve the Company's strategic objectives;
- b) link the reward of eligible employees with the achievements of strategic goals and the long-term performance of the Company;
- c) align the financial interests of eligible participants of the proposed Plan with those of Shareholders; and
- d) provide incentives to eligible employees of the ESOP to focus on superior performance that creates shareholder value.

Employee Options granted under the ESOP to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the employee Options to vest - current employee performance conditions are noted in section C below. The employee Options also vest where there is a change of control of the Company.

In determining the allocations of equity, the Board considers relevant comparative allocations of equity externally and internally. An independent remuneration consultant was not required to assist with the allocations of equity given the Board's current industry knowledge and experience with allocations of equity.

Currently Executives have received "sign-on" incentive options which include time based and performance based vesting conditions and zero exercise priced options which include only performance based vesting conditions incentivising executives to meet the Company's objectives of developing stages 1 and 2 of the Company's Montepuez graphite project. These options ensure executive goals are aligned with the Company and its shareholders as its transitions through development to steady state production.

On 27 June 2018 the Board approved the issue of zero exercise priced options (ZEPOs) to Executives and staff with specific vesting hurdles being:

- 50% vest only on the commencement of commercial production for Stage 1 at the Montepuez Graphite Project and
- 50% vest only on the commencement of commercial production for Stage 2 at the Montepuez Graphite Project.

The issue of ZEPOs in 2018 is designed by the Board to:

- align executives and other employees' objectives with the Company's publicly stated objectives of developing stages 1 and 2 of the Company's Montepuez graphite project;
- be granted in lieu of any salary review increases;
- be granted in lieu of a 2018 short term incentive programme.
- align employees to shareholders by connecting cash flow generation to the vesting of benefits

Given the nature and current operations of the Group, the Board exercises their discretion in determining whether additional options are granted each year. The Board envisages that the Company's remuneration policies and procedures for executive remuneration will also evolve to a more traditional corporate governance model and in line with ASX Corporate Governance guidelines. This is expected to include a more traditional performance based short term and long-term incentive plans, which will be considered by the Remuneration Committee and recommended to the Board for its consideration.

# Directors' Report (continued)

## Audited Remuneration Report (continued)

### v) Other Benefits

No benefits other than noted above are paid to Directors or Management except as incurred in normal operations of the business.

### vi) Remuneration Consultants

Remuneration consultants have not been used in determining the remuneration paid.

## B Details of Remuneration Paid

### Amounts of Remuneration

Details of the remuneration of the Directors and Key Management Personnel of the Group as at 31 December 2018 are summarised in the table below:

31 December 2018	Fixed Remuneration, \$				Performance Based Remuneration, \$			Total	% of variable remuneration
	Short- term employee benefits			Post-employment benefits	Share-based payments				
	Salary & fees	Termination benefit	Non-monetary benefits	Super-annuation	Options	Shares	Rights	%	
<b>Directors</b>									
<i>Non-Executive Directors</i>									
Jeff Dowling - appointed 25/01/18	76,889	-	-	7,304	52,300	-	-	136,493	38
Gilbert George	60,500 <sup>(1)</sup>	-	-	-	62,029	-	-	122,529	51
Brett Smith	45,000	-	-	-	62,029	-	-	107,029	58
Paul Glasson	49,210 <sup>(1)</sup>	-	-	-	57,223	-	-	106,433	54
Ivy Chen - appointed 25/01/18	38,444	-	-	3,652	34,867	-	-	76,964	45
<b>Sub-total</b>	<b>270,043</b>	<b>-</b>	<b>-</b>	<b>10,957</b>	<b>268,448</b>	<b>-</b>	<b>-</b>	<b>549,448</b>	<b>49</b>
<i>Executive Directors</i>									
David Flanagan	444,951	-	-	20,049	474,361	-	114,647	1,054,008	56
Cherie Leeden – resigned 25/01/18	87,734	112,908 <sup>(2)</sup>	-	-	210,118	-	41,712	452,472	56
<b>Sub-total</b>	<b>532,685</b>	<b>112,908</b>	<b>-</b>	<b>20,049</b>	<b>684,479</b>	<b>-</b>	<b>156,359</b>	<b>1,506,480</b>	<b>56</b>
<b>Key Management Personnel (KMP)</b>									
Nick Day – appointed 8/10/18	66,065	-	-	5,012	- <sup>(4)</sup>	-	-	71,077	-
Tony Walsh	240,000 <sup>(3)</sup>	-	-	-	20,181	-	24,832	285,013	16
Ben Van Roon	306,951	-	-	20,049	14,750	-	24,832	366,582	11
Jeff Dawkins – resigned 8/10/18	230,907	46,659 <sup>(5)</sup>	-	18,787	-	-	-	296,353	-
Andy Cardoso – resigned 30/06/18	177,765	-	-	-	5,243	-	-	183,008	3
<b>Sub-total</b>	<b>1,021,688</b>	<b>46,659</b>	<b>-</b>	<b>43,848</b>	<b>40,173</b>	<b>-</b>	<b>49,665</b>	<b>1,202,033</b>	<b>7</b>
<b>Total Directors and KMP compensation (Group)</b>	<b>1,824,416</b>	<b>159,567</b>	<b>-</b>	<b>74,854</b>	<b>993,100</b>	<b>-</b>	<b>206,024</b>	<b>3,257,961</b>	<b>37</b>

The above table includes values for share based payments (options & performance rights) at their fair value.

- <sup>(1)</sup> The directors' fees of Gilbert George and Paul Glasson include fees for the additional professional consultancy work of \$15,788 and \$3,790 respectively.
- <sup>(2)</sup> Entitlement of Cherie Leeden to a termination benefit as part of the service agreement. The termination benefit was agreed as 9.5% of the total gross fees paid to Ms Leeden from the commencement of her position with the Group.
- <sup>(3)</sup> \$240,000 is the 80% part-time pro-rata of the annual service fees of \$300,000 as per the service agreement.
- <sup>(4)</sup> 6,000,000 options were granted to Nick Day on 15 March 2019 following the Board's approval.
- <sup>(5)</sup> A termination benefit in a form of lieu of notice was paid to Jeff Dawkins in accordance with his employment agreement.



# Directors' Report (continued)

## Audited Remuneration Report (continued)

Details of the remuneration of the Directors and Key Management Personnel of the Group as at 31 December 2017 are summarised in the table below:

	Fixed Remuneration, \$				Performance Based Remuneration, \$			Total	% of variable remuneration %
	Short- term employee benefits			Post-employment benefits	Share-based payments				
31 December 2017	Cash salary & fees	Other Entitlements	Non-monetary benefits	Super-annuation	Options	Shares	Rights		
Directors									
Non-Executive Directors									
Gilbert George	57,100	-	-	-	187,646	-	-	244,746	81
Brett Smith	45,000	-	-	-	187,646	-	-	232,646	81
Paul Glasson -appointed 19/04/17	31,500	-	-	-	57,223	-	-	88,723	64
Sub-total	133,600	-	-	-	432,515	-	-	566,115	76
Executive Directors									
David Flanagan	334,935	-	-	15,241	1,310,924	-	-	1,661,100	79
Cherie Leeden	301,045	-	-	-	194,916	-	101,500	597,461	50
Sub-total	635,980	-	-	15,241	1,505,840	-	101,500	2,258,561	71
Key Management Personnel (KMP)									
Tony Walsh- appointed 17/02/17	150,854	-	-	-	34,343	-	-	185,197	19
Ben Van Roon- appointed 11/08/17	89,825	-	-	7,046	-	-	-	96,871	-
Jeff Dawkins – appointed 18/12/17	115,175	-	1,454	8,459	-	-	-	125,088	-
Andy Cardoso -appointed 6/04/17	212,342	-	-	-	53,230	-	-	265,572	20
Sub-total	568,196	-	1,454	15,505	87,573	-	-	672,728	13
Total Directors and KMP compensation (Group)	1,337,776	-	1,454	30,746	2,025,928	-	101,500	3,497,404	58

The above table includes values for share based payments (options & performance rights) at their fair value.

## C Service Agreements

### Non-Executive Directors

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to a director.

Name	Term of Agreement	Base Salary including Superannuation	Termination Benefit <sup>(1)</sup>
<b>Non-Executive</b>			
Chairman – Jeff Dowling	Open	\$90,000	Nil. Subject to re-election by shareholders.
Director – Gilbert George	Open	\$45,000	Nil. Subject to re-election by shareholders.
Director – Brett Smith	Open	\$45,000	Nil. Subject to re-election by shareholders.
Director – Paul Glasson	Open	\$45,000	Nil. Subject to re-election by shareholders.
Director - Ivy Chen	Open	\$45,000	Nil. Subject to re-election by shareholders.

<sup>(1)</sup> Subject to clause 13.2 of the Company's constitution, at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A retiring Director is eligible for re-election. An election of Directors shall take place each year.

Non-Executive Directors are subject to standard terms and conditions including duties to the Group, confidentiality and disclosure.

# Directors' Report (continued)

## Audited Remuneration Report (continued)

### Key Management Personnel

Remuneration and other terms of employment for a Managing Director and Key Management Personnel are formalized in their service agreements. Employees are eligible for long-term incentive benefits under the Battery Minerals Employee Option Plan.

#### **Mr David Flanagan, Managing Director**

- Base Remuneration - \$465,000 inclusive of superannuation.
- Equity Incentive Sign on Entitlement – 10,000,000 five-year options vesting on achieving sales agreements and a commercial rate of production as agreed by the board
- Termination – 6 months' notice

#### **Ms Cherie Leeden, Executive Director Technology and Business Development - Resigned 25 January 2018**

- Base Remuneration – USD \$230,000 (equivalent AUD\$326,000 as at 31 December 2018)
- Equity Incentive – 5,000,000 five-year options vesting on achieving commercial production and sale from the proposed Company owned, US based SPG processing plant

#### **Mr Tony Walsh, Joint Company Secretary**

- Base Remuneration - \$300,000 including superannuation (paid pro-rata for working part-time)
- Equity Incentive sign on Entitlement – Issue of 1,500,000 Options under the Employee Share Option Plan, 500,000 vesting on 12 months anniversary of commencement date and 1,000,000 vesting on the commencement of commercial production
- Termination – Nil notice

#### **Mr Ben Van Roon, Chief Operating Officer**

- Base Remuneration - \$325,000 inclusive of superannuation
- Equity Incentive Sign on Entitlement – Issue of 3,000,000 Options under the Employee Share Option Plan, 1,000,000 vesting on 12 months anniversary of commencement date and 2,000,000 vesting on the commencement of commercial production.
- Long Term Incentive – Options to the value of 30% TFR as approved by the Board from time to time.
- Termination – One-month notice

#### **Mr Jeff Dawkins, Chief Financial Officer & Joint Company Secretary – Resigned 8 October 2018**

- Base Remuneration - \$300,000 inclusive of superannuation.
- Equity Incentive Sign on Entitlement – Issue of 2,500,000 Options under the Employee Share Option Plan, 1,000,000 vesting on 12 months anniversary of commencement date and 1,500,000 vesting on the commencement of commercial production.
- Long Term Incentive – Options to the value of 30% TFR as approved by the Board from time to time.
- Termination – 3 months' notice.

#### **Mr Andy Cardoso, Project Director - Resigned 30 June 2018**

- Base Remuneration – USD \$260,000 (equivalent AUD\$333,000 as at 31 December 2017)
- Equity Incentive Sign on Entitlement – Issue of 2,500,000 Options under the Employee Share Option Plan, 1,000,000 vesting on 12 months anniversary of commencement date and 1,500,000 vesting on the commencement of commercial production.
- Long Term Incentive – Options to the value of 30% TFR as approved by the Board from time to time.

