BATTERY MINERALS

2019
Annual Report

CONTENTS

BACKGROUND INFORMATION ON BATTERY MINERALS

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 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 over 80% of Montepuez's forecast annual production. In H1 FY2018, the Mozambican Government granted Battery Minerals a Mining Licence and has also approved the Company's Environmental Impact Assessment (EIA) for the Montepuez Graphite Project.

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).

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

On 2 March 2020 Battery Minerals announced that it had signed a binding agreement to acquire a controlling interest in Gippsland Prospecting which has the sole right to apply for a highly prospective exploration licence in Victoria, Australia. A shareholder meeting to approve the transaction is scheduled for mid-April 2020.

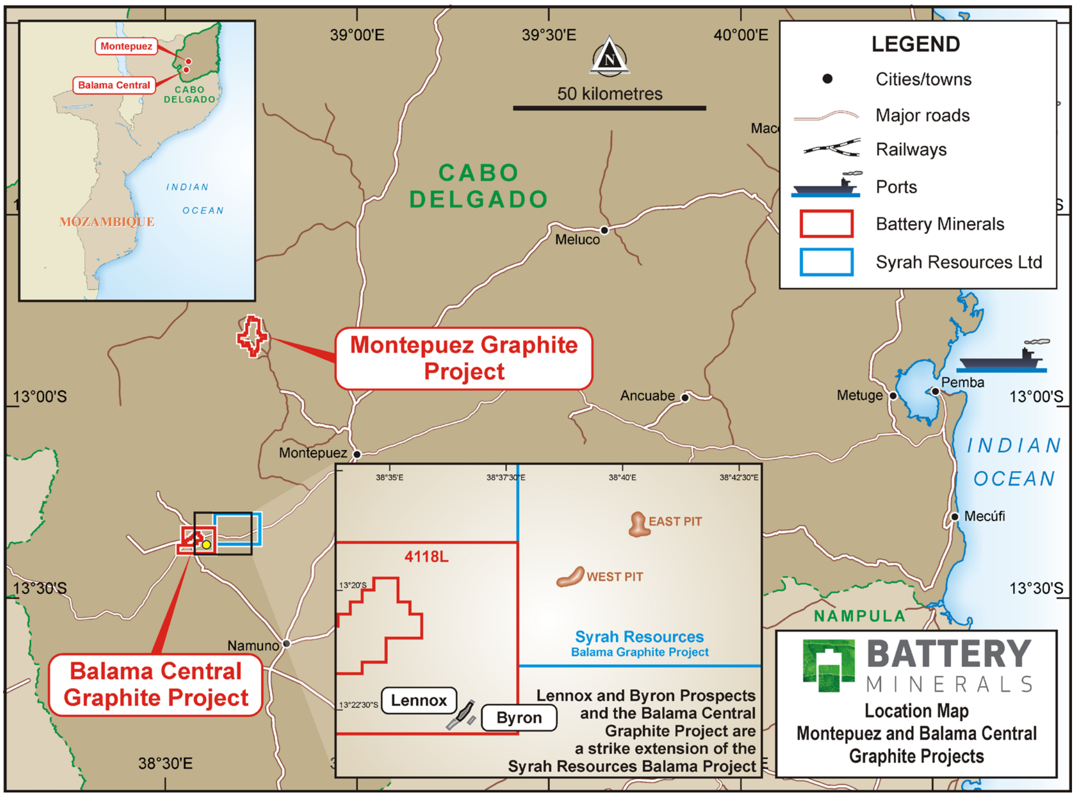

Figure 1 - Montepuez and Balama Central Graphite Projects in the Province of Cabo Delgado in northern Mozambique.

MONTEPUEZ GRAPHITE PROJECT:

Ore Reserve Highlights:

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 Mt		TGC %		Cont. Graphite 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
Total	**119.6**	**105.9**	**8.1**	**7.7**	**9,660**	**8,064**

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

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 (%)
TOTAL	Weathered	Probable	5.98	8.34
	Fresh	Probable	36.21	9.42
	TOTAL	**Probable**	**42.19**	**9.27**

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

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.

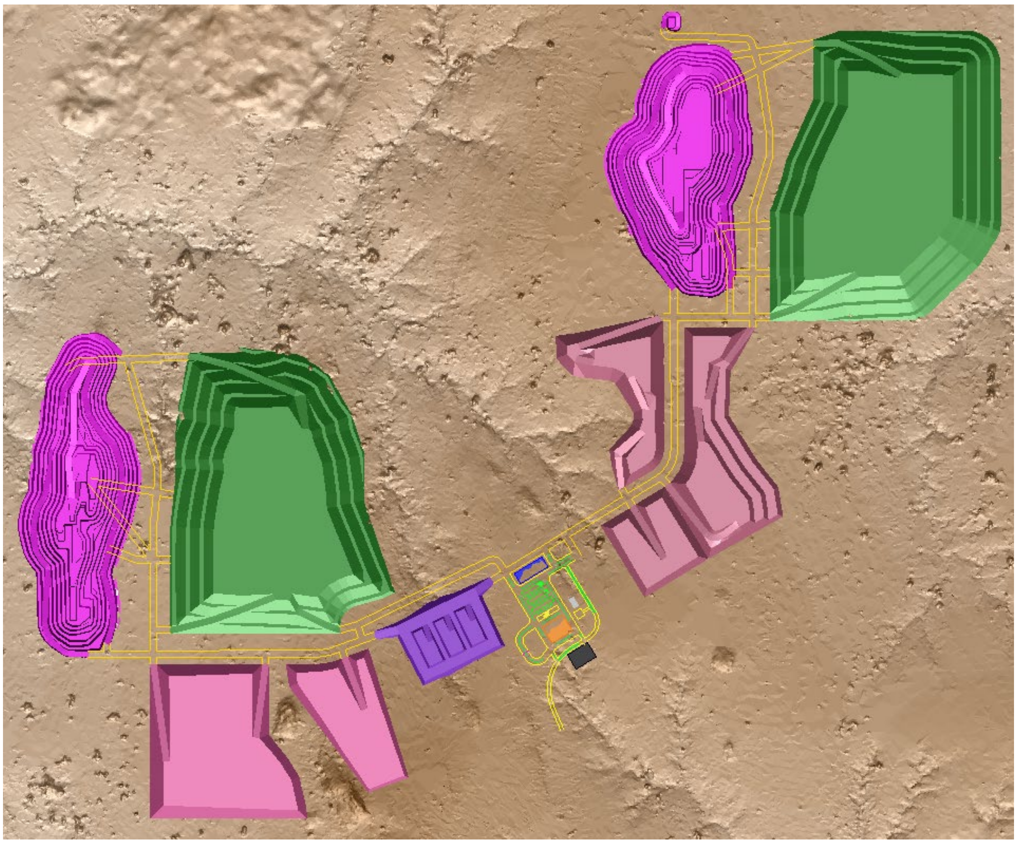

Figure 2 - Montepuez Graphite Project: Mine & Processing Site Layout.

Economics - CAPEX and OPEX - December 2019

During the December 2019 Quarter, Battery Minerals announced an improvement in the Montepuez Graphite Project's economics. The total estimated pre-production establishment capital cost outstanding for the project is US$44.7M, which includes contingency and escalation, and the average operating cost for the first 10 years was reduced to US$356/t from US$361/t (FOB Pemba) as detailed below:

CAPEX Area	Remaining Capex USD$M
Process Plant and Power	27.4
Mining Equipment and Light Vehicles	4.0
Earthworks, Tailings Storage Facility and Water Storage	0.7
Buildings, officers and workshops	2.6
Owners costs	3.7
Pre-production Costs	4.5
Freight	1.8
Total	**44.7**

Note: Capex excludes other costs associated with debt, including fees and advisory costs, DSRA and debt security requirements, VAT and overhead in aggregate, approximately US$19.8M.

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	100
Processing	5,692,000	114
General and Administrative	2,545,000	47
Logistics	3,082,000	62
Maintenance	1,532,000	33
Total C1 cost (FOB Pemba)	**17,980,000**	**356**

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
3) C1 costs exclude Mozambique corporate and stockpile costs

Statutory Agreements

In March 2018, Battery Minerals secured a Mining Licence for its Montepuez Graphite Project.

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.

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

Downstream Product Development

The Company continues to progress its downstream purification and spheroidization strategy with our technology partner, Urbix Resources, based in Arizona, USA. Key achievements through 2019 include;

- Montepuez graphite concentrate, purified with Urbix technology and used in a USA Department of Energy grant funded nuclear graphite research study[1]
- Urbix produces high purity, spherical graphite, with high recoveries and no morphological flake damage using their propriety non-HF acid technology from the Montepuez concetrate[2]
- The Company signed a Memorandum of Understanding with Urbix with the aim of establishing a joint venture in Mozambique to produce high purity graphite products using the Urbix environmentally friendly purification technology[3]

1 Refer Battery Minerals March 2019 Quarterly Activities Report, announced on 29 April 2019
2 Refer Battery Minerals June 2019 Quarterly Activities Report, announced on 9 July 2019
3 Refer Battery Minerals September 2019 Quarterly Activities Report, announced on 24 October 2019

BALAMA CENTRAL GRAPHITE PROJECT:

Feasibility Study December 2018

In December 2018, Battery Minerals reported that a Feasibility Study on its second proposed graphite project in Mozambique, Balama Central, based on graphite forecasts at that time would support a 27+ year mine life at a production rate of 58,000tpa *.

Key Balama Central Feasibility Study findings	Feasibility Study findings**
Annual production at run of mine (ROM) ore at an average rate of 480,000tpa at over 12.2% TGC	58,000t of +96% TGC graphite concentrate
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

*- Based on Ore Reserves (see ASX released dated December 2018)
**- Feasibility Study findings (+15%/-5%) as at December 2018

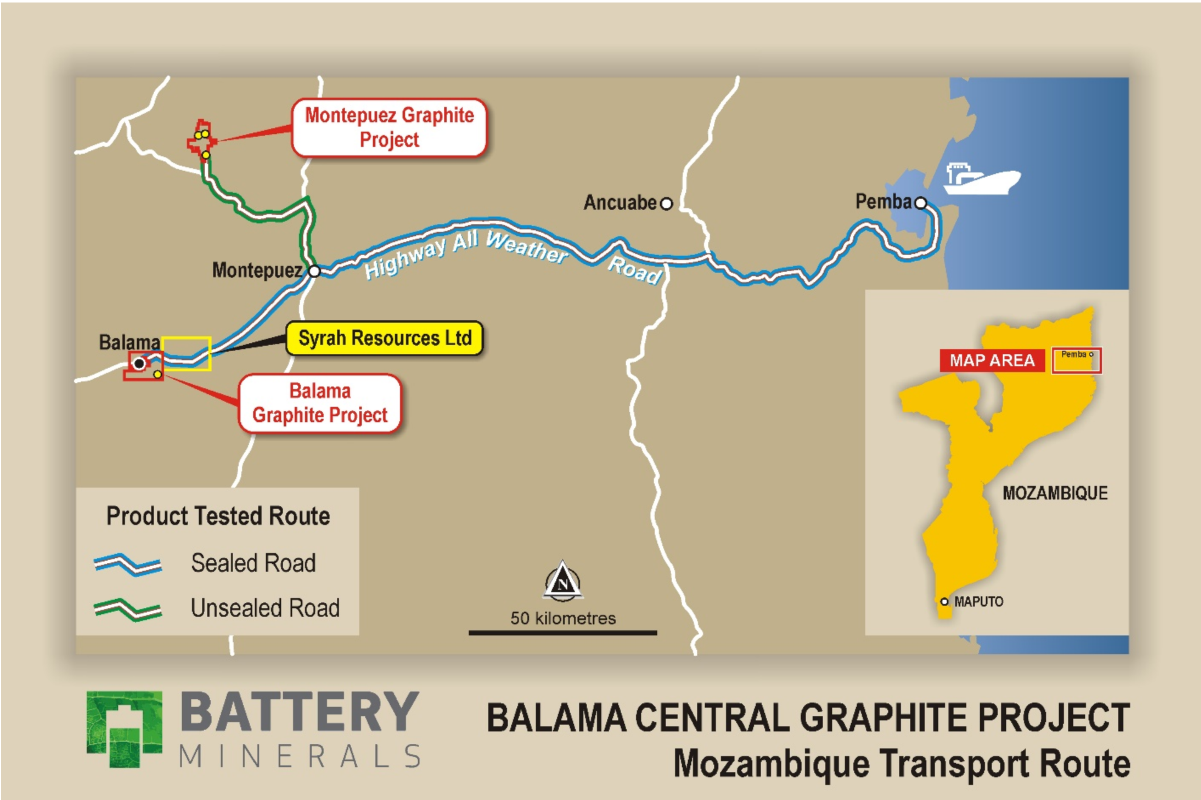

Figure 3 - Infrastructure map showing the Balama Central Graphite Project relative to Montepuez and the nearest deep-water port of Pemba

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 Lennox and Byron 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 90 metres, whilst the current design for Byron pit extends to a depth of approximately 135 metres deep. Each pit will have a single waste dump, located to the east and west 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.

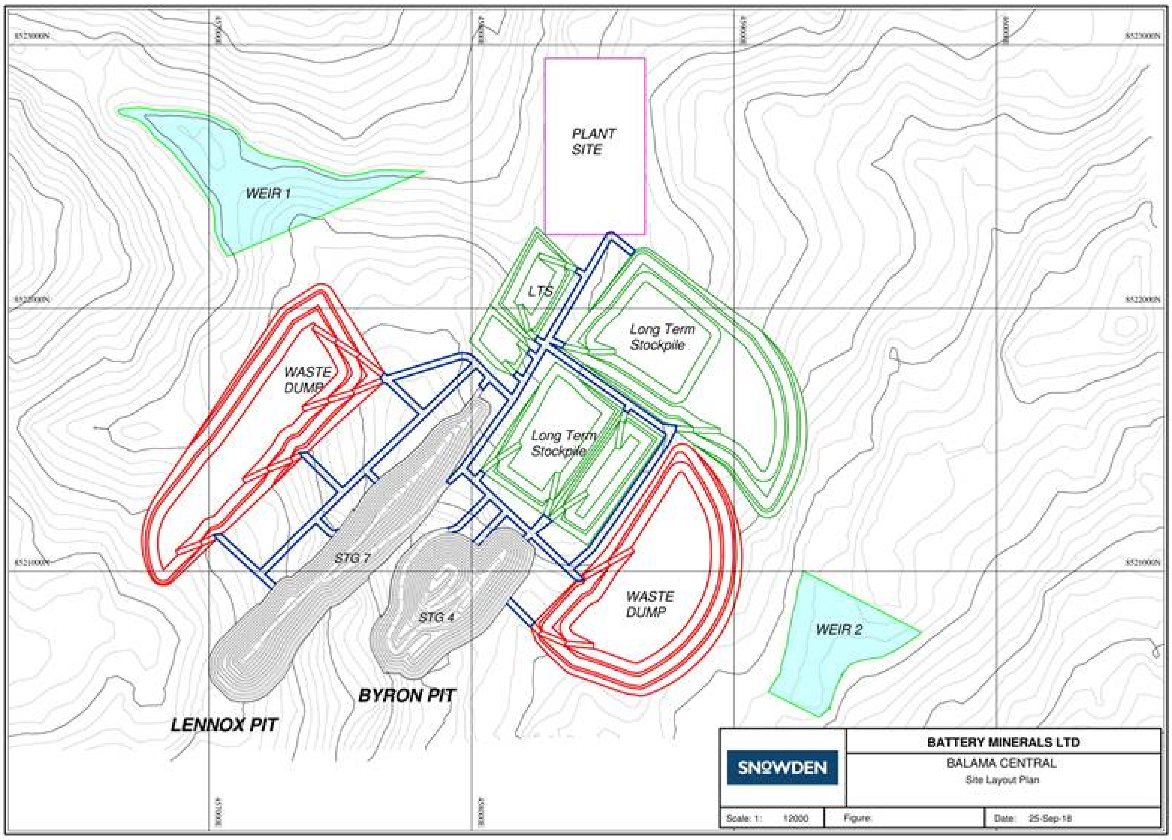

Figure 4 - Balama Central Graphite Project: Mine & Processing Site Layout.

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
Total	**33.0**	**10.2**	**3,363**

Note: See announcement dated 29 March 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 (%)
Total	Weathered	Probable	5.44	10.74
	Fresh	Probable	14.21	11.19
	Total	**Probable**	**19.66**	**11.06**

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

Mining and ESIA Licence Applications

The Company submitted an application for the Balama Central Mining Licence in June 2019 to the Government for its review and consideration.

The outcomes of the social impact study included in the mining concession application are an important part of the application and can be summarised as follows:

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

In December 2019 an application was made to the Department of Environment for the approval of the Balama Central Project Environmental Licence.

The outcomes of the environmental and social impact study can be summarised as follows:

- No significant environmental threats. Government recommendations were within the project's plans and budgets
- Economic opportunities, with both direct and indirect opportunities created
- Employment benefits resulting in an increase in the skills base in the area
- Improved Infrastructure with upgraded roads improving access to markets and access to educational and medical infrastructure
- Social development benefits with initiatives outlined such as supporting food security, outreach health services, and improved educational facilities and training, all of which will improve the quality of life of communities in the impact zone

Group Mineral Resource Statement

Battery Minerals Group MRE				
Group Mineral Resource Estimate (2.5% - Montepuez 6% - Balama TGC Cut-off)				
Project	**Deposit**	**Group Total Mineral Resource - Weathered**		
		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**

Project	Deposit	Group Total Mineral Resource - Primary		
		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**

Project	Deposit	Group Total Mineral Resource		
		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

Group Ore Reserve Statement

Battery Minerals Group Probable Ore Reserves			
Project	**Mt**	**Grade % TGC**	**Contained Graphite Mt**
Balama[1]	19.66	11.06	2.17
Montepuez[2]	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

MAIDEN VANADIUM RESOURCE

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

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

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

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

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

GIPPSLAND

Agreement to acquire a controlling interest in Gippsland Prospecting

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

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

Battery Minerals will pay the 3 shareholders of Gippsland Prospecting $500,000 in aggregate and issue them 439,363,850 shares in aggregate in return for 100 per cent of Gippsland Prospecting. Block 4 will be renamed E67801 on grant of the exploration licence (see full details below).

The acquisition is subject to the approval of Battery Minerals shareholders and the grant of the exploration licence - E67801.

Under the terms of the agreement, Gippsland Directors Kent Balas and Darryl Clark, who are both exploration geologists, will become Directors of Battery Minerals.

Block 4 is considered highly prospective for shear zone-hosted Orogenic gold deposits such as Stawell, as well as volcanic-hosted base metals mineralisation and large-scale Cadia Ridgeway-type porphyry copper mineralisation, within the well defined Stavely volcanic belt.

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

Material terms

The material terms of the acquisition agreement are:

- Battery Minerals will acquire 67% of the shares in Gippsland Prospecting Pty Ltd, the owner of 100% of Block 4.
- Subject to shareholder approval, Battery Minerals will issue 294,373,780 ordinary shares and pay up to $335,000 to the 2 shareholders of Gippsland Prospecting Pty Ltd as consideration.
- Subject to shareholder approval, Battery Minerals will issue to the remaining

shareholder that owns 33% of Gippsland Prospecting, a consideration of 144,990,070 ordinary shares and $165,000.

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

Shareholder approval is expected to be sought in April 2020.

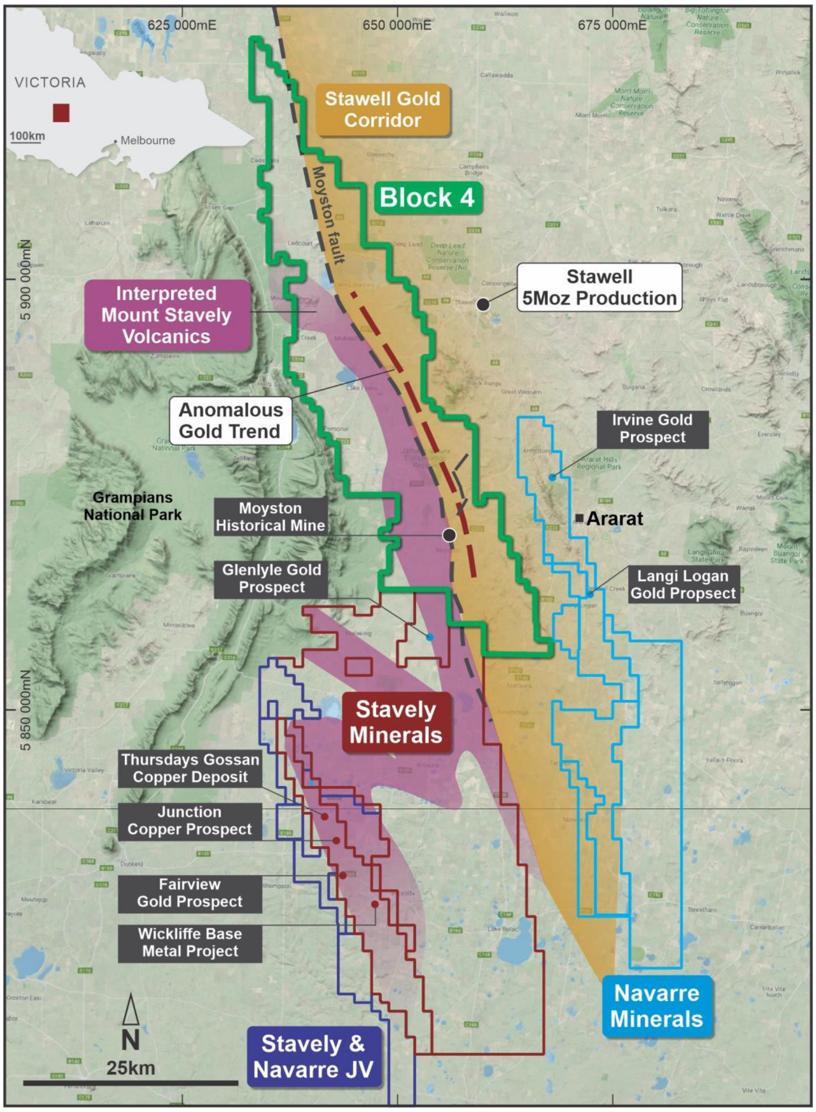

Figure 5 - Location of Block 4 adjacent to Stawell historic mine and Stavely tenure showing locations of key regional prospects and deposits

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

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

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

Forward Looking Statements
Statements and material contained in this document, particularly those regarding possible or assumed future performance, resources or potential growth of Battery Minerals Limited, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Such forecasts and information are not a guarantee of future performance and involve unknown risk and uncertainties, as well as other factors, many of which are beyond the control of Battery Minerals Limited. Information in this presentation has already been reported to the ASX.
All references to future production and production & shipping targets and port access made in relation to Battery Minerals are subject to the completion of all necessary feasibility studies, permit applications, construction, financing arrangements, port access and execution of infrastructure-related agreements. Where such a reference is made, it should be read subject to this paragraph and in conjunction with further information about the Mineral Resources and Ore Reserves, as well as the relevant competent persons' statements.