#### **Mr Nick Day, Chief Financial Officer & Joint Company Secretary – Commenced 8 October 2018**

- Base Remuneration - \$300,000 inclusive of superannuation.
- Equity Incentive – Issue of 2,000,000 options under the Employee Share Option Plan, 1,000,000 vesting on 12 months anniversary of commencement date and 1,000,000 vesting on the commencement of commercial production; and 4,000,000 zero exercise options, 1,000,000 vesting on the commencement of commercial production of Montepuez phase 1, 2,000,000 vesting on the commencement of commercial production of Montepuez phase 2 and 1,000,000 vesting on the commencement of commercial production of the Balama Project.
- Termination – 3 months' notice



# Directors' Report (continued)

## Audited Remuneration Report (continued)

### D Share-based Compensation

#### Options

(a) The following options were issued to Directors and Key Management Personal as remuneration during the financial year with the conditions as shown below:

	Date Options Granted	Number of Options Granted	Vesting Date	Expiry Date	Exercise Price	Value per option at grant date, \$	Total Fair Value, \$	% vested
David Flanagan <sup>(1)</sup>	27-Jun-18	20,000,000	Various <sup>(4)</sup>	03-Jul-23	nil	0.031	465,000	0%
Ivy Chen <sup>(2)</sup>	27-Jun-18	3,000,000	Various <sup>(5)</sup>	30-Jun-23	0.13	0.0166	49,907	0%
Jeff Dowling <sup>(2)</sup>	27-Jun-18	4,500,000	Various <sup>(5)</sup>	30-Jun-22	0.13	0.0166	74,861	0%
Ben van Roon <sup>(1)</sup>	27-Jun-18	4,000,000	Various <sup>(6)</sup>	13-Jul-23	Nil	0.031	124,000	0%
Ben van Roon <sup>(2)</sup>	27-Jun-18	3,000,000	Various <sup>(7)</sup>	16-Jul-23	0.20	0.0144	43,302	0%
Tony Walsh <sup>(1)</sup>	27-Jun-18	4,000,000	Various <sup>(6)</sup>	13-Jul-23	nil	0.031	124,000	0%
Jeff Dawkins <sup>(1), (3)</sup>	27-Jun-18	4,000,000	Various	13-Jul-23	nil	0.031	124,000	0%
Jeff Dawkins <sup>(2), (3)</sup>	27-Jun-18	2,500,000	Various	16-Jul-23	0.20	0.0144	36,085	0%
45,000,000							1,041,155	

<sup>(1)</sup> Options were issued at \$nil exercise price and valued at the market share price on a date of issue.

<sup>(2)</sup> Other options issued during the year were valued using the Black-Scholes option pricing method with the following

<sup>(3)</sup> Options were forfeited on resignation after three months following the issue and corresponding value was reversed in profit and loss.

<sup>(4)</sup> Options vesting conditions are linked to commencement of commercial production being 25% of Montepuez phase 1, 50% of Montepuez phase 2 and 25% Balama stage 1.

<sup>(5)</sup> 50% of options will vest upon 12 months and 50% will vest upon 24 months of continuous service.

<sup>(6)</sup> Options vesting conditions are linked to commencement of commercial production being 50% of Montepuez phase1 and 50% of Montepuez phase 2.

<sup>(7)</sup> 1,000,000 options will vest on 12 months continuous services and 2,000,000 will vest on commencement of the Montepuez Graphite Project commercial production.

inputs:

Recipient	Dividend Yield	Expected Volatility <sup>(*)</sup>	Risk Free Rate <sup>(**)</sup>	Expected Life of Options	Exercise Price	Share Price at Grant Date	FV per option
Jeff Dowling	-	100%	2.17%	5 years	\$0.13	\$0.03	\$0.0166
Ivy Chen	-	100%	2.17%	5 years	\$0.13	\$0.03	\$0.0166
Ben van Roon	-	100%	2.17%	5 years	\$0.20	\$0.03	\$0.0144
Jeff Dawkins	-	100%	2.17%	5 years	\$0.20	\$0.03	\$0.0144

<sup>(\*)</sup> The expected volatility is based on historic volatility (based on remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

<sup>(\*\*)</sup> Risk free rate is based on Australia 5-year bond yield rate.

## Directors' Report (continued)

### Audited Remuneration Report (continued)

(b) The following options granted in previous years have impacted the current year remuneration. All options unvested at 31 December 2018 will also have an impact on future year's remuneration. Conditions are shown below:

	Date Options Granted	Number of Options Granted	Vesting Date	Expiry Date	Exercise Price	Value per option at grant date, \$	Total Fair Value, \$	% vested
David Flanagan	26-May-17	10,000,000	Various <sup>(1)</sup>	26-May-22	0.094	0.0456	455,638	0%
Paul Glasson	26-May-17	3,000,000	Various <sup>(2)</sup>	26-May-22	0.13	0.0424	127,162	50%
Cherie Leeden	26-May-17	5,000,000	Various <sup>(3)</sup>	26-May-22	0.20	0.0380	190,124	0%
Andy Cardoso	6-Apr-17	2,500,000	Various <sup>(4)</sup>	22-May-22	0.20	0.0604	150,984	40%
Tony Walsh	15-Feb-17	1,500,000	Various <sup>(5)</sup>	23-Dec-21	0.15	0.0636	95,384	20%
David Flanagan	21-Dec-16	5,000,000	21-Dec-18	23-Dec-21	0.20	0.0818	408,961	100%
David Flanagan	21-Dec-16	5,000,000	21-Dec-18	23-Dec-21	0.25	0.0778	389,108	100%
Cherie Leeden	21-Dec-16	10,000,000	Various <sup>(6)</sup>	23-Dec-21	0.155	0.0861	861,040	0%
Gilbert George	21-Dec-16	1,500,000	21-Dec-18	23-Dec-21	0.155	0.0861	129,156	100%
Brett Smith	21-Dec-16	1,500,000	21-Dec-18	23-Dec-21	0.155	0.0861	129,156	100%
<b>45,000,000</b>							<b>2,936,713</b>	

<sup>(1)</sup> Options will vest upon the Company's Montepuez Project achieving sales agreements and a commercial rate of production as agreed by the board.

<sup>(2)</sup> 50% of options will vest upon 12 months and 50% will vest upon 24 months of continuous service.

<sup>(3)</sup> Options will vest upon commercial production and sale from the proposed Company owned, US based SPG processing plant.

<sup>(4)</sup> 1,000,000 options vested upon 12-month anniversary on 15 May 2018 and expired 90 days following the resignation on 30 June 2019. 1,500,000 options will vest upon commencement of Montepuez Graphite Project commercial production.

<sup>(5)</sup> 500,000 options vested on 17 February 2018 upon 12 months of service with the Company. 1,000,000 options will vest upon commencement of Montepuez Graphite Project commercial production.

<sup>(6)</sup> Options will vest upon the first commercial scale production and shipment of graphite ore from the Montepuez Graphite Project.

Options granted carry no dividend or voting rights.

No shares were issued on the exercise of remuneration options during the financial year. When exercised each option is convertible into one ordinary share of Battery Minerals Limited.

### Shares

During the financial year no shares were issued to Directors or Key Management Personnel in lieu of fees and salary.

### E Director and Key Management Share and Option Holdings

#### Shareholdings

The numbers of shares in the Group held during the financial period by each director of Battery Minerals Limited and other key management personnel of the Group, including their personally related parties are set out below.



# Directors' Report (continued)

## Audited Remuneration Report (continued)

31 December 2018 Name	Balance at the start of the year, number of shares	Received during the year on the exercise of options	Other changes <sup>1</sup>	Balance at the end of the year, number of shares
<b>Directors</b>				
Gilbert George	6,698,656	-	2,500,000	9,198,656
Cherie Leeden	4,658,964	3,500,000 <sup>(2)</sup>	(8,158,964) <sup>(3)</sup>	-
Brett Smith	478,522	-	250,000	728,522
Ivy Chen	-	-	100,000	100,000
Jeff Dowling	-	-	1,500,000	1,500,000
David Flanagan	1,561,111	-	3,436,381	4,997,492
<b>KMP</b>				
Tony Walsh	-	-	850,000	850,000
Nick Day	-	-	-	-
Jeff Dawkins – resigned 8/10/18	-	-	-	-
Andy Cardoso – resigned 30/06/18	-	-	-	-
<b>Total</b>	<b>13,397,253</b>	<b>3,500,000</b>	<b>477,417</b>	<b>17,374,670</b>

<sup>(1)</sup> Shares acquired & disposed on-market during the financial year.

<sup>(2)</sup> 3,500,000 performance rights were converted to ordinary shares upon their vesting on 23 March 2018.

<sup>(3)</sup> The balance of shares at the end of the financial year is considered to be nil due to the resignation of Cherie Leeden as a Company Director.

## Option & performance rights holdings

The numbers of options & performance rights over ordinary shares in the Group held during the financial period by each director of Battery Minerals Limited and key management personnel (KMP) of the Group, including their personally related parties are set out below.

31 December 2018	Balance at start of the year	Granted as Remuneration	Placement Options	Exercised	Expired/ Forfeited/ Other Changes	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors</b>								
Paul Glasson	3,000,000	-	-	-	-	3,000,000	1,500,000	1,500,000
Gilbert George	4,000,000	-	500,000 <sup>(2)</sup>	-	-	4,500,000	4,000,000	500,000
Brett Smith	4,000,000	-	125,000 <sup>(3)</sup>	-	-	4,125,000	4,000,000	125,000
Ivy Chen	-	3,000,000	50,000 <sup>(3)</sup>	-	-	3,050,000	-	3,050,000
Jeff Dowling	-	4,500,000	300,000 <sup>(3)</sup>	-	-	4,800,000	-	4,800,000
David Flanagan	30,000,000	20,000,000	425,000 <sup>(3)</sup>	-	-	50,425,000	20,000,000	30,425,000
Cherie Leeden	19,500,000	-	-	3,500,000 <sup>(1)</sup>	16,000,000 <sup>(3)</sup>	-	-	-
<b>KMP</b>								
Tony Walsh	1,500,000	4,000,000	175,000 <sup>(3)</sup>	-	-	5,675,000	500,000	5,175,000
Ben van Roon	-	7,000,000	-	-	-	7,000,000	-	7,000,000
Jeff Dawkins	-	6,500,000	-	-	6,500,000	-	-	-
Andy Cardoso	2,500,000	-	-	-	2,500,000 <sup>(5)</sup>	-	-	-
<b>Total</b>	<b>64,500,000</b>	<b>45,000,000</b>	<b>1,575,000</b>	<b>3,500,000</b>	<b>25,000,000</b>	<b>82,575,000</b>	<b>30,000,000</b>	<b>52,575,000</b>

<sup>(1)</sup> Cherie Leeden's rights holdings opening balance includes 3,500,000 performance rights, which vested and exercised in March 2018.

<sup>(2)</sup> 125,000 options issued under SPP as approved by the General Meeting of the shareholders on 27 June 2018. 375,000 options were issued under Tranche 2 of the Initial Placement plan granted for nil consideration as a free-attaching option to the Tranche 2 initial placement shares.

<sup>(3)</sup> Options were issued under Tranche 2 of the Initial Placement plan granted for nil consideration as a free-attaching option to the Tranche 2 initial placement shares.

# Directors' Report (continued)

## Audited Remuneration Report (continued)

- <sup>(4)</sup> No options were issued to Nick Day during the period from his commencement on 8 October 2018 till the end of the year. Options to be issued in 2019 upon an approval by the board of directors.
- <sup>(5)</sup> Includes 1,000,000 options vested in June 2018 and expired in September 2018.
- <sup>(6)</sup> The balance of options at the end of the financial year is considered to be nil due to the resignation of Cherie Leeden as a Company Director.

## F Additional Information

### Loans to Key Management Personnel

There were no loans made to Directors of the Company or other key management personnel during the year ended 31 December 2018.

There were no other transactions with key management personnel during the year ended 31 December 2018.

### End of the Audited Remuneration Report

### Adoption of Key Management Personnel Remuneration Report

Voting of shareholders at last year's annual general meeting Battery Minerals Limited received more than 97% of "yes" votes on its remuneration report for the 2018 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors.

### 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.

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. For Mineral Resources - See announcement dated 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.

## Directors' Report (continued)

### **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.**

The lead auditor's independence declaration is set out on page 42 for the year ended 31 December 2018.

This report is made in accordance with a resolution of the Directors.