Appendix 1: Tenement Summary - 31 December 2019 [1]

1. TENEMENTS HELD				
Tenement Reference	**Location**	**Nature of interest**	**Interest at beginning of Quarter**	**Interest at end of Quarter**
8770C	Mozambique	Mining Licence Granted	100%	100%
10031C	Mozambique	Mining Concession in Application	100%	100%
8555	Mozambique	Exploration Licence Granted	100%	100%
8609	Mozambique	Exploration Licence Granted	100%	100%

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

Note 2: With respect to tenement's 8555 & 8609, an agreement was reached in December 2018 to dispose of these tenements. The agreement reached between BAT, its subsidiaries and Nedeel LLC, was for $50,000 in cash and a 1% royalty (which may be sold for US$1m up to the date of 730 days after the grant of a Mining Concession on either or both of the tenements). The change of ownership of these tenements is currently subject to the approval of the Mozambican Government.

Community Investment

The Company works closely with local Government and community leaders on specific community initiatives including local employment and training, supporting medical and educational facilities and services such as schooling and clinic infrastructures and increasing access to safe water. Once the Company achieves project finance and commences development and then production, the Company will further expand its planned long term locally supported and government endorsed community initiatives.

Battery Minerals Limited
and its Controlled Entities

ABN 75 152 071 095

Financial Report
31 December 2019

Contents

Corporate Information

This financial report includes the consolidated financial statements and notes of Battery Minerals Limited and its controlled entities ("the Group"). The Group's presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' report on pages 17 to 34. The Directors' report is not part of the financial report.

Directors

David Flanagan
Non-Executive Chairman
(appointed 1 July 2019)

Jeremy Sinclair
Non-Executive Director
(appointed 22 November 2019)
Managing Director
(resigned 22 November 2019)

Jeff Dowling
Non-Executive Director
(appointed 8 April 2019)

Ivy Chen
Non-Executive Director
(resigned 21 June 2019)

Paul Glasson
Non-Executive Director
(resigned 21 June 2019)

Gilbert George
Non-Executive Director
(resigned 21 May 2019)

Brett Smith
Non-Executive Director
(resigned 21 May 2019)

Company Secretary

Tony Walsh
Nick Day

Registered Office

Ground Floor, 10 Ord Street
West Perth WA 6005

Website

https://www.batteryminerals.com/

Auditors

KPMG
235 St. Georges Terrace
Perth WA 6000

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Tce
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**

Share Registry

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
T: 1300 288 664

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 2019.

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
David Flanagan	Non-Executive Chairman	1 July 2019	-
	Executive Chairman	8 April 2019	1 July 2019
	Managing Director	25 January 2018	8 April 2019
	Executive Chairman	30 March 2017	25 January 2018
	Non-Executive Chairman	11 October 2016	30 March 2017
Jeremy Sinclair	Non-Executive Director	22 November 2019	-
	Managing Director	8 April 2019	22 November 2019
Jeff Dowling	Non-Executive Director	8 April 2019	-
	Non-Executive Chairman	25 January 2018	8 April 2019
Gilbert George	Non-Executive Director	1 August 2012	21 May 2019
Brett Smith	Non-Executive Director	1 August 2012	21 May 2019
Paul Glasson	Non-Executive Director	19 April 2017	21 June 2019
Ivy Chen	Non-Executive Director	25 January 2018	21 June 2019

Dividends

No dividends were paid during the financial year (31 December 2018: 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. During the year, the Company has maintained 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 concentrate, 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 concentrate and grow production towards over 200,000tpa over the next five years.

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

b. Highlights & Significant Changes in State of Affairs

Placement: A $5m fund raising was successfully completed in May 2019.

Montepuez Project Vanadium Resource: On 29 April 2019 Battery Minerals announced a maiden vanadium resource of 34.6Mt at 0.25% V_2O_5 for 86Kt of contained Vanadium Pentoxide.

Directors' Report (continued)

Likely Developments and Expected Results

The Group will continue to focus on completing project finance to develop and bring the Montepuez 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 focus on becoming a successful production company in the graphite market.

In addition, the Company intends to seek shareholders' approval of its Gippsland Project acquisition in Western Victoria, obtain the grant of the initial exploration licence and actively pursue discoveries in the area.

The Group's long-term strategic objective is to develop its graphite projects, grow production to 200,000 tonnes of graphite concentrate per annum, pursue the discovery and development of complimentary battery mineral exploration projects, ensure all activities are carried out in a transparent and responsible way and 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 the Company's current strategy.
- 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 organizational activities on the environment. There have been no known breaches by the Group during the year.

After Reporting Date Events

In March 2020 Battery Minerals Limited signed two binding agreements to acquire 67% and 33% of Gippsland Prospecting Pty Ltd (Gippsland Prospecting), which has the sole right to apply for a highly prospective exploration licence of Block 4 immediately adjacent to Thursday's Gossan copper-gold project in Victoria. The acquisition is subject to the approval of Battery Minerals shareholders and the grant of the exploration licence. As a consideration, Battery Minerals will issue 439,363,850 ordinary shares and pay up to $500,000 to the three shareholders of Gippsland Prospecting Pty Ltd and repay Gippsland Prospecting shareholder loans of $250,000 for past expenditure. Battery Minerals has agreed to spend a minimum of $1.5 million on exploration and evaluation on Block 4 in the first 12 months after completion of the transaction.

On completion of the transaction Mr Kent Balas and Dr Darryl Clark will join the Battery Minerals Board, and Mr Balas will be appointed as Managing Director of Battery Minerals. Subject to shareholder approval, Battery Minerals will issue the new members of the management 70 million Zepo incentive 5-year options with vesting conditions subject to clear performance targets, being the definition of mineral resources, ore reserves and a decision to mine.

After the reporting date, the Company seen macro-economic uncertainty with regards to prices and demand for battery minerals including graphite as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in March 2020 has caused further abnormally large volatility in commodity and stock markets. The scale and duration of these developments remain uncertain but could impact the Company's ability to finance its projects.

Directors' Report (continued)

Information on Directors

David Flanagan	Non-Executive Chairman (appointed 1 July 2019) Executive Chairman (appointed 8 April 2019 – resigned 1 July 2019) Managing Director (appointed 25 January 2018 – resigned 8 April 2019) Executive Chairman (appointed 30 March 2017 – resigned 25 January 2018) Non-Executive Chairman (appointed 11 October 2016 – resigned 30 March 2017)
Qualifications	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 past 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	Non-Executive Director, Magmatic Resources Limited (appointed 28 October 2019).
Former directorships in last 3 years	Managing Director, Atlas Iron Limited (Resigned 28 June 2016) Non-Executive Director, Northern Star Resources Limited (resigned 20 April 2018)

Jeremy Sinclair	Non-Executive Director (appointed 22 November 2019) Managing Director (appointed 8 April 2019 – resigned 22 November 2019)
Qualifications	BSc Engineering (Mining)
Experience	Jeremy Sinclair is a mining engineer with 25 years of experience in a broad range of roles including executive, operational, project delivery, corporate leadership and consulting in Australia and Africa. Prior to joining Battery Minerals Limited, Mr Sinclair was the Chief Operating Officer at Atlas Iron, a position which he held from 2011 to 2018. Mr Sinclair oversaw the commissioning and ramp up of Atlas' five mines from a production rate of 1Mtpa to a production rate of 16Mtpa. Prior to his time at Atlas Mr Sinclair held key management roles in the Pilbara iron ore operations of Rio Tinto.
Current Directorships	Nil
Former directorships in last 3 years	Nil

Jeff Dowling	Non-Executive Chairman (appointed 25 January 2018)
Qualifications	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, Pura Vida Energy NL (Resigned 16 May 2016) Non-Executive Director, Atlas Iron Limited (Resigned 4 May 2016)

Directors' Report (continued)

Information on Directors (cont'd)

Gilbert George	Non-Executive Director (appointed 11 October 2016 - resigned 21 May 2019) Non-Executive Chairman (appointed 1 August 2012 – resigned 11 October 2016)
Qualifications	BSc (Hons) MEc
Experience	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	Non-Executive Director (appointed 1 August 2012 – resigned 21 May 2019)
Qualifications	BSc (Hons), MAUSIMM MAIG
Experience	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	Non-Executive Director, Pacific Bauxite Limited (Resigned 29 November 2018)

Paul Glasson	Non-Executive Director (appointed 19 April 2017 – resigned 21 June 2019)
Qualifications	BSc La Trobe University, Melbourne, Australia
Experience	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

Ivy Chen	Non-Executive Director (appointed 25 January 2018 – resigned 21 June 2019)
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

Directors' Report (continued)

Information on Directors (cont'd)

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
Director		
Mr David Flanagan	12	12
Mr Jeremy Sinclair	6	6
Mr Jeff Dowling	12	12
Mr Gilbert George	7	7
Mr Brett Smith	7	7
Mr Paul Glasson	8	8
Ms Ivy Chen	8	8

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 retired on 14 March 2019 at the annual general meeting on 21 May 2019. Directors Ivy Chen and Paul Glasson announced their retirement on 21 June 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) and Magmatic Resources Ltd (ASX: MAG). 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.

Directors' Report (continued)

Financial Performance and Financial Position

Financial Performance / Position	**31-Dec-19** $	31-Dec-18 $	Change %
Cash and cash equivalents	4,119,160	7,252,709	-43.2%
Net assets	10,904,567	44,644,651	-37.7%
Loss for the period	(36,774,169)	(7,243,165)	207%
Loss per share	(2.930)	(0.763)	132.2%

The net assets of the Group have decreased from $44,644,650 as at 31 December 2018 to $10,904,567 as at 31 December 2019 due to impairment of the exploration and evaluation expenditure and capitalised mine development expenditure. The Group's working capital (current assets less current liabilities) has reduced from $6,638,314 as at 31 December 2018 to $3,982,054 as at 31 December 2019, primarily due to lower fund raising of $ 5.1 million in 2019 compared to $20.7 million in 2018.

Shares under Options

Unissued ordinary shares of Battery Minerals Limited under options as at 31 December 2019 are summarised as follows:

	Non-Vested	**Vested**	**Total**
Directors	97,750,000	34,750,000	132,500,000
Employees	90,125,000	7,675,000	97,800,000
Service Providers	7,800,000	7,800,000	15,600,000
Shareholders	-	274,484,066	274,484,066
	195,675,000	**324,709,066**	**520,384,066**

Insurance of Directors and Officers Liability

The Group has executed a policy with an appropriate level of directors' and officers' insurance cover.

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 22 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 22 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 2019 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 (KMP) in office during the period are as follows:

Director	**Position**	**Appointed**	**Resigned**
David Flanagan	Non-Executive Chairman	1 July 2019	-
	Executive Chairman	8 April 2019	1 July 2019
	Managing Director	25 January 2018	8 April 2019
	Executive Chairman	30 March 2017	25 January 2018
	Non-Executive Chairman	11 October 2016	30 March 2017
Jeremy Sinclair	Non-Executive Director	22 November 2019	-
	Managing Director	8 April 2019	22 November 2019
Jeff Dowling	Non-Executive Director	8 April 2019	-
	Non-Executive Chairman	25 January 2018	8 April 2019
Gilbert George	Non-Executive Director	1 August 2012	21 May 2019
Brett Smith	Non-Executive Director	1 August 2012	21 May 2019
Paul Glasson	Non-Executive Director	19 April 2017	21 June 2019
Ivy Chen	Non-Executive Director	25 January 2018	21 June 2019

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	8 November 2019

Directors' Report (continued)

Audited Remuneration Report (continued)

A Principles Used to Determine the Nature and Amount of Remuneration

(i) Board Oversight

For 2019, 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.

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.

Non-Executive Directors have up to the date of this report, been offered incentive zero exercise priced 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. Non-Executive Director remuneration is not 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.

Directors' Report (continued)

Audited Remuneration Report (continued)

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.

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.

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.

Directors’ Report (continued)

Audited Remuneration Report (continued)

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.

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 Boards current industry knowledge and experience with allocations of equity.

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 the Montepuez Graphite project finance and 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 21 May 2019 the general meeting of Battery Minerals shareholders approved the issue of zero exercise priced options (ZEPOs) to Executive Directors, Executives, and staff with specific vesting hurdles being:

- 32% vest only on the financial close of the project finance for Stage 1 of the Montepuez Graphite project;
- 33% vest only on the commencement of commercial production for Stage 1 at the Montepuez Graphite project;
- 34% vest only on the commencement of commercial production for Stage 2 at the Montepuez Graphite project.;
- 1% vest only on the commencement of commercial production for Stage 1 at the Balama Central Graphite project.;

Directors' Report (continued)

Audited Remuneration Report (continued)

The issue of ZEPOs in 2019 is designed by the Board to:

- align executives and other employees' objectives with the Company's publicly stated objectives of financing and 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 2019 short term incentive programme, and
- align employees to shareholders by connecting cash flow generation to the vesting of benefits

Options issued to Non-Executive Directors have vesting conditions based on a continues service with the Company.

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 recommended to the Board for its consideration.

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

Amounts of Remuneration

Details of the remuneration of the directors and key management personnel of the Group as at 31 December 2019 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 2019	Salary & fees	Termination benefit	Non-monetary benefits	Super-annuation	Options	Shares	Rights		%
Directors									
Non-executive directors									
David Flanagan – *appointed 8/04/19*	78,200	-	-	7,404	- [1]	-	-	85,604	0%
Jeff Dowling	52,148	-	-	4,954	83,035	-	-	140,137	59%
Jeremy Sinclair – *appointed 22/11/19*	3,425	-	-	325	- [2]	-	-	3,750	0%
Gilbert George -*resigned 21/05/19*	24,388[3]	-	-	-	3,329	-	-	27,717	12%
Brett Smith - *resigned 21/05/19*	18,250	-	-	-	3,329	-	-	21,579	15%
Paul Glasson- *resigned 21/06/19*	17,380	-	-	-	12,716	-	-	30,096	42%
Ivy Chen – *resigned 21/06/19*	19,692	-	-	1,871	(9,913) [4]	-	-	11,650	(85%)
Sub-total	**213,483**	**-**	**-**	**14,554**	**92,496**	**-**	**-**	**320,533**	**29%**
Executive directors									
David Flanagan – *resigned 8/04/19*	122,593	-	-	11,042	(239,802) [5]	-	-	(106,167)	226%
Jeremy Sinclair – *appointed 8/04/19 – resigned 22/11/19*	208,931	10,414 [6]	-	16,187	- [2]	-	-	235,532	0%
Sub-total	**331,524**	**10,414**	**-**	**27,229**	**(239,802)**	**-**	**-**	**129,365**	**(185%)**
Key Management Personnel (KMP)									
Nick Day	180,654 [7]	-	-	13,940	- [10]	-	-	194,594	0%
Tony Walsh	187,313 [8]	-		-	(47,561) [11]	-	-	139,752	(34%)
Ben Van Roon – *resigned 8/11/19*	168,356 [9]	4,722 [6]	-	11,418	(25,148) [4]	-	-	159,348	(16%)
Sub-total	**536,323**	**4,722**	**-**	**25,358**	**(72,709)**	**-**	**-**	**493,694**	**(15%)**
Total Directors and KMP compensation (Group)	**1,081,330**	**15,136**	**-**	**67,141**	**(220,015)**	**-**	**-**	**943,592**	**(23%)**

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

Directors' Report (continued)

Audited Remuneration Report (continued)

(1) 8,000,000 zero exercise prices options were issued to David Flanagan on 21 May 2019 following the approval of the general meeting of Battery Minerals shareholders. No expense was recognised due to a low probability of vesting conditions to be met.

(2) 50,000,000 zero exercise priced options were issued to Jeremy Sinclair on 21 May 2019 following the approval of the general meeting of Battery Minerals. No expense was recognised as the options were forfeited following his resignation from the position of a Managing Director.

(3) The directors' fees of Gilbert George include fees for the additional professional consultancy work of $5,000.

(4) Due to the resignation of Ivy Chen and Ben van Roon, 600,000 and 22,000,000 options were forfeited respectively resulting in a reversal of the share-based payment expense recognised in profit and loss.

(5) A reversal of the share-based payment expense recognised in profit and loss represents the expectation of vesting conditions not being met.

(6) A termination benefit in a form of annual leave repayment was paid to Jeremy Sinclair and Ben van Roon s in accordance with their employment agreement.

(7) $300,000 remuneration was paid at 20% part-time pro-rata from 1 July 2019 as per the revised service agreement.

(8) $300,000 remuneration was paid at 80% part-time pro-rata till 30 June 2019 and at 40% part-time pro-rata from 1 July 2019.

(9) $325,000 remuneration was paid at the casual rate from 1 July 2019 as per the revised service agreement.

(10) 4,000,000 options were issued to Nick Day following the approval of ESOP by the general meeting of Battery Minerals shareholders. No expense was recognised due to the expectation of vesting conditions not being met.

(11) 10,000,000 options were issued to Tony Walsh following the approval of ESOP by the general meeting of Battery Minerals shareholders. No expense was recognised due to the expectation of vesting conditions not being met. The share-based payment expense recognised in profit and loss in prior periods has been reversed due to a low probability of vesting conditions to be met.

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:

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

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. The following table summarises the remuneration of directors as per service agreements in place as at 31 December 2019.

Directors' Report (continued)

Audited Remuneration Report (continued)

Name	Term of Agreement	Base Salary including Superannuation	Termination Benefit (1)
Non-Executive			
Chairman – David Flanagan *(from 08/04/19)*	Open	$80,000	Nil. Subject to re-election by shareholders.
Director – Jeff Dowling *(from 08/04/19)*	Open	$45,000	Nil. Subject to re-election by shareholders
Director – Jeremy Sinclair *(from 21/11/19)*	Open	$45,000	Nil. Subject to re-election by shareholders
Director – Gilbert George *(resigned 21/05/19)*	Open	$45,000	Nil. Subject to re-election by shareholders.
Director – Brett Smith *(resigned 21/05/19)*	Open	$45,000	Nil. Subject to re-election by shareholders.
Director – Paul Glasson *(resigned 21/06/19)*	Open	$45,000	Nil. Subject to re-election by shareholders.
Director - Ivy Chen *(resigned 21/06/19)*	Open	$45,000	Nil. Subject to re-election by shareholders.

(1) 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.

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 – resigned 8 April 2019*
- 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 of the Montepuez Graphite project as agreed by the board.
- Termination – 6 months' notice

Mr Jeremy Sinclair*, Managing Director- appointed 8 April 2019 - resigned 22 November 2019*
- Base Remuneration – $400,000 inclusive of superannuation
- Equity Incentive – 50,000,000 five-year options. 12,000,000 vesting on achieving financial close of the Montepuez Graphite project finance; 28,000,000 vesting equally on commercial production of stages 1 and 2 of the Montepuez Graphite project and 10,000,000 vesting on commencement of commercial production of stage 1 of the Balama Central project.
- Termination – 6 month's notice

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 of the Montepuez Graphite project.
- Termination – Nil notice

Mr Ben Van Roon*, Chief Operating Officer- resigned 8 November 2019*
- 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 – 1 month's notice

Directors' Report (continued)

Audited Remuneration Report (continued)

***Mr Nick Day**, Chief Financial Officer & Joint Company Secretary*

- Base Remuneration - $300,000 inclusive of superannuation (paid pro-rata for part time from 1 July 2019).
- 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 the Montepuez project phase 1, 2,000,000 vesting on the commencement of commercial production of the Montepuez project phase 2 and 1,000,000 vesting on the commencement of commercial production of the Balama Central project.
- Termination – 3 months' notice

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	% forfeited
David Flanagan [1]	21-May-19	8,000,000	Various	20-Jun-24	nil	0.022	176,000	0%	0%
Jeremy Sinclair [2]	21-May-19	50,000,000	Various	20-Jun-24	nil	0.022	990,000	0%	100%
Jeff Dowling [3]	21-May-19	7,500,000	Various	20-Jun-24	nil	0.022	165,000	0%	0%
Tony Walsh [4]	21-May-19	10,000,000	Various	20-Jun-24	nil	0.022	220,000	0%	0%
Nick Day [5]	21-May-19	4,000,000	Various	20-Jun-24	nil	0.022	66,000	0%	0%
Ben van Roon [6]	21-May-19	16,000,000	Various	20-Jun-24	nil	0.022	352,000	-	100%
		95,500,000					1,969,000		

Options were issued in accordance with the approval of the General Meeting of shareholders on 21 May 2019 at nil exercise price and valued at the market share price on a date of issue.

(1) Options issued to David Flanagan have vesting conditions linked a financial close and equity funding for the Montepuez project stage 1.

(2) 12,000,000 option issued to Jeremy Sinclair have vesting conditions linked a financial close and equity funding for the Montepuez project phase 1; 16,500,000 have vesting conditions linked to commencement of commercial production of the Montepuez project stage1, 16,500,000 options linked to commencement of commercial production of the Montepuez project stage 2 and 5,000,000 options linked to the commencement of commercial production of the Balama Central projects stage 1. All options were forfeited upon Jeremy Sinclair' resignation from the position of a Managing Director.

(3) 7,500,000 options issued to Jeff Dowling will vest in three equal parts on completion of 12 months, 24 months and 36 months of continuous service.

(4) 4,000,000 options issued to Tony Walsh will vest on financial close and equity funding for the Montepuez project stage 1; 3,000,000 options have vesting conditions linked to commencement of commercial production of the Montepuez project stage 1 and 3,000,000 options will vest on commencement of commercial production of the Montepuez project stage 2.

(5) 1,000,000 options issued to Nick Day will vest on commencement of commercial production of the Montepuez project stage 1; 2,000,000 options have vesting conditions linked to commencement of commercial production of the Montepuez project stage 2 and 1,000,000 options will vest on commencement of commercial production of the Balama Central project.