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**David Flanagan**  
Managing Director

Perth, Western Australia, 22 March 2019



# Auditor's Independence Declaration




## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Battery Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Battery Minerals Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

  
KPMG



R. Gambitta  
Partner

Perth

22 March 2019

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# Independent Auditor's Report



## Independent Auditor's Report

To the shareholders of Battery Minerals Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Battery Minerals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

# Independent Auditor's Report (continued)



## Material uncertainty related to going concern

We draw attention to Note 2B, "Going Concern Basis of Preparation" in the financial report. The conditions disclosed in Note 2B, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional shareholder and debt funds to address going concern;
- Assessing the Group's cash flow forecasts and plans to address going concern, in particular the funding of corporate and administration costs and the completion of development of the Montepuez Graphite Project;
- Determining the completeness of the Group's going concern disclosures for the principal matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Carrying value of Mine Development Expenditure (\$30.95 million)	
Refer to Note 13 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The carrying value of capitalised Mine Development Expenditure (Montepuez Graphite Project) was considered a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The size of the mine development asset (being 68% of total assets)</li> <li>• The level of judgement required by us in evaluating the Group's assessment of impairment, and</li> <li>• The Group's market capitalisation at 31 December 2018 being lower than the net assets, increasing the possibility the carrying value of Mine Development Expenditure being impaired.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We considered the appropriateness of the fair value less costs of disposal method applied by the Group to perform the assessment of impairment against the requirements of the accounting standards.</li> <li>• Assessing the integrity of the fair value less costs of disposal DCF model used, including the accuracy of the underlying calculation formulas.</li> <li>• We evaluated the underlying data used to generate the fair value less costs of disposal DCF model for consistency with other information tested by us such as the Group's cash flow forecasts referred to above, and our understanding of the Group's intentions.</li> </ul>



## Independent Auditor's Report (continued)



<p>The assessment of impairment of the Group's non-financial assets, primarily the capitalized Mine Development Expenditure requires the Group to apply significant judgements through the use of assumptions in a fair value less costs of disposal basis using a discounted cash flow (DCF) model. The key assumptions include:</p> <ul style="list-style-type: none"> <li>• Forecast capital expenditure to complete the mine development</li> <li>• Forecast production levels, production costs and sales</li> <li>• Forecast commodity prices for graphite</li> <li>• Discount rate including the assessment of Mozambique country risk factors, and</li> <li>• Life of mineral reserves.</li> </ul> <p>The Group engaged multiple external experts to assist them in:</p> <ul style="list-style-type: none"> <li>• Forming a view of the forecast commodity price for graphite</li> <li>• Performing a technical due diligence of the model, including the assessment of certain key assumptions above, prepared for the purposes of the project financing, and</li> <li>• Producing the Reserves statement which underlies the forecast production levels utilised within the model</li> </ul> <p>In assessing this key audit matter, we involved senior team members and valuation specialists.</p>	<ul style="list-style-type: none"> <li>• Evaluating the scope, competence and objectivity of the Group's multiple external experts.</li> <li>• Comparing the forecast capital expenditure contained in the fair value less costs of disposal model to Board approved forecasts and the assessments made by the Group's external experts.</li> <li>• Assessing key assumptions underlying the fair value less cost of disposal DCF model including forecast production levels, production costs and sales to the Group's external expert reports.</li> <li>• We compared forecast commodity prices for graphite to views of the market commentator on future trends and the Group's external experts reports</li> <li>• We compared the life of mineral reserves in the model to the Reserves statement commissioned by the Group, for consistency, in particular to application across production assumptions.</li> <li>• We considered the sensitivity of the model by varying key assumptions, such as as forecast commodity prices for graphite, forecast capital expenditure, forecast production costs, and the discount rate, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.</li> <li>• Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted for Mozambique country risk factors.</li> <li>• We assessed the Group's analysis of the market capitalisation shortfall versus the total recoverable amount of all CGUs. This included consideration of the market capitalisation range implied by recent share price trading ranges and broker 12 month target valuation ranges, to the Group's fair value less cost of disposal DCF model.</li> <li>• We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.</li> </ul>
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# Independent Auditor's Report (continued)



## Other Information

Other Information is financial and non-financial information in Battery Minerals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our Auditor's Report.

## Independent Auditor's Report (continued)



### Report on the Remuneration Report

#### Opinion

In our opinion, the Remuneration Report of Battery Minerals Limited for the year ended 31 December 2018, complies with *Section 300A* of the *Corporations Act 2001*.

#### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

#### Our responsibilities

We have audited the Remuneration Report included in pages 9 -19 of the Directors' report for the year ended 31 December 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

R Gambitta  
Partner

Perth

22 March 2019



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	Consolidated 31-Dec-18 \$	Consolidated 31-Dec-17 \$
Other Income		33,969	-
Gain on disposal of subsidiary	24	282,858	-
Net foreign exchange gain		232,365	
Accounting, tax advisory and audit fees		(372,921)	(74,980)
Consultants fees		(1,059,895)	(753,820)
Salaries and wages		(1,988,549)	(656,017)
Share based payment expense	16,22	(1,353,549)	(2,402,609)
Travel		(359,765)	(583,945)
Compliance fees		(425,318)	(95,862)
Directors' salaries and fees		(946,642)	(769,580)
Legal fees		(169,795)	(114,062)
Conferences		(190,618)	-
Fair value adjustment on equity securities		(174,350)	-
Other expenses	4	(895,235)	(408,117)
<b>Operating loss</b>		<b>(7,387,445)</b>	<b>(5,858,992)</b>
Interest income		144,280	36,341
<b>Loss before tax from continuing operations</b>		<b>(7,243,165)</b>	<b>(5,822,651)</b>
Income tax expense	5	-	-
<b>Loss from continuing operations</b>		<b>(7,243,165)</b>	<b>(5,822,651)</b>
<b>Loss for the period</b>		<b>(7,243,165)</b>	<b>(5,822,651)</b>
<b>Other comprehensive income/(loss):</b>			
Items that will be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		282,002	186,447
<b>Total comprehensive loss for the period</b>		<b>(6,961,163)</b>	<b>(5,636,204)</b>
<b>Loss for the year attributable to:</b>			
Owners of Battery Minerals Limited		<b>(7,243,165)</b>	<b>(5,822,651)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of Battery Minerals Limited		<b>(6,961,163)</b>	<b>(5,636,204)</b>
Loss per share from continuing operations:			
Basic loss per share (cents)	6	(0.763)	(1.330)
Diluted loss per share (cents)	6	(0.763)	(1.330)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 31 December 2018

	Note	Consolidated 31-Dec-18 \$	Consolidated 31-Dec-17 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	7,252,709	7,723,112
Other receivables	9	407,507	702,269
<b>Total Current Assets</b>		<b>7,660,216</b>	<b>8,425,381</b>
<b>Non-Current Assets</b>			
Other debtors	9	3,523,792	-
Property, plant and equipment	10	521,226	605,951
Intangible assets	11	23,363	-
Investments	19 (f)	84,533	-
Mine development expenditure	13	30,950,808	-
Exploration & evaluation expenditure	12	2,902,615	10,433,531
<b>Total Non-Current Assets</b>		<b>38,006,337</b>	<b>11,039,482</b>
<b>Total Assets</b>		<b>45,666,553</b>	<b>19,464,863</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	1,021,902	1,618,470
<b>Total Current Liabilities</b>		<b>1,021,902</b>	<b>1,618,470</b>
<b>Total Liabilities</b>		<b>1,021,902</b>	<b>1,618,470</b>
<b>NET ASSETS</b>		<b>44,644,651</b>	<b>17,846,393</b>
<b>EQUITY</b>			
Issued Capital	15	74,125,719	41,516,848
Reserves	16	5,877,758	4,445,206
Accumulated Losses	17	(35,358,826)	(28,115,661)
<b>TOTAL EQUITY</b>		<b>44,644,651</b>	<b>17,846,393</b>

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Note	Consolidated 31-Dec-18 \$	Consolidated 31-Dec-17 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(6,414,986)	(3,779,528)
Net interest received		144,280	36,341
<b>Net cash (outflow) from operating activities</b>	18	<b>(6,270,706)</b>	<b>(3,743,187)</b>
<b>Cash flows from investing activities</b>			
Net proceeds from sale of subsidiary		264,320	302,939
Payments made for property, plant and equipment and intangibles		(232,674)	(411,278)
Payments for exploration & evaluation expenditure		(851,922)	(4,158,384)
Payments for mine development expenditure		(21,641,595)	-
Payment for mine performance bond		(3,523,792)	-
<b>Net cash (outflow) from investing activities</b>		<b>(25,985,663)</b>	<b>(4,266,723)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		34,065,982	6,375,497
Capital raising costs		(2,244,527)	(403,783)
<b>Net cash inflow from financing activities</b>		<b>31,821,455</b>	<b>5,971,714</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(434,914)</b>	<b>(2,038,196)</b>
Cash and cash equivalents at beginning of year		7,723,112	9,755,258
Effect of exchange rate fluctuations on cash held		(35,489)	6,050
<b>Cash and cash equivalents at end of year</b>		<b>7,252,709</b>	<b>7,723,112</b>

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

Consolidated for the year ended 31 December 2017	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	<b>35,545,134</b>	<b>2,505,297</b>	<b>(620,328)</b>	<b>(22,321,829)</b>	<b>15,108,274</b>
Loss for the year	-	-	-	(5,822,651)	(5,822,651)
Other comprehensive income	-	-	186,447	-	186,447
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>186,447</b>	<b>(5,822,651)</b>	<b>(5,636,204)</b>
<b>Transactions with owners of Battery Minerals Limited</b>					
Shares issued net of transaction costs	5,971,714	-	-	-	5,971,714
Share based payments	-	2,373,790	-	28,819	2,402,609
<b>Total transactions with owners of Battery Minerals Limited</b>	<b>5,971,714</b>	<b>2,373,790</b>	<b>-</b>	<b>28,819</b>	<b>8,374,323</b>
<b>Balance at 31 December 2017</b>	<b>41,516,848</b>	<b>4,879,087</b>	<b>(433,881)</b>	<b>(28,115,661)</b>	<b>17,846,393</b>

Consolidated for the year ended 31 December 2018	Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$		\$	\$	\$
<b>Balance at 1 January 2018</b>	<b>41,516,848</b>	<b>4,879,087</b>	<b>(433,881)</b>	<b>(28,115,661)</b>	<b>17,846,393</b>
Loss for the year	-	-	-	(7,243,165)	(7,243,165)
Other comprehensive income	-	-	282,002	-	282,002
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>282,002</b>	<b>(7,243,165)</b>	<b>(6,961,163)</b>
<b>Transactions with owners of Battery Minerals Limited</b>					
Shares issued net of transaction costs	32,608,871	-	-	-	32,608,871
Share based payments	-	1,150,550	-	-	1,150,550
<b>Total transactions with owners of Battery Minerals Limited</b>	<b>32,608,871</b>	<b>1,150,550</b>	<b>-</b>	<b>-</b>	<b>33,759,421</b>
<b>Balance at 31 December 2018</b>	<b>74,125,719</b>	<b>6,029,637</b>	<b>(151,879)</b>	<b>(35,358,826)</b>	<b>44,644,651</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

## 1. Reporting Entity

Battery Minerals Limited is an ASX listed public company, incorporated and domiciled in Australia. Battery Minerals is a for-profit entity for the purposes of preparing the financial statements.

These consolidated financial statements comprise Battery Minerals Limited and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in exploration and development activities relating to its mining operations.

## 2. Basis of Accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). They were authorised for issue by the Board of Directors on 22 March 2019.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### A. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Battery Minerals Limited ("**Company**" or "**Parent Entity**") as at 31 December 2018 and the results of all subsidiaries for the year. Battery Minerals Limited and its subsidiaries together are referred to in this financial report as "**the Group**" or "**the consolidated entity**".

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balance and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of the Company. Dividends received from associates are recognised in the parent entity's statement of profit or loss and other comprehensive income, rather than being deducted from the carrying amount of these investments.

### B. Going Concern Basis of Preparation

The financial statements have been prepared on the going concern basis which assumes the company and consolidated entity will have sufficient funds to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report was authorised for issue.

As at 31 December 2018, the consolidated entity has net assets of \$44,644,651 (2017: \$17,846,393). During the financial year the consolidated entity had cash outflows from operating activities of \$6,270,706 (2017: \$3,743,187) and cash outflows from investing activities (including payments for mine development and exploration) of \$25,985,663 (2017: \$4,266,723). The consolidated entity has minimum expenditure commitments as set out in Note 25.

# Notes to the Consolidated Financial Statements (continued)

## 2. Basis of Accounting (continued)

The consolidated entity has prepared a cash flow forecast which indicates that the consolidated entity will need to raise additional funds to meet expenditure commitments and support its current level of corporate overheads to continue as a going concern. The Directors believe this additional working capital will be provided by an interim capital raising and to this end discussions have already commenced. At the same time, the Directors will continue their focus on maintaining an appropriate level of corporate overheads in line with available cash resources.

In addition, future significant project debt and equity finance will need to be available in order for the consolidated entity to progress the Montepuez Graphite Project to completion.

The directors are confident that they will be able to complete an interim capital raising that will provide the consolidated entity with sufficient funding to meet its minimum expenditure commitments and support its planned level of overhead expenditures. The directors also believe that discussions with senior debt lenders and equity providers for the Montepuez Project are sufficiently progressed to reasonably believe that such debt and equity will be available. The directors therefore believe that it is appropriate to prepare the 31 December 2018 financial statements on a going concern basis.

However, in the event that the consolidated entity is not able to successfully complete debt or equity fundraisings referred to, material uncertainty would exist as to whether the company and consolidated entity will continue as a going concern and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

## C. Foreign Currency Translation

### Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Battery Minerals Limited's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into presentation currency of the Group at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income/loss and accumulated in the translation reserve.



# Notes to the Consolidated Financial Statements (continued)

## 2. Basis of Accounting (continued)

When a foreign operation is disposed the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

### D. Impairment of Assets

At each reporting date, or more frequently if events or changes in circumstances indicate that assets might be impaired, the Group reviews the carrying values of its tangible and intangible assets to determine whether the assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Non-financial assets other than goodwill that suffered any impairment are reviewed for possible reversal of impairment at the end of each reporting period.

### E. Use of Estimates and Judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definitions, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the notes indicated below:

Impairment of exploration and evaluation expenditure and the mine development – Note 12 and 13  
Share-based payments – Note 16 and 22

### F. Changes in Accounting Policy

In the year ended 31 December 2018, the Group has reviewed all the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current year. The Group has adopted AASB 15 and AASB 9 with an effect from 1 January 2018. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business. and, therefore no restatement of prior year comparatives is necessary to the Group's financial statements.

# Notes to the Consolidated Financial Statements (continued)

## 2. Basis of Accounting (continued)

### G. Standards issued not yet effective

Title of standard	Nature of change	Impact	Mandatory application date/ Date adopted by company
AASB 16 (issued February 2016) Leases	<p>AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>	<p>To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 January 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.</p> <p>There will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years.</p> <p>There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.</p> <p>The Group is still evaluating the impact of applying AASB 18 and intends to apply a modified retrospective approach.</p> <p>However, given the nature of operations and current contracts the adoption of AASB 16 is not expected to have a material effect on the financial statements.</p>	Annual reporting periods beginning on or after 1 January 2019.

All other pending Standards issued between the previous financial report and the current reporting dates have no application to the Group.

# Notes to the Consolidated Financial Statements (continued)

## 3. Segment Reporting

### Operating Segments

The Group has determined its operating segments based on the reports reviewed by the Chief Operating Decision Makers (CODM) that are used to make strategic decisions regarding the Group's operations. Due to the size and nature of the Group, the Managing Director is considered to be the Chief Operating Decision Maker. The Group's primary reports are prepared to show the performance and financial position of different business segments which can be distinguished by their risks and rates of return.

The CODM considers the business from functional and geographical perspectives and has identified that there are two reportable segments being:

**Mozambique** – Mozambique – mineral exploration and evaluation and mine development activities

**Australia** – investing activities and corporate management

### Segment Reporting

The segment information is prepared in conformity with the accounting policies adopted for the preparation of financial statements of the Group. In presenting the information of the geographical segments, the segment assets have been based on the geographic location of assets and segment expenses have been based on geographic location of supplied goods and application of provided services to the group.

31 December 2018	Mozambique \$	Australia \$	Total \$
Interest revenue	35,853	108,427	144,280
Other segment income	-	316,825	316,825
Net foreign exchange gain/(loss)	(211,026)	443,391	232,365
Business development	-	(1,769,320)	(1,769,320)
Corporate and administration overhead	(540,422)	(5,452,543)	(5,992,965)
Fair value adjustment on equity securities	-	(174,350)	(174,350)
<b>Total segment expenses</b>	<b>(540,422)</b>	<b>(7,396,213)</b>	<b>(7,936,635)</b>
Reportable segment loss	(715,595)	(6,527,570)	(7,243,165)

Segment Assets	Mozambique \$	Australia \$	Total \$
Cash	474,202	6,778,507	7,252,709
Exploration and evaluation	2,902,615	-	2,902,615
Mine development asset	30,950,808	-	30,950,808
Other <sup>(1)</sup>	4,022,283	538,137	4,560,421
<b>Total segment assets</b>	<b>38,349,908</b>	<b>7,316,644</b>	<b>45,666,553</b>

<sup>(1)</sup> Other assets of the reporting segment "Mozambique" include the mine performance bond of \$3,523,792 held with the Unico Bank.

Segment Liabilities	Mozambique \$	Australia \$	Total \$
Creditors and other payables	196,574	825,328	1,021,902
<b>Total segment liabilities</b>	<b>196,574</b>	<b>825,328</b>	<b>1,021,902</b>



## Notes to the Consolidated Financial Statements (continued)

### 3. Segment Reporting (continued)

Capital Expenditure during the year	Mozambique \$	Australia \$	Total \$
Exploration and evaluation – Balama Project	1,055,005	-	1,055,005
Mine development asset – Montepuez Project	22,537,517	-	22,537,517
Plant & equipment and intangible assets	65,222	166,113	231,335
<b>Total capital expenditure</b>	<b>23,657,744</b>	<b>166,113</b>	<b>23,823,857</b>

31 December 2017	Mozambique \$	Australia \$	Total \$
Interest revenue	-	36,341	36,341
Business Development	-	(1,337,764)	(1,337,764)
Corporate and administration overhead	(10,927)	(4,510,301)	(4,521,228)
<b>Total segment expenses</b>	<b>(10,927)</b>	<b>(5,848,065)</b>	<b>(5,858,992)</b>
Reportable segment loss	(10,927)	(5,811,724)	(5,822,651)

Segment Assets	Mozambique \$	Australia \$	Total \$
Cash	594,910	7,128,202	7,723,112
Exploration and evaluation	10,433,531	-	10,433,531
Mine development asset	-	-	-
Other	1,062,926	245,294	1,308,220
<b>Total segment assets</b>	<b>12,091,367</b>	<b>7,373,496</b>	<b>19,464,863</b>

Segment Liabilities	Mozambique \$	Australia \$	Total \$
Creditors and other payables	889,207	729,263	1,618,470
<b>Total segment liabilities</b>	<b>889,207</b>	<b>729,263</b>	<b>1,618,470</b>

### 4. Other Expenses

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Office costs	305,378	190,675
IT Consultants and website	184,528	-
Subscriptions	109,955	-
Community support	167,321	-
Administrative operating costs	128,053	143,042
Exploration expenditure	-	74,400
<b>Total other expenses</b>	<b>895,235</b>	<b>408,177</b>

# Notes to the Consolidated Financial Statements (continued)

## 5. Income Tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
<b>(a) Income tax expense</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
<b>(b) Reconciliation of income tax expense to prima facie tax payable:</b>		
Loss before income tax	(7,243,165)	(5,822,651)
Prima facie income tax at 30% (27.5 in 2017FY)	(2,172,950)	(1,601,229)
Foreign tax rate differential	(13,500)	-
Non-deductible/taxable items - Australia	415,629	1,183,729
Non-deductible/taxable items – foreign operations	18,144	-
Income tax benefits not brought to account	1,752,677	417,500
Income tax expense/ (benefit)	-	-

# Notes to the Consolidated Financial Statements (continued)

## 5. Income Tax (continued)

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
(c) <b>Unrecognised deferred tax assets arising on timing difference and losses</b>		
Carried forward tax losses - Australia	3,483,184	1,733,276
Carried forward tax losses – foreign operations	2,865,670	2,899,586
Other	220,894	184,209
<b>Total</b>	<b>6,569,748</b>	<b>4,817,071</b>

## 6. Earnings per Share

### *Basic earnings per share*

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	Consolidated 31 Dec 2018	Consolidated 31 Dec 2017
Loss attributable to the owners of Battery Minerals Limited (\$)	(7,243,165)	(5,822,651)
Basic loss per share attributable to equity holders (cents)	<b>(0.763)</b>	<b>(1.330)</b>
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	948,706,481	436,897,632
Weighted average number of ordinary shares used in calculation of diluted loss per share	948,706,481	436,897,632

Between the reporting date and the date of authorisation of these financial statements no additional securities were issued that could potentially dilute basic loss per share in the future

## 7. Dividends Paid or Proposed

No amount has been paid or declared by way of a dividend to the date of this report.



# Notes to the Consolidated Financial Statements (continued)

## 8. Cash and Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Cash at bank and in hand	7,252,709	7,723,112
	<b>7,252,709</b>	<b>7,723,112</b>

Cash at bank and in hand earns interest at floating rates based on daily bank rates. Refer to Note 19 (c) for additional details on the impact of interest rates on cash and cash equivalents for the period.

## 9. Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
<b>Current</b>		
Prepaid expenses	55,769	67,118
GST receivable	265,504	592,459
Other receivables	86,234	42,692
	<b>407,507</b>	<b>702,269</b>
<b>Non-Current</b>		
Other receivables <sup>(1)</sup>	3,523,792	-
	<b>3,523,792</b>	<b>-</b>

<sup>1</sup> Non-current other receivables relate to the mine performance bond of \$3,523,792 (MZN 152 million) kept on a deposit with the Unico Bank in Mozambique.

The carrying amounts disclosed above represent their fair value.

# Notes to the Consolidated Financial Statements (continued)

## 10. Property, Plant & Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method or the units of production method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease. The depreciation rates vary between 10% and 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When re-valued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

The majority of this plant and equipment forms part of the Montepuez project, being the cash generating unit tested for impairment (refer to Note 14).

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Plant and equipment at cost	758,796	752,491
Accumulated depreciation	(237,570)	(146,540)
<b>Net carrying amount</b>	<b>521,226</b>	<b>605,951</b>

### Movements in carrying amounts

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Balance at beginning of the year	605,951	225,266
Additions during the year	205,075	411,278
Reclassified to mine development	(222,621)	(30,593)
Depreciation expense	(82,139)	-
Foreign currency translation movement	14,960	-
<b>Net carrying amount at the end of the year</b>	<b>521,226</b>	<b>605,951</b>

# Notes to the Consolidated Financial Statements (continued)

## 11. Intangible Assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives that generally range between 3 and 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Software at cost	28,035	-
Accumulated depreciation	(4,672)	-
<b>Net carrying amount</b>	<b>23,363</b>	<b>-</b>

### Movements in carrying amounts

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Balance at beginning of the year	-	-
Additions during the year	28,035	-
Depreciation expense	(4,672)	-
	<b>23,363</b>	<b>-</b>

## 12. Exploration and Evaluation Expenditure

Exploration and evaluation costs for each area of interest in the early stages of the project life are expensed as they are incurred until they satisfy the requirements that are stated below.

Exploration and evaluation costs for each area of interest that are progressed to a pre-feasibility study (analysis of potential mining project) are capitalised where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and activities and significant operations in, or in relation to, the area of interest are continuing.

When an area of interest is abandoned, or the directors decide that it is not commercial, any accumulated costs in respect to that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs are written off to the extent that they will not be recoverable in the future.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Once technical feasibility and commercial viability of extraction of mineral resources in a particular area of interest become demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified to a mine development asset.

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The research and development grant received by the Group relates to capitalised exploration expenditure, as such it is recognised in the statement of financial position offset against capitalised exploration expenditure.



# Notes to the Consolidated Financial Statements (continued)

## 12. Exploration and Evaluation Expenditure (continued)

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
<b>Non-Current</b>		
Exploration and evaluation at cost	<b>2,902,615</b>	<b>10,433,531</b>
<b>Movement</b>		
Balance at beginning of the year	10,433,531	5,854,955
Exploration expenditure attributable to asset acquisition	-	257,537
Exploration expenditure capitalised during the year <sup>(1)</sup>	2,390,506	3,884,793
Option payment received for the Kroussou project	-	(302,939)
Research and development tax refund received <sup>(2)</sup>	(403,490)	
Exploration expenditure written off during the year	-	(74,400)
Exploration expenditure disposed due to the Kroussou project sale	(131,613)	
Reclassification to mine development <sup>(3)</sup>	(9,512,665)	-
Foreign currency translation movement	126,346	813,585
<b>Closing exploration and evaluation net carrying amount <sup>(4)</sup></b>	<b>2,902,615</b>	<b>10,433,531</b>

<sup>(1)</sup> Capitalised exploration and evaluation expenditures includes costs in relation to both Montepuez and Balama Central Projects.