(6) Options were forfeited on resignation and corresponding value was reversed in profit and loss.

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 2019 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	% forfeited
David Flanagan	27-Jun-18	20,000,000	Various (1)	03-Jul-23	nil	0.031	465,000	0%	0%
Ivy Chen	27-Jun-18	3,000,000	Various (2)	30-Jun-23	0.13	0.0166	49,907	50%	50%
Jeff Dowling	27-Jun-18	4,500,000	Various (3)	30-Jun-22	0.13	0.0166	74,861	50%	0%
Ben van Roon	27-Jun-18	4,000,000	Various (4)	13-Jul-23	nil	0.031	124,000	0%	100%
Ben van Roon	27-Jun-18	3,000,000	Various (4)	16-Jul-23	0.20	0.0144	43,302	33%	67%
Tony Walsh	27-Jun-18	4,000,000	Various (5)	13-Jul-23	nil	0.031	124,000	0%	0%
David Flanagan	26-May-17	10,000,000	Various (6)	26-May-22	0.094	0.0456	455,638	0%	0%
Paul Glasson	26-May-17	3,000,000	Various (7)	26-May-22	0.13	0.0424	127,162	100%	0%
Tony Walsh	15-Feb-17	1,500,000	Various (8)	23-Dec-21	0.15	0.0636	95,384	33%	0%
David Flanagan	21-Dec-16	5,000,000	21-Dec-18	23-Dec-21	0.20	0.0818	408,961	100%	0%
David Flanagan	21-Dec-16	5,000,000	21-Dec-18	23-Dec-21	0.25	0.0778	389,108	100%	0%
Gilbert George	21-Dec-16	1,500,000	21-Dec-18	23-Dec-21	0.155	0.0861	129,156	100%	0%
Brett Smith	21-Dec-16	1,500,000	21-Dec-18	23-Dec-21	0.155	0.0861	129,156	100%	0%
		66,000,000					2,615,635		

(1) Options vesting conditions are linked to commencement of commercial production being 25% of the Montepuez project stage 1, 50% of the Montepuez project stage 2 and 25% of the Balama project stage 1.
(2) 50% of options will vested upon 12 months of continuous service and 50% of options were forfeited due to resignation before 24 months of continuous service with a corresponding value being reversed in profit and loss.
(3) 50% of options vested upon 12 months and 50% will vest upon 24 months of continuous service.
(4) 1,000,000 options vested upon 12 months of services. 6,000,000 options were forfeited on resignation and corresponding value was reversed in profit and loss.
(5) Options vesting conditions are linked to commencement of commercial production being 50% of the Montepuez project stage 1 and 50% of the Montepuez project stage 2.
(6) Options will vest upon the Company's Montepuez project achieving sales agreements and a commercial rate of production as agreed by the board.
(7) 50% of options vested upon 12 months and 50% vested upon 24 months of continuous service.
(8) 500,000 options vested upon 12 months of service with the Company. 1,000,000 options will vest upon commencement of the Montepuez project commercial production.

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 2019 Name	Balance at the start of the year, number of shares	Received during the year on the exercise of options	Other changes [(1)]	Balance at the end of the year, number of shares
Directors				
David Flanagan	4,997,492	-	2,000,000	6,997,492
Jeremy Sinclair	-	-	4,000,000	4,000,000
Jeff Dowling	1,500,000	-	500,000	2,000,000
Gilbert George *(resigned 21/05/19)*	9,198,656	-	(9,198,656) [(2)]	-
Brett Smith *(resigned 21/05/19)*	728,522	-	(728,522) [(2)]	-
Ivy Chen *(resigned 21/06/19)*	100,000	-	(100,000) [(2)]	-
Paul Glasson *(resigned 21/06/19)*	-	-	-	-
KMP				
Tony Walsh	850,000	-	400,000	1,250,000
Nick Day	-	-	-	-
Ben van Roon	-	-	-	-
Total	**17,374,670**	**-**	**(3,127,178)**	**14,247,492**

(1) Shares acquired & disposed on-market during the financial year.
(2) The balance of shares at the end of the financial year is considered to be nil due to the resignation as a Company Director.

Option & performance rights holdings

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

31 December 2019	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
Directors								
David Flanagan	50,425,000	8,000,000 [(1)]	1,000,000 [(2)]	-	-	59,425,000	21,425,000	38,000,000
Jeremy Sinclair	-	50,000,000 [(1)]	2,000,000 [(2)]	-	50,000,000 [(1)]	2,000,000	2,000,000	-
Jeff Dowling	4,800,000	7,500,000 [(1)]	250,000 [(2)]	-	-	12,550,000	2,800,000	9,750,000
Gilbert George	4,500,000	-	-	-	4,500,000 [(3)]	-	-	-
Brett Smith	4,125,000	-	-	-	4,125,000 [(3)]	-	-	-
Ivy Chen	3,050,000	-	-	-	3,050,000 [(3)]	-	-	-
Paul Glasson	3,000,000	-	-	-	3,000,000 [(3)]	-	-	-
KMP								
Tony Walsh	5,675,000	10,000,000 [(1)]	200,000 [(2)]	-	-	15,875,000	875,000	15,000,000
Ben van Roon	7,000,000	16,000,000 [(1)]	-	-	23,000,000 [(3)]	-	-	-
Nick Day	-	4,000,000 [(1)]	-	-	-	4,000,000	-	4,000,000
Total	**82,575,000**	**95,500,000**	**3,450,000**	**-**	**87,675,000**	**93,850,000**	**27,100,000**	**66,750,000**

(1) Zero exercise priced options were granted on 21 May 2019 as approved by the General Meeting of the shareholders on 21 May 2019. Forfeited upon the resignation from the position of a Managing Director.
(2) Listed options exercisable at 10 cents on or before 31/07/2023, issued for every two Placement Shares subscribed under the Placement approved by the General meeting of Battery Minerals shareholders on 21 May 2019.
(3) The balance of options at the end of the financial year is considered to be nil due to resignation as a Company Director or a Key Management Personnel.

Directors' Report (continued)

Audited Remuneration Report (continued)

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 2019.

There were no other transactions with key management personnel during the year ended 31 December 2019.

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 95.34% of "yes" votes on its remuneration report for the 2019 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 35 for the year ended 31 December 2019.

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

David Flanagan
Chairman

Perth, Western Australia, 25 March 2020

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 audit of Battery Minerals Limited for the financial year ended 31 December 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

R Gambitta
Partner

Perth

25 March 2020

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 2019 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 2019
- 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 (including Independence Standards)* (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.

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 funds to address going concern;
- Assessing the Group's cash flow forecasts and plans to address going concern; and
- 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 Mozambique project assets ($3,000,000)

Refer to Note 12 and 13 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The carrying value of Mozambique project assets including Mine Development Expenditure (Montepuez Graphite Project) and the Exploration and Evaluation Expenditure (Balama) was considered a key audit matter due to: • The size of the mine development and exploration expenditure asset (being collectively 76% of pre-impaired total assets); • The level of judgement required by us in evaluating the Group's assessment of impairment; and • The Group's market capitalisation at 31 December 2019 being lower than the net assets, increasing the possibility the carrying value of the Mozambique project assets were impaired.	Our procedures included: • We evaluated the fair value less costs of disposal methods used by the Group against the requirements of the accounting standards; • We evaluated the Group's assessment as to the existence impairment indicators and the determination of one cash generating unit for the Mozambique project assets. • Assessing the integrity of the fair value less costs of disposal DCF model used, including mathematical accuracy; • Evaluating the underlying data used to generate the fair value less costs of disposal DCF model for consistency with the Group's intention and other information. This includes Board approved cash flow forecasts referred to above, and other information such as the Group's external expert reports and publicly available documentation;

KPMG

<table>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
The impairment assessment 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:
• Forecast capital expenditure to complete the mine development;
• Forecast production levels, production costs and sales;
• Forecast commodity prices for graphite;
• Discount rate including the assessment of Mozambique country risk factors; and
• Life of mineral reserves.

The Group engaged external experts to assist them in:
• Forming a view of the forecast commodity price for graphite;
• Performing a technical due diligence of the model, including the assessment of certain key assumptions above, prepared for the purposes of the project financing,
• Producing the Reserves statement which underlies the forecast production levels utilised within the model;
• Preparing a peer evaluation analysis of enterprise value-to-reserves and resources ratios; and
• Forming a view as to the option value of this project.

In assessing this key audit matter, we involved senior team members and valuation specialists.
</td><td>
• Evaluating the scope, competence and objectivity of the Group's external experts;
• Comparing forecast commodity prices for graphite to views of the industry commentary on future trends and the Group's external experts reports;
• Working with our valuation specialists, we independently developed an estimated market discount rate range using published reports of comparable entities, adjusted for Mozambique country risk factors;
• Assessing the Group's analysis of the market capitalisation shortfall versus the total recoverable amount of CGUs. This included consideration of the market capitalisation range implied by recent share price trading ranges, to the Group's fair value less cost of disposal DCF model;
• Evaluating the Group's analysis of the option value of the project for consistency with published reports of industry commentators;
• Evaluating the underlying data used in the Group's peer enterprise value-to-reserve and resources ratio analysis such as enterprise value, mathematical accuracy and reserves and resources value against publicly available documentation; and
• Assessing the disclosures in the financial report against the requirements of the accounting standards.
</td></tr>
</table>

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. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Battery Minerals Limited for the year ended 31 December 2019, 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 the Directors' report for the year ended 31 December 2019.

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

KPMG.

KPMG

R Gambitta
Partner

Perth

25 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	Consolidated 31-Dec-19 $	Consolidated 31-Dec-18 $
Other Income		15,878	33,969
Gain on disposal of subsidiary	25	270,598	282,858
Gain on sale of assets		276,503	-
Net foreign exchange gain		617,738	232,365
Accounting, tax advisory and audit fees		(207,973)	(372,921)
Consultants fees		(524,855)	(1,059,895)
Salaries and wages		(1,597,479)	(1,988,549)
Share based payment expense	17,23(c)	788,027	(1,353,549)
Travel		(339,135)	(359,765)
Compliance fees		(265,320)	(425,318)
Directors' salaries and fees		(550,934)	(946,642)
Legal fees		(51,740)	(169,795)
Conferences		(127,420)	(190,618)
Fair value adjustment on equity securities		(42,267)	(174,350)
Impairment of mine development and exploration	12,13	(34,930,796)	-
Other expenses	4	(577,152)	(895,235)
Operating loss		**(37,246,327)**	**(7,387,445)**
Interest income		472,158	144,280
Loss before tax		**(36,774,169)**	**(7,243,165)**
Income tax expense	5	-	-
Loss from continuing operations		**(36,774,169)**	**(7,243,165)**
Loss for the period		**(36,774,169)**	**(7,243,165)**
Other comprehensive income/(loss):			
Items that will be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(961,444)	282,002
Total comprehensive loss for the period		**(37,735,613)**	**(6,961,163)**
Loss for the year attributable to:			
Owners of Battery Minerals Limited		**(36,774,169)**	**(7,243,165)**
Total comprehensive loss for the year attributable to:			
Owners of Battery Minerals Limited		**(37,735,613)**	**(6,961,163)**
Loss per share from continuing operations:			
Basic loss per share (cents)	6	(2.930)	(0.763)
Diluted loss per share (cents)	6	(2.930)	(0.763)