<sup>(2)</sup> The research and development (R&D) tax incentive provides a tax offset in the form of a refund, calculated with reference to expenditure on eligible R&D activities.

<sup>(3)</sup> Reclassified exploration and evaluation expenditure relates to the Montepuez Graphite Project, which moved into the development phase.

<sup>(4)</sup> The closing balance mainly comprises the carrying amount of exploration and evaluation expenditure attributable to Balama Central Project being \$2,805,551.

## 13. Mine Development Expenditure

Once technical feasibility and commercial viability of extraction of mineral resources in a particular area of interest become demonstrable, the exploration and evaluation assets attributable to that area of interest are reclassified as mine development.

Mine development represents the direct and indirect costs incurred in preparing mines for production and includes plant and equipment under construction, stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs are transferred to Mine Properties or Plant and Equipment, as relevant, and will be amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Development expenditure assets are assessed for impairment if an impairment trigger is identified. For the purposes of impairment testing capitalised mine development assets are allocated to the cash generating unit ("CGU") to which the development activity relates.

Costs of site restoration and rehabilitation are provided over the life of the facility and are included in the capitalised expenditure of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs to be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Since at the end of December 2018 mine plant or building structures works didn't commenced there was no provision made for site restoration or rehabilitation.

# Notes to the Consolidated Financial Statements (continued)

## 13. Mine Development Expenditure (continued)

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
<b>Non-Current</b>		
Mine development expenditure	<b>30,950,808</b>	-
<b>Movement</b>		
Balance at beginning of the year	-	-
Mine development expenditure capitalised during the year	21,202,016	-
Reclassified from exploration and evaluation expenditure	9,512,665	-
Reclassified from property, plant and equipment	222,621	-
Foreign currency translation movement	13,506	-
<b>Closing mine development net carrying amount</b>	<b>30,950,808</b>	-

### Assessment of Impairment

The Group assesses whether there are indicators that assets, or groups of assets, may be impaired at each reporting date. The deficiency between net assets and the market capitalisation of the company was identified as an impairment indicator and accordingly, the Montepuez Graphite Project has been tested for impairment.

The Balama Project is currently in an exploration and evaluation stage and is assessed for impairment separately under *AASB 6 Exploration for and Evaluation of Mineral Resources*. Based on the group's review, there was no impairment indication for the Balama Project (refer Note 12).

The Montepuez Graphite Project is considered a separate cash generating unit (CGU) and the group has made an assessment of its recoverable amount. The recoverable value was estimated on a fair value less costs of disposal basis using a discounted cash flow model prepared for the purposes of the project financing using market based commodity prices, estimated quantities of recoverable ore, production levels, operating costs and capital requirements sourced from the Group's budgeting process and various independent studies that were commissioned for project financing purposes. These external specialists were appointed to:

- perform an independent technical due diligence of the project
- provide pricing forecasts for the medium to long term period
- update ore reserves in licence areas

Key assumptions contained in cash flow projections were:

- forecast long term USD graphite pricing from external expert reports that were commissioned by the Group
- inflation applied at 2.0% per annum for USA/Australian costs and revenues and 5% for Mozambique/South Africa costs
- steady state operations from mid-2020
- using 30 years of cash flows. However, the mine plan can potentially extend to 50+ years with processing of lower grade stockpiles for another 30 years;
- a nominal post-tax discount rate
- published reserve statements that were reviewed by the external specialist performing technical due diligence
- operating and capital cost estimates utilising mine and processing plans that were reviewed by the external specialist performing technical due diligence

Based on the recoverable value estimated, no impairment was recognised for the Montepuez CGU.

The recoverable amount is highly sensitive to key assumptions. The effect of a reasonable possible change as at 31 December 2018, in the following key assumptions, in isolation to each other are detailed below:

# Notes to the Consolidated Financial Statements (continued)

## 13. Mine Development Expenditure (continued)

Assumptions	Impact on recoverable amount, \$ million
5% reduction in Blended commodity price forecast <sup>(1)</sup>	(24)
10% increase in production	17
10% increase in variable operating costs	(7)
10% increase in capital costs	(2)
5% increase in discount rate	(46)

<sup>(1)</sup> Blended commodity price forecast includes the average of three forecasters in the graphite industry: Benchmark Mineral Intelligence; Roskill and CRU.

Whilst the impact of each reasonable possible change is shown in isolation, it is possible that a change in one key assumption may be offset by a change in another key assumption.

## 14. Payables and Provisions

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

### Employee benefits

#### Short term obligations

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
<b>Current</b>		
Trade and other payables	606,905	813,639
Accrued expenses	203,339	804,831
Provisions	211,658	-
	<b>1,021,902</b>	<b>1,618,470</b>



# Notes to the Consolidated Financial Statements (continued)

## 15. Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

### (a) Share capital

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Ordinary shares fully paid	74,125,719	41,516,848
	<b>74,125,719</b>	<b>41,516,848</b>

### Movements in ordinary share capital

2018		No. of Shares	Issue Price	Amount, \$
01-Jan-2018	Opening Balance	532,028,113	-	41,516,848
15-Jan-2018	Share issue - Placement - Tranche 2 <sup>(1)</sup>	222,362,362	\$0.060	13,341,743
15-Jan-2018	Share issue to contractors and staff <sup>(2)</sup>	9,141,821	\$0.060	548,509
28-Mar-2018	Conversion of performance rights <sup>(3)</sup>	3,500,000	\$0.058	203,000
29-Mar-2018	Share issue to contractor <sup>(4)</sup>	672,307	\$0.060	40,339
25-May-2018	Share issue - Placement - Tranche 1 <sup>(5)</sup>	183,681,689	\$0.060	11,020,901
02-Jul-2018	Share issue - Placement - Tranche 2 <sup>(5)</sup>	160,866,645	\$0.060	9,654,830
02-Aug-2018	Share issue to contractor <sup>(6)</sup>	1,418,612	\$0.031	44,076
	Less: Share Issue Costs	-	-	(2,244,527)
		<b>1,113,671,549</b>		<b>74,125,719</b>

### Movements in ordinary share capital

2017		No. of Shares	Issue Price	Amount, \$
1-Jan-2017	Opening Balance	425,622,490		35,545,134
22-Jun-2017	Share issue- Balama licence	4,440,293	\$0.058	257,577
29-Nov-2017	Share issue - Placement – Tranche 1	101,965,330	\$0.060	6,117,920
29-Nov-2017	Less: Share Issue Costs	-	-	(403,783)
		<b>532,028,113</b>		<b>41,516,848</b>

<sup>(1)</sup> Approved by the General Meeting of Battery Minerals Limited shareholders held on 5 January 2018.

<sup>(2)</sup> Issue of ordinary shares to employees and contractors in lieu of salary and amounts payable for the provided services as part of Tranche 2 Placement approved by the General Meeting of Battery Minerals Limited shareholders held on 5 January 2018. The shares were issued to Mitchell Group Holding Pty Ltd for \$500,000 for the provision of drilling services and to staff members and consultants for the total of \$48,509 for provision of consultancy services.

<sup>(3)</sup> 3,500,000 ordinary shares were issued to Cherie Ledeen on conversion of performance rights upon their vesting as approved by the shareholders in 2016.

<sup>(4)</sup> The ordinary shares were issued to Mitchell Group Holding Pty Ltd for the provision of drilling services as approved by the shareholders on 5 January 2018.

<sup>(5)</sup> Shares Placement – Tranche 1 and 2 to sophisticated, professional and institutional investors as per approval by the General Meeting of Battery Minerals Limited shareholders on 27 June 2018.

<sup>(6)</sup> The ordinary shares were issued to Urbex Resources LLC for the provision of test work services as per the agreement signed by the parties on 19 December 2017.

# Notes to the Consolidated Financial Statements (continued)

## 15. Issued Capital (continued)

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of an authorised capital.

### (b) Options

Information relating to options over ordinary shares on issue, including details of options issued, exercised, lapsed during the financial year and options outstanding at the end of the year is set in Note 16 and Note 22.

### (c) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration & evaluation programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Group at the end of the year is as follows:

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Cash and cash equivalents	7,252,709	7,723,112
Current trade and other receivables	407,507	702,269
Current trade and other payables	(1,021,902)	(1,618,470)
	<b>6,638,314</b>	<b>6,806,911</b>

## 16. Reserves

### Foreign currency translation reserves

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the foreign controlled entities where their functional currency is different to the presentation currency of the reporting entity. These foreign exchange differences are recognised in other comprehensive income as described in Note 2. B and accumulated in a separate reserve account within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

### Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options, contingent rights and performance rights granted by the Company.

# Notes to the Consolidated Financial Statements (continued)

## 16. Reserves (continued)

Reserves	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Foreign currency translation reserve	(151,879)	(433,881)
Share- based payments reserve <sup>(1)</sup>	6,029,637	4,879,087
	<b>5,877,758</b>	<b>4,445,206</b>

<sup>(1)</sup> Share based payment reserve comprises options issued as share-based payments. Refer to Note 22 for more details.

### Movements in share- based payments reserve

2018	Details	No. of Options & Rights	Amount \$
01-Jan-18	Opening Balance	70,400,000	4,879,087
15-Jan-18	Tranche 1 & 2 options issued – Placement <sup>(1)</sup>	334,141,820	77,222
15-Jan-18	Unlisted options exercisable at \$0.15 <sup>(2)</sup>	7,800,000	-
15-Jan-18	Unlisted options exercisable at \$0.1125 <sup>(2)</sup>	7,800,000	-
04-Feb-18	Expiry unlisted options	(1,000,000)	-
28-Mar-18	Performance rights vested <sup>(3)</sup>	(3,500,000)	(203,000)
21-Jun-18	Unlisted options issued – Placement <sup>(4)</sup>	91,840,796	-
27-Jun-18	Options issued to directors <sup>(5)</sup>	7,500,000	87,167
28-Jun-18	Options issued to directors <sup>(6)</sup>	20,000,000	114,647
30-Jun-18	Forfeited options <sup>(7)</sup>	(1,500,000)	(14,938)
02-Jul-18	Options issued to employees <sup>(8)</sup>	24,400,000	151,477
02-Jul-18	Options issued to employees <sup>(9)</sup>	11,250,000	53,630
04-Jul-18	Expiry unlisted options	(91,840,796)	-
04-Jul-18	Listed options issued exercisable at \$0.10 <sup>(10)</sup>	172,274,066	-
31-Jul-18	Expiry unlisted options	(334,141,820)	(77,222)
15-Sep-18	Forfeited options <sup>(11)</sup>	(600,000)	(3,724)
30-Sep-18	Expiry unlisted vested options <sup>(7)</sup>	(1,000,000)	-
08-Oct-18	Forfeited options <sup>(12)</sup>	(6,500,000)	(37,742)
31-Dec-18	Vesting expense of prior years' options	-	1,003,033
<b>31-Dec-18</b>	<b>Balance at end of year</b>	<b>307,324,066</b>	<b>6,029,637</b>

<sup>(1)</sup> Unlisted options were issued in accordance with the approval of the General Meeting of Battery Minerals Limited shareholders held on 5 January 2018. 101,965,330 options were issued as part of Placement Tranche 1 2017 and 223,034,670 options were issued as part of Placement Tranche 2 2018. One free attaching option exercisable at 10 cents on or before 31 July 2018 was issued for each New Share. 8,333,333 options were issued to Mitchel Group for the provision of drilling services and 808,487 issued to two staff members in lieu of salary.

<sup>(2)</sup> Unlisted options were issued to the joint lead managers of the placement being 7,800,000 vesting in 6 months and 7,800,000 vesting in 18 months as approved by the General on 5 January 2018. Options were issued for nil consideration and will expire on 16 January 2021.

<sup>(3)</sup> 3,500,000 performance rights issued to Cherie Ledeen vested and were converted to ordinary shares.

<sup>(4)</sup> Unlisted options were issued to participants of the Tranche 1 Initial Placement, one free attaching option for every two shares issued, in accordance with the approval of the General Meeting on 27 June 2018. The options are exercisable at 10 cents and expired on 4 July 2018.

<sup>(5)</sup> Sign-on options were granted to Jeff Dowling (4,500,000) and Ivy Chen (3,000,000) exercisable at 13 cents, 50% vesting upon 12 months and 50% vesting upon 24 months of continuous service as approved by the General Meeting on 27 June 2018.

<sup>(6)</sup> Zepo options were issued to David Flanagan in accordance with the approval of the General Meeting on 27 June 2018. Options vesting conditions are linked to commencement of commercial production being 25% of Montepuez phase 1, 50% of Montepuez phase 2 and 25% Balama stage 1. Options exercisable at nil price and will expire on 27 June 2023.

<sup>(7)</sup> 1,500,000 unvested options forfeited and 1,000,000 vested options expired upon resignation of Andy Cardoso.

<sup>(8)</sup> Zepo options issued to employees in accordance with the ESOP plan approved by the General Meeting on 27 June 2018. Options have nil exercise price subject to performance milestones and will expire on 13 July 2023.

<sup>(9)</sup> Sign-on options were issued to employees in accordance with the ESOP plan approved by the General Meeting on 17 June 2018. 11,100,000 options are exercisable at 20 cents and 150,000 options exercisable at 15 cents. 3,275,000 options will vest on 12 months continuous services and 7,975,000 will vest on commencement of Montepuez commercial production. All options expire on 16 July 2023.

# Notes to the Consolidated Financial Statements (continued)

## 16. Reserves (continued)

<sup>(10)</sup> Listed options exercisable at 10 cents on or before 31 July 2023, issued for every two Placement Shares subscribed under the Placement approved by the General Meeting on 27 June 2018.

<sup>(11)</sup> Unvested options forfeited upon resignation of Adriano Ouana.

<sup>(12)</sup> Unvested options forfeited upon resignation of Jeff Dawkins.

2017	Details	No. of Options & Rights	Fair value, \$
1 January 2017	Opening Balance	111,954,396	2,505,297
7 January 2017	Expiry listed options	(57,854,396)	-
15 February 2017	Options issued to employees	1,500,000	34,343
31 March 2017	Expiry unlisted options	(2,500,000)	-
6 April 2017	Options issued to employees	2,500,000	53,230
8 April 2017	Options issued to employees	1,000,000	20,935
26 May 2017	Options issued to directors	10,000,000	54,647
26 May 2017	Options issued to directors	5,000,000	22,802
26 May 2017	Options issued to directors	3,000,000	57,223
30 November 2017	Options forfeit	(2,000,000)	(28,821)
31 December 2017	Expiry unlisted options	(2,200,000)	-
31 December 2017	Vesting expense of prior year options	-	2,057,931
31 December 2017	Vesting expense of prior year performance rights	-	101,500
<b>31 December 2017</b>	<b>Balance at end of year</b>	<b>70,400,000</b>	<b>4,879,087</b>

## 17. Accumulated Losses

### Movement in accumulated losses

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Balance at beginning of the year	(28,115,661)	(22,321,829)
Loss attributable to the owners of Battery Minerals Limited	(7,243,165)	(5,793,832)
	<b>(35,358,826)</b>	<b>28,115,661</b>

## 18. Operating Cash Flow Reconciliation

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
<b>Reconciliation of operating cash flows to operating loss:</b>		
Loss from ordinary activities after income tax	(7,243,165)	(5,822,651)
<b>Adjustment for non-cash items:</b>		
Depreciation and amortisation	86,378	-
Fair value adjustment to equity securities	174,350	-
Share-based payments	1,353,549	2,402,608
Dissolution of subsidiary	(258,883)	-
Foreign currency (gain)/loss	(123,633)	-
Other	-	226



# Notes to the Consolidated Financial Statements (continued)

## 18. Operating Cash Flow Reconciliation (continued)

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
<b>Changes in operation assets and liabilities during the year:</b>		
(Increase)/decrease in trade and other receivables	337,265	107,629
Increase/(decrease) in trade and other payables	(596,567)	(431,000)
<b>Net cash outflow from operating activities</b>	<b>(6,270,706)</b>	<b>(3,743,188)</b>

## 19. Financial Risk Management

### Financial Risk Management

The Group's activities expose it to a variety of financial risks including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign currency and interest rate risks and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors as required. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

These disclosures are not, nor are they intended to be an exhaustive list of risks which the Group is exposure to.

### (a) Market risk

Market risk arises from Group's exposure to interest bearing financial assets and foreign currency financial instruments. It is a risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates (currency risk), interest rates (interest rate risk) and share prices (price risk).

### (b) Foreign exchange risk

The functional currency of the Group is Australian dollars; however, the Group and the parent entity operate internationally and are exposed to various currencies, primarily with respect to US Dollars (USD) and Mozambique New Meticals (MZN).

The Group is exposed to foreign exchange risk arising from fluctuations of the Australian dollar against US dollar (USD), EUR and South African Rand (ZAR) at parent level and fluctuations of the Australian dollar against MZN at subsidiary level. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in the light of exchange rate movements. The Group does not have any further material foreign currency dealings other than the noted currencies.

The Group's exposure to US Dollar foreign currency risk at the reporting date, expressed in Australian Dollars, was as follows:

# Notes to the Consolidated Financial Statements (continued)

## 19. Financial Risk Management (continued)

	AUD
<b>Financial assets</b>	
Cash and cash equivalents	1,056,204
<b>Total financial assets</b>	<b>1,056,204</b>
<b>Financial liabilities</b>	
Trade creditors and other payables	(53,076)
<b>Total financial liabilities</b>	<b>(53,076)</b>

The following conversion rates were used at the end of the financial year:

USD/AUD 0.7046 (2017: 0.7806)

### Sensitivity analysis – change in foreign currency rates

The following table demonstrates the estimated sensitivity on assets and liabilities held in foreign currency at 31 December 2018 to a 10% increase/decrease in the USD/AUD exchange rates, with all variables held consistent, on a post-tax profit or loss and equity. These sensitivities should not be used to forecast the future effect of movement in the Australian dollar exchange rate on future cash flows.

Impact on post tax profits and equity	2018 \$	2017 \$
USD/AUD +10%	(91,193)	(43,248)
USD/AUD -10%	111,459	52,859

A hypothetical change of 10% in exchange rates were used to calculate the Group's sensitivity to foreign exchange rate movements as this is management's estimate of possible rate movements over the coming year taking into account currency market conditions and past volatility (2017: 10%).

### (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at and during the year ended 31 December 2018, the Group had interest-bearing assets in the form of cash and cash equivalents of \$7,252,709 (2017: \$7,723,112) and a mine performance bond of \$3,523,792 (2017: \$nil). As such the Group's operating cash flows are somewhat exposed to movements in market interest rates due to the movements in variable interest rates on cash and cash equivalents.

The Group's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

### Sensitivity analysis – change in interest rates

Based on the financial assets held at reporting date, with all other variables assumed to be held constant, the table below sets out the notional effect on consolidated profit or loss after tax for the year and on equity at reporting date under varying hypothetical changes in prevailing interest rates.

Impact on post tax profits and equity	2018 \$	2017 \$
Hypothetical 80 basis points increase in interest	86,212	77,231
Hypothetical 80 basis points decrease in interest	(86,212)	(77,231)

The hypothetical movement in basis points for the interest rate sensitivity analysis is based on the currently observed market environment (2017: 0.80%).

# Notes to the Consolidated Financial Statements (continued)

## 19. Financial Risk Management (continued)

The weighted average interest rate received on cash, cash equivalents and mine performance bond of the Group is 5.38% (2017: 0.492%)

### (d) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any Group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

	2018 \$	2017 \$
<b>Financial assets</b>		
Cash and cash equivalents	7,252,709	7,723,112
Other receivables	86,234	-
Non-current receivables	3,523,792	-
<b>Total financial assets</b>	<b>10,862,735</b>	<b>7,723,112</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings as follows:

	2018 \$	2017 \$
<b>Financial assets</b>		
Westpac Bank AA- rated	6,794,337	7,141,419
Mozambique banks BBB – rated <sup>(1)</sup>	3,982,164	581,693
Unrated	86,234	-
	<b>10,862,735</b>	<b>7,723,112</b>

<sup>(1)</sup> Includes mine performance bond of MZN 152 million (\$3.5 million equivalent) held with the Unico Bank in Mozambique.

### (e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. As at the reporting date the Group had sufficient cash reserves to meet its requirements.

The financial liabilities of the Group at reporting date were trade & other payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-90 days terms of creditor payments.

	Less than 1 month \$	1-3 months, \$	3months - 1 year \$	No set date of repayment	Total \$
<b>2018</b>					
Trade creditors & other payables	181,634	692,107	148,161	-	1,021,902
	<b>181,634</b>	<b>692,107</b>	<b>148,161</b>	<b>-</b>	<b>1,021,902</b>
<b>2017</b>					
Trade creditors & other payables	-	1,618,470	-	-	1,618,470
	<b>-</b>	<b>1,618,470</b>	<b>-</b>	<b>-</b>	<b>1,618,470</b>

# Notes to the Consolidated Financial Statements (continued)

## 19. Financial Risk Management (continued)

### (f) Net fair value

#### Fair value estimation

The fair value of financial assets and financial liabilities held by the Group must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

#### Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position are analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in the making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1).
- inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of the financial assets not quoted in an active market has been determined with reference to the amount at which the instrument could be exchanged in a current active market between willing parties, other than in a forced or liquidation sale. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The total of each category of financial instruments, other than those with carrying amounts which are reasonable approximations of fair value, are set out below:

#### Financial instruments – Level 1

	2018 \$	2017 \$
Equity securities – carrying amount <sup>(1)</sup>	84,533	-
Equity securities – fair value amount <sup>(1)</sup>	84,533	-

<sup>(1)</sup> Equity securities comprise 10,566,636 listed securities issued by Trek Limited in 2018. The share price on acquisition 26 April 2018 was \$0.025 and the fair value of the financial instrument recognised on acquisition was \$258,883. These equity securities are held for trading and their fair value movement is recognised through profit and loss. On 31 December 2018 the price Trek Limited share was \$0.008. The reduction in fair value of \$174,350 was recognised through profit and loss at the reporting date.

## 20. Related Party Disclosure

### Parent entities and subsidiaries

Battery Minerals Limited is the ultimate Australian parent entity.

Interests in subsidiaries are set out below:

	Country of Incorporation	% Equity 31 December 2018	% Equity 31 December 2017
Rio Mazowe Limited	Mauritius	100	100
Express Resources Pty Ltd	Australia	100	100
Index Resources Pty Ltd	Australia	100	100
Action Resources Pty Ltd	Australia	100	100
Jackal Resources Pty Ltd	Australia	100	100



## Notes to the Consolidated Financial Statements (continued)

### 20. Related Party Disclosure (continued)

	Country of Incorporation	% Equity 31 December 2018	% Equity 31 December 2017
Au Resources Pty Ltd	Australia	100	100
Skype Resources Pty Ltd	Australia	100	100
Select Exploration Limited	Mauritius	nil <sup>(2)</sup>	100
Tanga Resources Limited	Mauritius	100	100
Rovuma Resources Limited	Mauritius	100	100
Jorc Resources Limited	Mauritius	100	100
Assain Investments Limited	Mauritius	100	100
Greenstone Resources Limited	Mauritius	100	100
Niassa Metals SA	Mozambique	100	100
Suni Resources SA	Mozambique	100	100
Niassa Gold SA	Mozambique	100	100
Goldcrest Resources Sa	Mozambique	100	100
Peregrine Resources SA	Mozambique	100	100
Afriminas Minerais Limitada	Mozambique	100	90
Select Explorations Gabon SA	Gabon	nil <sup>(2)</sup>	90 <sup>1</sup>

<sup>(1)</sup> This is direct equity interest. The balance of 10% for each respective subsidiary is held indirectly (on trust for the Company) thus resulting in 100% ownership.

<sup>(2)</sup> Sold to Trek Minerals Limited on 29 June 2018 refer to Note 24 for more details.