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 2019

	Note	Consolidated 31-Dec-19 $	Consolidated 31-Dec-18 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	4,119,160	7,252,709
Other receivables	9	236,989	407,507
Total Current Assets		**4,356,149**	**7,660,216**
Non-Current Assets			
Other debtors	9	3,509,854	3,523,792
Property, plant and equipment	10	287,869	521,226
Intangible assets	11	124,788	23,363
Investments	20 (f)	-	84,533
Mine development expenditure	13	3,000,000	30,950,808
Exploration & evaluation expenditure	12	-	2,902,615
Total Non-Current Assets		**6,922,511**	**38,006,337**
Total Assets		**11,278,660**	**45,666,553**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	213,073	810,244
Provisions	15	161,022	211,658
Total Current Liabilities		**374,095**	**1,021,902**
Total Liabilities		**374,095**	**1,021,902**
NET ASSETS		**10,904,565**	**44,644,651**
EQUITY			
Issued Capital	16	78,909,275	74,125,719
Reserves	17	4,128,285	5,877,758
Accumulated Losses	18	(72,132,995)	(35,358,826)
TOTAL EQUITY		**10,904,565**	**44,644,651**

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 2019

	Note	Consolidated 31-Dec-19 $	Consolidated 31-Dec-18 $
Cash flows from operating activities			
Payments to suppliers and employees		(4,496,334)	(6,414,986)
Net interest received		472,157	144,280
Net cash (outflow) from operating activities	19	**(4,024,177)**	**(6,270,706)**
Cash flows from investing activities			
Net proceeds from sale of subsidiary		67,553	264,320
Net proceeds from sale of assets		366,844	-
Payments made for property, plant and equipment and intangibles		(27,460)	(232,674)
Payments for exploration & evaluation expenditure		(282,218)	(851,922)
Payments for mine development expenditure		(3,968,021)	(21,641,595)
Payment for mine performance bond		-	(3,523,792)
Net cash (outflow) from investing activities		**(3,843,302)**	**(25,985,663)**
Cash flows from financing activities			
Proceeds from share issue		5,110,500	34,065,982
Capital raising costs		(326,944)	(2,244,527)
Net cash inflow from financing activities		**4,783,556**	**31,821,455**
Net increase/(decrease) in cash and cash equivalents		(3,083,923)	(434,914)
Cash and cash equivalents at beginning of year		7,252,709	7,723,112
Effect of exchange rate fluctuations on cash held		(49,626)	(35,489)
Cash and cash equivalents at end of year		**4,119,160**	**7,252,709**

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 2019

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

Consolidated for the year ended 31 December 2019	Issued Capital $	Share based payment reserve	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 January 2019	**74,125,719**	**6,029,637**	**(151,879)**	**(35,358,826)**	**44,644,651**
Loss for the year	-	-	-	(36,774,169)	(36,774,169)
Other comprehensive income	-	-	(961,444)	-	(961,444)
Total comprehensive income(/loss) for the year	**-**	**-**	**(961,444)**	**(36,774,169)**	**(37,735,613)**
Transactions with owners of Battery Minerals Limited					
Shares issued net of transaction costs	4,783,556	-	-	-	4,783,556
Share based payments	-	(788,029)	-	-	(788,029)
Total transactions with owners of Battery Minerals Limited	**4,783,556**	**(788,029)**	**-**	**-**	**3,995,527**
Balance at 31 December 2019	**78,909,275**	**5,241,608**	**(1,113,323)**	**(72,132,995)**	**10,904,565**

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 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 by the Board of Directors for issue on 25 March 2020.

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 2019 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 2019, the consolidated entity has net assets of $10,904,565 (2018: $44,644,651). During the financial year the consolidated entity had cash outflows from operating activities of $4,024,177 (2018: $6,270,706) and cash outflows from investing activities (including payments for mine development and exploration) of $3,843,303 (2018: $25,985,663). 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 ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to raise capital from equity and debt markets and managing cashflow in line with available funds. Subsequent to this year end, the Group has received MZN 83 million (AUD2.1 million) in March 2020 being a cash release due to a reduction of the performance bond held with the Unico Bank in Mozambique. The Group is anticipating a potential refund from suppliers for orders placed at the beginning of 2018 that have not been completed or progressed further. The Group will need to raise additional funds to meet expenditure commitments for a newly acquired right for a prospective exploration asset in Victoria and support its current level of corporate overheads to continue as a going concern. 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 will continue working on equity/debt finance for the Montepuez Graphite Project revisiting its strategy to adjust to a changing market environment.

Based on the cash flow forecasts, and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. Given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required, should the need arise.

However, the completion of any potential capital raise will be dependent on investor support, shareholder participation and prevailing capital market volatility whether caused by COVID-19 or otherwise. If the Group is not successful in securing sufficient funds, there is a material uncertainty that may cast significant doubt on whether the Group is able to continue as a going concern and as to whether the Group will be able to release its assets in the normal course of business and at amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

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 of loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit of loss and other comprehensive income on a net basis within other income orother 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.

Notes to the Consolidated Financial Statements (continued)

2. Basis of Accounting (continued)

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.

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 is 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. Leases

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Notes to the Consolidated Financial Statements (continued)

2. Basis of Accounting (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Previously, the Group classified property leases as operating leases under AASB 117. On transition, no right-of-use assets and lease liabilities were recognised on the balance sheet as the application of the standard did not have a material effect to the Group's financial statements.
The Group used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

The Group had no leases classified as finance leases under AASB 117 prior to 1 January 2019.

F. 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 23

G. Changes in Accounting Policy

In the year ended 31 December 2019, 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 16 with an effect from 1 January 2019. 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)

H. Standards issued not yet effective

Title of standard	Nature of change	Impact	Mandatory application date/ Date adopted by company
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	Principally amends AASB 101 and AASB 108. The amendments refine the definition of "material" in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.	Annual reporting periods beginning on or after 1 January 2020

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 2019	Mozambique $	Australia $	Total $
Interest revenue	411,531	60,626	472,157
Other segment income	8,274	7,604	15,878
Net foreign exchange gain/(loss)	286,180	331,558	617,738
Business development	-	(1,197,724)	(1,197,724)
Corporate and administration overhead	(501,159)	(1,755,098)	(2,256,257)
Fair value adjustment on equity securities	-	(42,267)	(42,267)
Exploration and mine development impairment	(34,930,796)	-	(34,930,796)
Total segment expenses	**(35,431,955)**	**(2,995,089)**	**(38,427,044)**
Reportable segment loss	(34,449,467)	(2,324,702)	(36,774,169)

Segment Assets	Mozambique $	Australia $	Total $
Cash	567,226	3,551,934	4,119,160
Exploration and evaluation	-	-	-
Mine development asset	3,000,000	-	3,000,000
Other (1)	3,982,804	176,696	4,159,500
Total segment assets	**7,550,030**	**3,728,630**	**11,278,660**

(1) Other assets of the reporting segment "Mozambique" include current and non-current receivable of the mine performance bond of $3,509,854 held with the Unico Bank.

Segment Liabilities	Mozambique $	Australia $	Total $
Creditors and other payables	(125,185)	(248,910)	(374,095)
Total segment liabilities	**(125,185)**	**(248,910)**	**(374,095)**

Notes to the Consolidated Financial Statements (continued)

3. Segment Reporting (continued)

Capital Expenditure during the year	Mozambique $	Australia $	Total $
Exploration and evaluation – Balama Project	281,835	-	281,835
Mine development asset – Montepuez Project	3,980,647	-	3,980,647
Plant & equipment and intangible assets	1,259	32,684	33,943
Total capital expenditure	**4,263,741**	**32,684**	**4,296,425**

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)
Total segment expenses	**(540,422)**	**(7,396,213)**	**(7,936,635)**
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	4,022,283	538,137	4,560,421
Total segment assets	**38,349,908**	**7,316,644**	**45,666,553**

Segment Liabilities	Mozambique $	Australia $	Total $
Creditors and other payables	196,574	825,328	1,021,902
Total segment liabilities	**196,574**	**825,328**	**1,021,902**

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
Total capital expenditure	**23,657,744**	**166,113**	**23,823,857**

Notes to the Consolidated Financial Statements (continued)

4. Other Expenses

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Office costs	227,492	305,378
Depreciation	161,330	86,378
IT consultants and website	76,814	184,528
Subscriptions	28,418	109,955
Community support	16,632	167,321
Administrative operating costs	66,466	41,675
Total other expenses	**577,152**	**895,235**

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 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.

Notes to the Consolidated Financial Statements (continued)

5. Income Tax (continued)

		Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
(a)	**Income tax expense**		
	Current tax	-	-
	Deferred tax	-	-
		-	-
(b)	**Reconciliation of income tax expense to prima facie tax payable:**		
	Loss before income tax	(36,774,169)	(7,243,165)
	Prima facie income tax at 30% (30% in 2018 FY)	(11,032,251)	(2,172,950)
	Foreign tax rate differential	(11,052)	(13,500)
	Non-deductable/taxable items - Australia	2,734,315	415,629
	Non-deductable/taxable items – foreign operations	8,276,597	18,144
	Income tax benefits not brought to account	32,391	1,752,677
	Income tax expense/ (benefit)	**-**	**-**

		Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
(c)	**Unrecognised deferred tax assets arising on timing difference and losses**		
	Carried forward tax losses - Australia	4,842,693	3,483,184
	Carried forward tax losses – foreign operations	2,930,867	2,865,670
	Other	40,522	220,894
	Total	**7,814,082**	**6,569,748**

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.

Notes to the Consolidated Financial Statements (continued)

6. Earnings per Share (continued)

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

	Consolidated 31 Dec 2019	Consolidated 31 Dec 2018
Loss attributable to the owners of Battery Minerals Limited ($)	(36,774,169)	(7,243,165)
Basic loss per share attributable to equity holders (cents)	**(2.930)**	**(0.763)**
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	1,255,124,426	948,706,481
Weighted average number of ordinary shares used in calculation of diluted loss per share	1,255,124,426	948,706,481

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.

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 2019 $	Consolidated 31 Dec 2018 $
Cash at bank and in hand	4,119,160	7,252,709
	4,119,160	7,252,709

Cash at bank and in hand earns interest at floating rates based on daily bank rates. Refer to Note 20 (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 2019 $	Consolidated 31 Dec 2018 $
Current		
Prepaid expenses	72,823	55,769
GST receivable	88,568	265,504
Other receivables	75,598	86,234
	236,989	**407,507**

Notes to the Consolidated Financial Statements (continued)

9. Other Receivables (continued)

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Non-Current		
Other receivables [(1)]	3,509,854	3,523,792
	3,509,854	**3,523,792**

(1) Non-current other receivable is the mine performance bond of $3,509,854 (MZN 152 million) kept on a deposit with the Unico Bank in Mozambique.

The carrying amounts disclosed above represent their fair value.

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 that it's 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 13).