#### (a) Key Management Personnel

The following persons were directors of Battery Minerals Limited during the financial year:

Director	Position	Appointed	Resigned
Jeff Dowling	Non-Executive Chairman	25 January 2018	-
David Flanagan	Managing Director	29 March 2017	-
	Non-Executive Chairman	11 October 2016	29 March 2017
Cherie Leeden	Executive Director	19 July 2013	25 January 2018
Gilbert George	Non-Executive Director	1 August 2012	-
Brett Smith	Non-Executive Director	1 August 2012	-
Paul Glasson	Non-Executive Director	19 April 2017	-
Ivy Chen	Non-Executive Director	25 January 2018	-

#### (b) Other key management personnel

Name	Position	
Tony Walsh	Company Secretary	
Ben Van Roon	Chief Operating Officer	
Jeff Dawkins	Chief Financial Officer	resigned 8 October 2018
Andy Cardoso	Project Director	resigned 30 June 2018
Nick Day	Chief Financial Officer	commenced 8 October 2018

# Notes to the Consolidated Financial Statements (continued)

## 20. Related Party Disclosure (continued)

### (c) Key management personnel compensation

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Short-term employee benefits	1,983,983	1,369,976
Share based payments	1,199,124	2,127,428
Post-employment benefit	74,854	-
<b>Total</b>	<b>3,257,961</b>	<b>3,497,404</b>

### (d) Loans to key management personnel

There were no loans made or outstanding to directors of Battery Minerals Limited and other key management personnel of the Group, including their personally related parties.

### (e) Other transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than share based payments (refer to Note 22).

## 21. Auditors' Remuneration

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Audit and review fees by BDO Audit (WA) Pty Ltd	-	42,030
Audit fees by BDO Mozambique	-	7,202
Audit and review by KPMG Australia	50,000	-
Audit fees by KPMG Mozambique	10,644	-
Tax and legal advisory services fees by KPMG Mozambique	114,346	-
<b>Total remuneration for audit services</b>	<b>174,990</b>	<b>49,232</b>

## 22. Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model and Monte Carlo methodology as appropriate.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options or performance rights that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

## Notes to the Consolidated Financial Statements (continued)

### 22. Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award

#### (a) Option Issue

The following table discloses the number of options issued in the form of share-based payments to directors and employees:

Option	Recipient	Number of Options	Issue Date	Vesting Date	Expiry Date	Exercise Price, \$	Total Fair Value, \$
A	Jeff Dowling	4,500,000	27/06/2018	Various <sup>(1)</sup>	30/06/2023	0.13	74,861
B	Ivy Chen	3,000,000	27/06/2018	Various <sup>(1)</sup>	30/06/2023	0.13	49,907
C	David Flanagan	20,000,000	28/06/2018	Various <sup>(2)</sup>	3/07/2023	nil	465,000
D	Employees	24,400,000	2/07/2018	Various <sup>(3)</sup>	13/07/2023	nil	613,800
E	Employees	9,100,000	2/07/2018	Various <sup>(4)</sup>	16/07/2023	0.20	95,265
F	Employees	2,000,000	2/07/2018	Various <sup>(5)</sup>	16/07/2023	0.20	28,868
G	Employees	150,000	2/07/2018	Various <sup>(6)</sup>	16/07/2023	0.15	2,386
		<b>63,150,000</b>					<b>1,330,088</b>

<sup>(1)</sup> 50% of options (3,750,000) will vest upon 12 months and 50% of options (3,750,000) will vest upon 24 months of continuous service after appointment to the board of directors.

<sup>(2)</sup> Options will vest upon the commencement of commercial productions of different stages: 25% (5,000,000) upon the Montepuez Graphite project Stage 1, 50% (10,000,000) upon the Montepuez Graphite project Stage 2 and 25% (5,000,000) upon the Balama Central Graphite project Stage 1.

<sup>(3)</sup> 50% of options (12,200,000) will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1 and 50% (12,200,000) will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 2.

<sup>(4)</sup> 3,200,000 options will vest upon 12 months of continuous service by employees and 5,900,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1.

<sup>(5)</sup> 2,000,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1.

<sup>(6)</sup> 75,000 options will vest upon 12 months of continuous service by employees and 75,000 will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1.

Only the following options issued during the period were valued using Black-Scholes option pricing models with the following inputs. The rest of the options issued with the nil exercise price were valued at the share market price on the grant date.

Option	Recipient	Dividend Yield	Expected Volatility <sup>(1)</sup>	Risk Free Rate <sup>(2)</sup>	Expected Life of Options	Exercise Price	Share Price at Grant Date	FV per option
A	Jeff Dowling	-	100%	2.17%	5 years	\$0.13	\$0.03	\$0.0166
B	Ivy Chen	-	100%	2.17%	5 years	\$0.13	\$0.03	\$0.0166
E	Employees	-	100%	2.17%	5 years	\$0.20	\$0.03	\$0.0144
F	Employees	-	100%	2.17%	5 years	\$0.20	\$0.03	\$0.0144
G	Employees	-	100%	2.17%	5 years	\$0.15	\$0.03	\$0.0144

<sup>(1)</sup> The expected volatility is based on historic volatility (based on remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

<sup>(2)</sup> Risk free rate is based on Australia 5-year bond yield rate.

# Notes to the Consolidated Financial Statements (continued)

## 22. Share-based payments (continued)

(b) Share options outstanding at the end of the year have the following terms and conditions:

2018

Grant Date	Expiry Date	Exercise Price, \$	FV per security, \$	Balance at start of year	Granted during the year	Exercised during the year	Forfeited / expired during the year	Balance at end of the year	Vested & exercisable at end of the year
				Number	Number	Number	Number	Number	Number
15-Jan-15	4-Feb-18	0.26	0.001	333,333		-	333,333	-	-
16-Jan-15	5-Feb-18	0.26	0.010	666,667		-	666,667	-	-
30-May-16	30-May-20	0.09	0.036	2,500,000		-	-	2,500,000	2,500,000
31-May-16	30-May-18	0.00	0.058	3,500,000		3,500,000 <sup>(1)</sup>	-	-	-
21-Dec-16	21-Dec-21	0.10	0.093	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.15	0.087	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.20	0.082	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.25	0.078	5,000,000		-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.15	0.086	10,000,000		-	-	10,000,000	-
21-Dec-16	21-Dec-21	0.15	0.086	3,000,000		-	-	3,000,000	3,000,000
21-Dec-16	21-Dec-21	0.15	0.086	4,400,000		-	-	4,400,000	4,400,000
21-Dec-16	21-Dec-21	0.15	0.086	3,000,000		-	-	3,000,000	3,000,000
15-Feb-17	23-Dec-21	0.15	0.064	1,500,000		-	-	1,500,000	500,000
6-Apr-17	22-May-22	0.20	0.060	2,500,000		-	2,500,000	-	-
8-Apr-17	22-May-22	0.20	0.059	1,000,000		-	-	1,000,000	-
26-May-17	26-May-22	0.94	0.046	10,000,000		-	-	10,000,000	-
26-May-17	26-May-22	0.20	0.038	5,000,000		-	-	5,000,000	-
26-May-17	26-May-22	0.13	0.042	3,000,000		-	-	3,000,000	1,500,000
27-Jun-18	30-Jun-13	0.13	0.017		4,500,000	-	-	4,500,000	-
27-Jun-18	30-Jun-13	0.13	0.017		3,000,000	-	-	3,000,000	-
27-Jun-18	3-Jul-23	0.00	0.031		20,000,000	-	-	20,000,000	-
27-Jun-18	13-Jul-23	0.00	0.031		24,400,000	-	4,600,000	19,800,000	-
27-Jun-18	16-Jul-23	0.20	0.014		9,100,000	-	2,500,000	6,600,000	-
27-Jun-18	16-Jul-23	0.20	0.014		2,000,000	-	-	2,000,000	-
27-Jun-18	16-Jul-23	0.15	0.014		150,000	-	-	150,000	-
				<b>70,400,000</b>	<b>63,150,000</b>	<b>3,500,000</b>	<b>10,600,000</b>	<b>119,450,000</b>	<b>34,900,000</b>

<sup>(1)</sup> 3,500,000 performance rights issued to Cherie Ledeen vested and were converted to ordinary shares.

2017

Grant Date	Expiry Date	Exercise Price, \$	FV per security, \$	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested & exercisable at end of the year
				Number	Number	Number	Number	Number	Number
31-Mar-14	31-Mar-17	0.093	0.042	2,500,000	-	-	2,500,000	-	-
29-Jul-14	7-Jan-17	0.15	0.076	637,778	-	-	637,778	-	-
12-Aug-14	7-Jan-17	0.15	-	184,616	-	-	184,616	-	-
15-Jan-15	4-Feb-18	0.26	0.0013	333,333	-	-	-	333,333	-
16-Jan-15	5-Feb-18	0.26	0.01	666,667	-	-	-	666,667	666,667
1-Apr-15	31-Dec-17	0.15	0.026	2,300,000	-	-	2,300,000	-	-
1-Apr-15	31-Dec-17	0.15	0.026	150,000	-	-	150,000	-	-
30-May-16	30-May-20	0.092	0.0361	2,500,000	-	-	-	2,500,000	2,500,000
31-May-16	30-May-18	0.00	0.058	3,500,000	-	-	-	3,500,000	-
21-Dec-16	21-Dec-21	0.10	0.0929	5,000,000	-	-	-	5,000,000	5,000,000



## Notes to the Consolidated Financial Statements (continued)

### 22. Share-based payments (continued)

Grant Date	Expiry Date	Exercise Price, \$	FV per security, \$	Balance at start of year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested & exercisable at end of the year
				Number	Number	Number	Number	Number	Number
21-Dec-16	21-Dec-21	0.15	0.0866	5,000,000	-	-	-	5,000,000	5,000,000
21-Dec-16	21-Dec-21	0.20	0.0818	5,000,000	-	-	-	5,000,000	-
21-Dec-16	21-Dec-21	0.25	0.0778	5,000,000	-	-	-	5,000,000	-
21-Dec-16	21-Dec-21	0.15	0.0861	10,000,000	-	-	-	10,000,000	-
21-Dec-16	21-Dec-21	0.15	0.0861	3,000,000	-	-	-	3,000,000	3,000,000
21-Dec-16	21-Dec-21	0.15	0.0861	6,400,000	-	-	2,000,000	4,400,000	4,200,000
21-Dec-16	21-Dec-21	0.15	0.0861	3,000,000	-	-	-	3,000,000	-
15-Feb-17	23-Dec-21	0.15	0.0636	-	1,500,000	-	-	1,500,000	-
6-Apr-17	22-May-22	0.20	0.0604	-	2,500,000	-	-	2,500,000	-
8-Apr-17	22-May-22	0.20	0.0588	-	1,000,000	-	-	1,000,000	-
26-May-17	26-May-22	0.94	0.0456	-	10,000,000	-	-	10,000,000	-
26-May-17	26-May-22	0.20	0.0380	-	5,000,000	-	-	5,000,000	-
26-May-17	26-May-22	0.13	0.0424	-	3,000,000	-	-	3,000,000	-
				<b>55,172,394</b>	<b>23,000,000</b>	<b>-</b>	<b>7,772,394</b>	<b>70,400,000</b>	<b>20,366,667</b>

#### (c) The expense recognised in profit and loss

The expense relating to share-based payments of \$1,353,549 was recognised in 2018 (2017: \$2,373,790).

### 23. Parent Entity Disclosure

The following details information related to the parent entity, Battery Minerals Limited, as at 31 December 2018. The information has been prepared on the same basis as consolidated financial statements.

	Company 31 Dec 2018 \$	Company 31 Dec 2017 \$
Current assets	6,951,740	7,236,779
Non-Current assets	35,924,391	8,062,789
<b>Total assets</b>	<b>42,876,131</b>	<b>15,299,568</b>
Current liabilities	825,328	729,263
<b>Total liabilities</b>	<b>825,328</b>	<b>729,263</b>
Contributed equity	74,125,719	41,516,848
Share based payments reserve	6,029,636	4,879,086
Accumulated losses	(38,104,551)	(31,825,629)
<b>Total equity</b>	<b>42,050,803</b>	<b>14,570,305</b>
Profit/(loss) after income tax	(6,278,922)	(10,525,672)
Other comprehensive income/(loss) for the year	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>(6,278,922)</b>	<b>(10,525,672)</b>

#### Guarantees

The Parent Company has not entered into any guarantees in relation to the debts of its subsidiaries.

#### Contingent Liabilities and Contractual Commitments of the Parent

The Parent Company has no commitments to acquire property, plant and equipment and has no contingent liabilities as at the date of this report.

# Notes to the Consolidated Financial Statements (continued)

## 24. Subsidiaries

### Changes in ownership interests

A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners of the Company.

When the Group ceases to have control of subsidiary, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a subsidiary is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are re-classified to profit or loss where appropriate.