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Plant and equipment at cost	628,952	758,796
Accumulated depreciation	(341,083)	(237,570)
Net carrying amount	**287,869**	**521,226**

Notes to the Consolidated Financial Statements (continued)

10. Property, Plant and Equipment (continued)

Movements in carrying amounts

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Balance at beginning of the year	521,226	605,951
Additions during the year	3,985	205,075
Reclassified to mine development	(3,006)	(222,621)
Depreciation expense	(103,485)	(82,139)
Reclassified to intangibles	(128,912)	-
Foreign currency translation movement	(1,939)	14,960
Net carrying amount at the end of the year	**287,869**	**521,226**

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 2019 $	Consolidated 31 Dec 2018 $
Software at cost	186,905	28,035
Accumulated depreciation	(62,117)	(4,672)
Net carrying amount	**124,788**	**23,363**

Movements in carrying amounts

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Balance at beginning of the year	23,363	-
Additions during the year	29,958	28,035
Reclassification from property, plant and equipment	128,912	-
Depreciation expense	(57,445)	(4,672)
	124,788	**23,363**

Notes to the Consolidated Financial Statements (continued)

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 progress 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.

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Non-Current		
Exploration and evaluation at cost	**-**	**2,902,615**
Movement		
Balance at beginning of the year	2,902,615	10,433,531
Exploration expenditure capitalised during the year (1)	281,835	2,390,506
Research and development tax refund received	-	(403,490)
Exploration expenditure disposed due to the Kroussou project sale	-	(131,613)
Exploration expenditure disposed due to the tenement sale (2)	(96,680)	-
Reclassification to mine development (3)	-	(9,512,665)
Impairment (4)	(3,081,606)	-
Foreign currency translation movement	(6,164)	126,346
Closing exploration and evaluation net carrying amount (4)	**-**	**2,902,615**

(1) Exploration and evaluation expenditure capitalised in 2018 includes costs in relation to both Montepuez and Balama Central Project. Exploration and evaluation expenditure capitalised in 2019 includes only costs relating to the Balama Central Project.
(2) Disposal of the exploration and evaluation expenditure relating to the sale of Tenement 5572 in Mozambique and its final settlement in October 2019.
(3) Reclassified exploration and evaluation expenditure relates to the Montepuez Graphite Project, which moved into the development phase.
(4) The carrying amount of $3,081,606 of exploration and evaluation expenditure attributable to Balama Central Project has been fully impaired.

Assessment of Impairment

The Group assesses whether impairment indicators exist that would require the company to estimate the recoverable amount of the capitalised exploration and evaluation expenditure. At 31 December 2019 the Group has determined that the Balama Central Project is considered to be part of the same cash generating unit as the Montepeuz Graphite Project resulting in the exploration and evaluation expenditure being impaired to nil (refer note 13).

Notes to the Consolidated Financial Statements (continued)

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 the mine plant or building structures works had not commenced there was no provision made for site restoration or rehabilitation.

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Non-Current		
Mine development expenditure	**3,000,000**	**30,950,808**
Movement		
Balance at beginning of the year	30,950,808	-
Mine development expenditure capitalised during the year	3,980,647	21,202,016
Reclassified from exploration and evaluation expenditure	-	9,512,665
Reclassified from property, plant and equipment	-	222,621
Impairment	(31,849,190)	-
Foreign currency translation movement	(82,265)	13,506
Closing mine development net carrying amount	**3,000,000**	**30,950,808**

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 Group and the softening of the graphite market were identified as impairment indicators and accordingly, the Montepuez Graphite Project has been tested for impairment.

In determining the recoverable amount the Group has had regard to a range of valuation methodologies including:

- Discounted cash flow forecasts – this approach uses externally sourced forecasts for graphite prices, estimated quantities of recoverable ore, production levels, operating costs and capital requirements sourced from the Group's budgeting process.
- Comparable reserve and resource tonne multiples - enterprise value contained graphite multiples on both a reserve and resource basis has been calculated for selected peers. Share prices were significantly affected as a result of volatility on global and graphite markets.
- Simulated option value using an option pricing model – this approach simulates multiple scenarios using the Monte Carlo option pricing model by adjusting the probability of the graphite price increasing.

Each of the above approaches is considered to be a fair value less cost of sale approach.

Notes to the Consolidated Financial Statements (continued)

The softening of the graphite market and resultant pricing has resulted in a challenging environment to raise sufficient funding to progress the development of the Montepeuz Graphite Project. Under current forecast pricing, it is unlikely that the projects would be developed, however, the Group intends to preserve the value of its projects and keep them in good standing until prices recover. In this regard, the Directors have had regard to above methodologies in determining the recoverable amount of $3 million. Should graphite prices not significantly improve in the future, there is a risk that the carrying values will be further impaired to nil.

14. Trade and Other Payables

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.

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Current		
Trade and other payables	156,900	606,905
Accrued expenses	56,173	203,339
	213,073	**810,244**

15. Provisions

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 2019 $	Consolidated 31 Dec 2018 $
Current		
Provisions – employee benefits	161,022	211,658
	161,022	**211,658**
Movement		
Balance at beginning of the year	211,658	-
Employee benefits provision accrued during the year	354,447	211,658
Employee benefits paid during the year	(405,083)	-
Balance at the end of the year	**161,022**	**211,658**

Notes to the Consolidated Financial Statements (continued)

16. 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 2019 $	Consolidated 31 Dec 2018 $
Ordinary shares fully paid	78,909,275	74,125,719
	78,909,275	**74,125,719**

Movements in ordinary share capital

2019		No. of Shares	Issue Price	Amount, $
01-Jan-2019	Opening Balance	1,113,671,549	-	74,125,719
12-Apr-2019	Share issue - Placement - Tranche 1 (1)	160,000,000	$0.025	4,000,000
30-May-2019	Share issue -Placement – Tranche 2 (2)	44,420,000	$0.025	1,110,500
	Less: Share issue costs		-	(326,944)
		1,318,091,549		**78,909,275**

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	222,362,362	$0.060	13,341,743
15-Jan-2018	Share issue to contractors and staff	9,141,821	$0.060	548,509
28-Mar-2018	Conversion of performance rights	3,500,000	$0.058	203,000
29-Mar-2018	Share issue to contractor	672,307	$0.060	40,339
25-May-2018	Share issue - Placement - Tranche 1	183,681,689	$0.060	11,020,901
02-Jul-2018	Share issue - Placement - Tranche 2	160,866,645	$0.060	9,654,830
02-Aug-2018	Share issue to contractor	1,418,612	$0.031	44,076
	Less: Share issue costs	-	-	(2,244,527)
		1,113,671,549		**74,125,719**

(1) The Tranche 1 Placement shares were issued on 12 April 2019 under the Company's 15% placement capacity pursuant to ASX Listing Ruling 7.1 and on 21 May 2019 the General Meeting of Battery Minerals Limited shareholders approved and ratified the prior issue of the shares as part of Tranche 1 Placement.

(2) The issue of Tranche 2 Placement securities was approved by the General Meeting of Battery Minerals shareholders held on 21 May 2019.

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 pool 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.

Notes to the Consolidated Financial Statements (continued)

16. Issued Capital (continued)

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 17 and Note 23.

(b) 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 2019 $	Consolidated 31 Dec 2018 $
Cash and cash equivalents	4,119,160	7,252,709
Current trade and other receivables	1,991,916	407,507
Current trade and other payables	(213,073)	(810,244)
Current provisions	(161,022)	(211,658)
	5,736,981	**6,638,314**

17. 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.

Reserves	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Foreign currency translation reserve	(1,113,323)	(151,879)
Share- based payments reserve (1)	5,241,608	6,029,637
	4,128,285	**5,877,758**

(1) Share based payment reserve comprises options issued as share-based payments. Refer to Note 23 for more details.

Notes to the Consolidated Financial Statements (continued)

17. Reserves (continued)

Movements in share-based payments reserve

2019	Details	No. of Options & Rights	Amount $
01-Jan-19	Opening Balance	307,324,066	6,029,637
15-Feb-19	Forfeited options [1]	(2,000,000)	(9,885)
21-May-19	Options issued to directors [2]	65,500,000	121,217
21-May-19	Options issued to employees [3]	72,850,000	20,695
30-May-19	Listed options exercisable at $0.10 [4]	102,210,000	-
24-Jun-19	Forfeited options [5]	(1,500,000)	(17,809)
01-Jul-19	Forfeited options [1]	(200,000)	(2,443)
01-Jul-19	Forfeited options [1]	(1,200,000)	(14,660)
08-Nov-19	Forfeited options [6]	(22,000,000)	(84,036)
15-Nov-19	Forfeited options [1]	(600,000)	(7,330)
22-Nov-19	Forfeited options [7]	(50,000,000)	(59,461)
31-Dec-19	Vesting expense of prior years' options	-	386,764
31-Dec-19	Reverse vesting expense of prior years [8]	-	(1,121,081)
31-Dec-19	**Balance at end of year**	**470,384,066**	**5,241,608**

The total share-based payment expense of ($788,027) relating to prior years was reversed into profit and loss in 2019 due to a low probability of vesting conditions to be met.

(1) Unvested options forfeited upon resignation of an employee.

(2) Zepo options were issued to David Flanagan, Jeremy Sinclair and Jeff Dowling in accordance with the approval of the General Meeting of shareholders on 21 May 2019. Options are exercisable at nil price and expiry on 20 June 2024. 8,000,000 options issued to David Flanagan and 12,000,000 options issued to Jeremy Sinclair have vesting conditions linked a financial close and equity funding for the Montepuez Project phase 1. 38,000,000 options issued to Jeremy Sinclair have vesting conditions linked to commencement of commercial production being 43.5% of the Montepuez stage 1, 43.5% the Montepuez project stage 2 and 13% of the Balama project stage 1. 7,500,000 options issued to Jeff Dowling will vest in three equal parts on completion of 12 months, 24 months and 36 months of continuous service.

(3) The issue of Zepo options to employees was approved at the General Meeting of shareholders on 21 May 2019. Options are exercisable at nil price and expire on 20 June 2024. 23,450,000 options will vest on financial close and equity funding for the Montepuez project stage 1; 23,750,000 options will vest on commencement of commercial production of the Montepuez project stage 1; 24,650,000 options will vest on commencement of commercial production of the Montepuez project stage 2 and 1,000,000 options will vest on commencement of commercial production of the Balama project.

(4) Listed options exercisable at 10 cents on or before 31/07/2023, issued for every two Placement Shares subscribed under the Placement approved by the General meeting of Battery Minerals shareholders on 21 May 2019.

(5) Unvested options forfeited upon resignation of Ivy Chen.

(6) Unvested options forfeited upon resignation of Ben van Roon.

(7) Unvested options forefeited upon resignation of Jeremy Sinclair from the position of a Managing Director

(8) Share-based payment expenses recognised in prior periods have been reversed on the expectation that vesting conditions not being met.