### Recognition of Sale of Select

Battery Minerals Limited entered into a binding share sale agreement with Trek Minerals on 23 March 2018 to sell 100% of the issued capital of its Mauritian subsidiary, Select Exploration Ltd (Select), which holds 100% of Select Exploration (Gabon) SA, which holds 100% of the Kroussou Project.

Battery Minerals recognizes the following estimated revenue and costs associated with the sale of Select to Trek Minerals:

Transaction Element	Amount, \$
Cash Consideration Received (USD 200,000 @ 0.7566)	264,320
10,566,636 shares in Trek Metals at A\$0.022 per share	232,466
5,283,318 options of Trek Metals exercisable at A\$0.10 on 27/04/2018	26,417
Deferred consideration (shares and NSR royalty) at fair value	-
Reimbursement of costs incurred by Trek Minerals (USD 23,490 @ 0.7571)	(31,026)
<b>Net revenue on sale of Select</b>	<b>492,177</b>
Dispose of investment in Select	(209,319)
<b>Net gain on sale of Select and its Kroussou Project</b>	<b>282,858</b>

Investment in Select Exploration Ltd represents the carrying amount of the net assets of the subsidiary.

The gain on disposal of Select and its Kroussou Project was recognised as profit for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements (continued)

## 25. Commitments and Contingent Liabilities

### (a) Exploration and mining licences commitments

With respect to the Group's mineral property interests in Mozambique, statutory expenditure commitments specified by the mining legislation are nominal in monetary terms. However, as part of the licence application and renewal requirements, the Group submits budgeted exploration expenditure. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. These amounts do not become legal obligations of the Group and actual expenditure does vary depending on the outcome of the actual activities.

The following shows the commitments for exploration and mining licences held by the Group:

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Within one year	682,022	1,967,212
Later than one year but no later than five years	-	-
	<b>682,022</b>	<b>1,967,212</b>

### (b) Suppliers contract commitments

Based on the contracts signed with suppliers for the provision of services to the Montepuez Graphite Project the following summarised the Group's commitments to these suppliers:

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Within one year	54,545	-
Later than one year but no later than five years	-	-
	<b>54,545</b>	<b>-</b>

### (c) Operating lease commitments

The Group leases three office premises under normal commercial terms. The leases are for periods between 1 and 3 years. The Group is under no obligation to renew lease once the lease term has expired.

Future minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated 31 Dec 2018 \$	Consolidated 31 Dec 2017 \$
Within one year	122,005	-
Later than one year but no later than five years	46,956	-
	<b>168,961</b>	<b>-</b>

## 26. Events After the End of the Reporting Period

There are no events after the end of the Reporting Period to disclose.

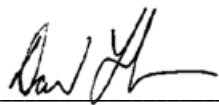
## Director's Declaration

In the Directors' opinion:

- (a) the financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001, and:
  - (i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the consolidated entity; and
  - (iii) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements.
- (b) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration by the Managing Director and the Chief Financial Officer required by section 295A of the Corporations Act 2001 (Cth).

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by;



**David Flanagan – Managing Director**

**Perth, Western Australia, 22 March 2019**



# Corporate Governance Statement

The Company's corporate governance statement and Appendix 4G can be found on the Company's website at [www.batteryminerals.com/about-us/corporate-governance](http://www.batteryminerals.com/about-us/corporate-governance)

The Board of Directors ("the Board") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement outlines the main Corporate Governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments 3rd edition unless otherwise stated.

The Company's Corporate Governance Plan can also be found on the Company's website at [www.batteryminerals.com/about-us/corporate-governance](http://www.batteryminerals.com/about-us/corporate-governance) and it includes all of the Company's Corporate Governance policies, charters and codes of conduct.

# ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Financial Report is set out below.

## 1. Shareholdings

The issued capital of the Company as at 22 March 2019 is:

- 1,113,671,549 ordinary fully paid shares; and
- 172,274,066 listed options

All issued ordinary fully paid shares carry one vote per share.

## 2. Distribution of Equity Securities as at 22 March 2019

### Ordinary Shares (ASX Code: BAT)

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	117	6,239	0.00%
1,001 - 5,000	60	260,836	0.02%
5,001 - 10,000	331	2,737,546	0.25%
10,001 - 100,000	1,564	74,387,642	6.68%
100,001 - 9,999,999,999	1,202	1,036,279,286	93.05%
<b>Totals</b>	<b>3,274</b>	<b>1,113,671,549</b>	<b>100.00%</b>

### Unmarketable parcels

There were 686 holders of less than a marketable parcel of ordinary shares.

### Listed Options (ASX Code: BATO)

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	2	18,756	0.01%
10,001 - 100,000	137	7,805,363	4.53%
100,001 - 9,999,999,999	186	164,449,947	95.46%
<b>Totals</b>	<b>325</b>	<b>172,274,066</b>	<b>100.00%</b>

### Unmarketable parcels

There were 58 holders of less than a marketable parcel of listed options.

### 3. Top 20 Largest Holders of Listed Securities as at 22 March 2019

#### Ordinary Shares

	Holder Name	Holding	%
1	FARJOY PTY LTD	179,133,245	16.08%
2	MITCHELL GROUP HOLDINGS PTY LTD <ANDALA A/C>	27,044,381	2.43%
3	PACIFIC DEVELOPMENT CORPORATION PTY LTD	25,000,000	2.24%
4	BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	23,598,431	2.12%
5	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	20,000,000	1.80%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	18,481,361	1.66%
7	SKER HOLDINGS PTY LTD <SKERMAN INVESTMENT A/C>	17,000,000	1.53%
8	CITICORP NOMINEES PTY LIMITED	16,729,261	1.50%
9	RESOURCE & LAND MANAGEMENT SERVICES PTY LTD <THE SKERMAN SUPER FUND A/C>	12,500,000	1.12%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,551,340	1.04%
11	BOUSSAL PTY LTD <JOHNSTON SUPER FUND ACCOUNT>	10,000,000	0.90%
12	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	7,875,291	0.71%
13	TRANSORE INTERNATIONAL (FZE)	7,687,311	0.69%
14	SEGALS PTY LTD	7,000,000	0.63%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,380,006	0.57%
16	MR RONALD ALBERT ATKINSON	5,504,700	0.49%
17	IGNITION CAPITAL NO2 PTY LTD <IGNITION SUPER FUND A/C>	5,500,000	0.49%
18	MS CINDY & MR STUART PETER TONKIN <S & C TONKIN SMSF A/C>	5,000,000	0.45%
19	BERNE NO 132 NOMINEES PTY LTD <52293 A/C>	5,000,000	0.45%
20	SYNTHAFIFAX PTY LTD <ALCHEMY SUPER FUND A/C>	4,997,492	0.45%
<b>Total held by top 20 registered shareholders</b>		<b>420,893,721</b>	<b>37.35%</b>
<b>Total issued capital - selected security class(es)</b>		<b>767,704,603</b>	<b>100.00%</b>

#### Listed Option Holders

	Holder Name	Holding	%
1	FARJOY PTY LTD	41,666,667	24.19%
2	MR NEIL WELSH	6,482,464	3.76%
3	RESOURCE & LAND MANAGEMENT SERVICES PTY LTD <THE SKERMAN SUPER FUND A/C>	6,249,999	3.63%
4	SKER HOLDINGS PTY LTD <SKERMAN INVESTMENT A/C>	6,249,999	3.63%
5	PAN AUSTRALIAN NOMINEES PTY LIMITED	5,633,332	3.27%
6	PACIFIC DEVELOPMENT CORPORATION PTY LTD	5,000,000	2.90%
7	SEYMOUR GROUP PTY LTD	5,000,000	2.90%
8	D M MIDDLETON PTY LTD <MIDDLETONS S/F - GREG A/C>	4,000,000	2.32%
9	SAS INVESTMENTS PTY LTD <SHEPHERD SUPER FUND A/C>	4,000,000	2.32%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,649,207	2.12%
11	MR STEPHEN BERNARD PEART	3,200,000	1.86%
12	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,500,000	1.45%
13	NORTHCOVE INVESTMENTS PTY LTD <WILLEMS SUPER FUND A/C>	2,500,000	1.45%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,500,000	1.45%
15	BERNE NO 132 NOMINEES PTY LTD <52293 A/C>	2,499,999	1.45%
16	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,439,022	1.42%
17	MR GRAEME KENNETH PERKES	2,200,000	1.28%
18	MR DARRYL THOMAS AYRIS <BAJJAT FAMILY A/C>	2,149,549	1.25%
19	MR GREGORY MILTS	2,000,000	1.16%
20	CITICORP NOMINEES PTY LIMITED	1,675,000	0.97%
<b>Total held by top 20 registered option holders</b>		<b>111,595,238</b>	<b>64.78%</b>
<b>Total issued capital - selected security class(es)</b>		<b>172,274,066</b>	<b>100.00%</b>

## ASX Additional Information (continued)

### 4. Voting Rights

All ordinary shares fully paid have the same voting rights of one vote per ordinary shares fully paid. See also the Company Constitution and note 11 of the financial statements for further details.

Listed Options, unlisted incentive options and performance rights have no voting rights.

### 5. Unquoted securities

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

Exercise Price	\$0.092	\$0.10	\$0.15	\$0.20	\$0.25	\$0.20	\$0.13	\$0.20	\$0.1125	\$0.15	\$0.94	\$0.13	Various sign-on	Zero Zepo
Expiry	31 May 2020	23 Dec 2021	23 Dec 2021	23 Dec 2021	23 Dec 2021	21 June 2022	21 June 2022	22 May 2022	16 Jan 2021	16 Jan 2021	16 Jan 2021	30 June 2023	16 July 2023	30 June 2023
M = Millions	M	M	M	M	M	M	M	M	M	M	M	M	M	M
D Flanagan	-	5.0	5.0	5.0	5.0						10			20
C Leeden	-	-	10.0	-	-	5.0								
G George	1.0	-	-	-	-									
B Smith	1.0	-	-	-	-									
Nardie Group PL	0.5	-	-	-	-									
Jetosea PL	-	-	-	-	-									
Sartori Investments	-	-	-	-	-		3.0							
G Fyfe								1.0						
Berne No 132 Nominees									3.9	3.9				
Zenix Nominees									3.9	3.9				
I Chen												3.0		
J Dowling												4.5		
Total No of holders	3	1	16	1	1	1	1	1	2	2	1	2	20+	19
Holders < 20%	-	-	18.9	-	-	-	-	-	-	-	-	-	11.25	24.4
<b>Total</b>	<b>2.5</b>	<b>5.0</b>	<b>28.9</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>3.0</b>	<b>1.0</b>	<b>7.8</b>	<b>7.8</b>	<b>10</b>	<b>7.5</b>	<b>11.25</b>	<b>44.4</b>

### 6. Substantial shareholder notices received as at 22 March 2019

Name	Number of Shares	% Holding
FARJOY PTY LTD	179,133,245	16.08%

### 7. Restricted Securities Subject to Escrow as at 22 March 2019

There are no shares subject to escrow.



# ASX Additional Information (continued)

## 8. On-market buy back

There is currently no on-market buyback program for any of Battery Minerals Limited's listed securities.

## 9. Group cash and assets

In accordance with Listing Rule 4.10.19, the Group confirms that it has been using the cash and assets for the year ended 31 December 2018 consistent with its business objective and strategy.

## 10. Tenure

The Company has an interest in the following projects as at 22 March 2019:

### Mining Tenements Held

Tenement Reference	Location	Nature of interest	Interest
8770C	Mozambique	Granted Mining Licence	100%
4118	Mozambique	Exploration License Granted	100%
8555	Mozambique	Exploration License Granted	100%
8609	Mozambique	Exploration License Granted	100%

Notes:

- 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 is currently being processed in Mozambique and is expected to be concluded in due course. The transfer is subject to approval by the Government of Mozambique.
- With respect to tenement's 8555 & 8609, an agreement was reached in December 2018 to dispose of these tenements through the sale of the Mauritian holding company which owns 100% of the interest in the Mozambican company with title to these tenements. The agreement reached between BAT, its subsidiaries and Nedeel LLC, foresees the sale of the tenements 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 are subject to the approval of the Mozambican Government.

## 11. Competent Persons Statement

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. 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.

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. For Mineral Resources - See announcement dated 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.

# ASX Additional Information (continued)

## 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.

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