Notes to the Consolidated Financial Statements (continued)

17. Reserves (continued)

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 (1)	334,141,820	77,222
15-Jan-18	Unlisted options exercisable at $0.15 (2)	7,800,000	-
15- Jan-18	Unlisted options exercisable at $0.1125 (2)	7,800,000	-
04-Feb-18	Expiry unlisted options	(1,000.000)	-
28-Mar-18	Performance rights vested (3)	(3,500,000)	(203,000)
21-Jun-18	Unlisted options issued – Placement (4)	91,840,796	-
27-Jun-18	Options issued to directors (5)	7,500,000	87,167
28-Jun-18	Options issued to directors (6)	20,000,000	114,647
30-Jun-18	Forfeited options (7)	(1,500,000)	(14,938)
02-Jul-18	Options issued to employees (8)	24,400,000	151,477
02- Jul-18	Options issued to employees (9)	11,250,000	53,630
04- Jul-18	Expiry unlisted options	(91,840,796)	-
04-Jul-18	Listed options issued exercisable at $0.10 (10)	172,274,066	-
31- Jul-18	Expiry unlisted options	(334,141,820)	(77,222)
15- Sep-18	Forfeited options (11)	(600,000)	(3,724)
30-Sep-18	Expiry unlisted vested options (7)	(1,000,000)	-
08-Oct-18	Forfeited options (12)	(6,500,000)	(37,742)
31-Dec-18	Vesting expense of prior years' options	-	1,003,033
31-Dec-18	**Balance at end of year**	**307,324,066**	**6,029,637**

18. Accumulated Losses

Movement in accumulated losses	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Balance at beginning of the year	(35,358,826)	(28,115,661)
Loss attributable to the owners of Battery Minerals Limited	(36,774,169)	(7,243,165)
Balance at end of the year	**(72,132,995)**	**(35,358,826)**

Notes to the Consolidated Financial Statements (continued)

19. Operating Cash Flow Reconciliation

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Reconciliation of operating cash flows to operating loss:		
Loss from ordinary activities after income tax	(36,774,169)	(7,243,165)
Adjustment for non-cash items:		
Depreciation and amortisation	161,330	86,378
Mine development impairment	34,930,796	-
Fair value adjustment to equity securities	42,267	174,350
Gain on sale of assets	90,341	-
Share- based payments	(788,027)	1,353,549
Dissolution of subsidiary	(203,045)	(258,883)
Foreign currency (gain)/loss	(693,106)	(123,633)
Changes in operation assets and liabilities during the year:		
(Increase)/decrease in trade and other receivables	95,680	337,265
Increase/(decrease) in trade and other payables	(886,244)	(596,567)
Net cash outflow from operating activities	**(4,024,177)**	**(6,270,706)**

20. 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).

Notes to the Consolidated Financial Statements (continued)

20. Financial Risk Management (continued)

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:

	AUD
Financial assets	
Cash and cash equivalents	884,525
Total financial assets	**884,525**
Financial liabilities	
Trade creditors and other payables	20,762
Total financial liabilities	**20,762**

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

USD/AUD 0.7002 (2018: 0.7046)

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 2019 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	2019 $	2018 $
USD/AUD +10%	(78,524)	(91,193)
USD/AUD -10%	95,974	111,459

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 (2018: 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 2019, the Group had interest-bearing assets in the form of cash and cash equivalents of $4,119,160 (2018: $7,252,709) and a mine performance bond of $3,509,854 (2018: $3,523,792). 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.

Notes to the Consolidated Financial Statements (continued)

20. Financial Risk Management (continued)

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	2019 $	2018 $
Hypothetical 80 basis points increase in interest	61,032	86,212
Hypothetical 80 basis points decrease in interest	(61,032)	(86,212)

The hypothetical movement in basis points for the interest rate sensitivity analysis is based on the currently observed market environment (2018: 0.80%).

The weighted average interest rate received on cash, cash equivalents and mine performance bond of the Group is 4.49% (2018: 5.38%)

(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 a 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.

Financial assets	2019 $	2018 $
Cash and cash equivalents	4,119,160	7,252,709
Other receivables	236,989	86,234
Non-current receivables	3,509,854	3,523,792
Total financial assets	**7,866,003**	**10,862,735**

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

Financial assets	2019 $	2018 $
Westpac Bank AA- rated	3,563,002	6,794,337
Mozambique banks BBB – rated (1)	4,066,013	3,982,164
Unrated	236,989	86,234
	7,866,004	**10,862,735**

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

Notes to the Consolidated Financial Statements (continued)

20. Financial Risk Management (continued)

(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.

2019	Less than 1 month $	1-3 months, $	3months - 1 year $	No set date of repayment	Total $
Trade creditors & other payables	59,980	201,400	112,715	-	374,095
	59,980	**201,400**	**112,715**	**-**	**374,095**
2018					
Trade creditors & other payables	181,634	692,107	148,161	-	1,021,902
	181,634	**692,107**	**148,161**	**-**	**1,021,902**

(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	2019 $	2018 $
Equity securities – carrying amount (1)	-	84,533
Equity securities – fair value amount (1)	-	84,533

Notes to the Consolidated Financial Statements (continued)

20. Financial Risk Management (continued)

(1) 10,566,636 listed equity securities issued by Trek Limited in 2018 were sold to Morgans Financial Limited in May 2019. On 31 December 2018 the price of Trek Limited share was $0.008, and the fair value of the equity securities was $84,533. The Trek shares were sold at the market price of $0.004 in May 2019 resulting in fair value movement of $42,267 recognised through profit and loss at the reporting date.

21. 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 2019	% Equity 31 December 2018
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
Au Resources Pty Ltd	Australia	100	100
Skype Resources Pty Ltd	Australia	100	100
Tanga Resources Limited	Mauritius	nil (1)	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	nil (1)	100
Suni Resources SA	Mozambique	100	100
Niassa Gold SA	Mozambique	100	100
Goldcrest Resources Sa	Mozambique	100	100
Afriminas Minerais Limitada	Mozambique	100	100

(1) Sold to Nedeel LLC on 25 January 2019 as per the share sale agreement of 26 September 2018. Tanga Resources Limited owned 100% of Niassa Metals SA, a subsidiary in Mozambique. Refer to Note 25 for more details.

Notes to the Consolidated Financial Statements (continued)

21. Related Party Disclosure (continued)

(a) Key Management Personnel

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

Director	Position	Appointed	Resigned
David Flanagan	Non-Executive Chairman	1 July 2019	-
	Executive Chairman	8 April 2019	1 July 2019
	Managing Director	25 January 2018	8 April 2019
	Executive Chairman	30 March 2017	25 January 2018
	Non-Executive Chairman	11 October 2016	30 March 2017
Jeremy Sinclair	Non-Executive Director	22 November 2019	-
	Managing Director	8 April 2019	22 November 2019
Jeff Dowling	Non-Executive Director	8 April 2019	-
	Non-Executive Chairman	25 January 2018	8 April 2019
Gilbert George	Non-Executive Director	1 August 2012	21 May 2019
Brett Smith	Non-Executive Director	1 August 2012	21 May 2019
Paul Glasson	Non-Executive Director	19 April 2017	21 June 2019
Ivy Chen	Non-Executive Director	25 January 2018	21 June 2019

(b) Other key management personnel

Name	Position	
Tony Walsh	Company Secretary	-
Ben Van Roon	Chief Operating Officer	resigned 8 November 2019
Nick Day	Chief Financial Officer	-

(c) Key management personnel compensation

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Short-term employee benefits	541,045	1,983,983
Share based payments	(72,709)	1,199,124
Post-employment benefit	25,358	74,854
Total	**493,694**	**3,257,961**

(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 23).

Notes to the Consolidated Financial Statements (continued)

22. Auditors' Remuneration

	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Audit fees by BDO Mozambique	16,391	-
Audit and review by KPMG Australia	46,598	50,000
Audit fees by KPMG Mozambique	-	10,644
Tax and legal advisory services fees by KMPG Mozambique	73,225	114,346
Total remuneration for auditors' services	**136,214**	**174,990**

23. 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.

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 in 2019:

Option	Recipient	Number of Options	Issue Date	Vesting Date	Expiry Date	Exercise Price, $	Total Fair Value, $
A	Jeff Dowling	7,500,000	21/05/2019	Various (1)	24/04/2024	nil	165,000
B	Jeremy Sinclair	50,000,000	21/05/2019	Various (2)	24/04/2024	nil	990,000
C	David Flanagan	8,000,000	21/05/2019	Various (3)	24/04/2024	nil	176,000
D	Employees	68,500,000	21/05/2019	Various (4)	24/04/2024	nil	1,507,000
E	Employees	4,000,000	21/05/2019	Various (5)	24/04/2024	nil	66,000
F	Employees	350,000	21/05/2019	Various (6)	24/04/2024	nil	7,700
		138,350,000					**2,911,700**

All options issued during the financial year had the nil exercise price and were valued at the share market price on the grant date. No share-based payment expense was recognised in profit in loss on the expectation that vesting conditions not being met.

Notes to the Consolidated Financial Statements (continued)

23. Share-based payments (continued)

(1) 7,500,000 options will vest in three equal tranches after 12, 24 and 36 months of continuous service on the board of directors.
(2) 12,000,000 options will vest upon a financial close of the project finance and completion of the remaining equity funding for the Montepuez Graphite project Stage 1. The rest of the options will vest upon the commencement of commercial productions of different stages: 16,500,000 options upon the Montepuez Graphite project Stage 1; 16,500,000 options upon the Montepuez Graphite project Stage 2 and 5,000,000 options upon the Balama Central Graphite project Stage 1.
(3) 8,000,000 options will vest upon a financial close of the project finance and completion of the remaining equity funding for the Montepuez project Stage 1.
(4) 23,200,000 options will vest upon a financial close of the project finance and completion of the remaining equity funding for the Montepuez project Stage 1, 22,650,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1 and 22,650,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 2.
(5) 1,000,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1, 2,000,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 2 and 1,000,000 options will vest upon the commencement of commercial production of the Balama Central Graphite project Stage 1.
(6) 250,000 options will vest upon a financial close of the project finance and completion of the remaining equity funding for the Montepuez project Stage 1 and 100,000 options will vest upon the commencement of commercial production of the Montepuez Graphite project Stage 1.

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

2019

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
30-May-16	30-May-20	0.09	0.036	2,500,000		-	-	2,500,000	2,500,000
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
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	3,000,000
27-Jun-18	30-Jun-13	0.13	0.017	4,500,000		-	-	4,500,000	2,250,000
27-Jun-18	30-Jun-13	0.13	0.017	3,000,000		-	1,500,000	1,500,000	1,500,000
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	19,800,000		-	7,000,000	12,800,000	-
27-Jun-18	16-Jul-23	0.20	0.014	6,600,000		-	2,000,000	4,600,000	2,200,000
27-Jun-18	16-Jul-23	0.20	0.014	2,000,000		-	1,000,000	1,000,000	-
27-Jun-18	16-Jul-23	0.15	0.014	150,000		-	-	150,000	75,000
21-May-19	24-Apr-24	0.00	0.022		72,850,000	-	16,000,000	56,850,000	-
21-May-19	24-Apr-24	0.00	0.022		65,500,000	-	50,000,000	15,500,000	-
				119,450,000	**138,350,000**	**-**	**77,500,000**	**180,300,000**	**42,425,000**

Notes to the Consolidated Financial Statements (continued)

23. Share-based payments (continued)

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 (1)	-	-	-
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	-
				70,400,000	**63,150,000**	**3,500,000**	**10,600,000**	**119,450,000**	**34,900,000**

(c) The expense recognised in profit and loss

The expense relating to prior years share-based payments of ($788,027) was reversed into profit and loss in 2019 due to a low probability of vesting conditions to be met (2018: $1,353,549).

Notes to the Consolidated Financial Statements (continued)

24. Parent Entity Disclosure

The following details information related to the parent entity, Battery Minerals Limited, as at 31 December 2019. The information has been prepared on the same basis as consolidated financial statements.

	Company 31 Dec 2019 $	Company 31 Dec 2018 $
Current assets	3,510,203	6,951,740
Non-Current assets	5,920,128	35,924,391
Total assets	**9,430,331**	**42,876,131**
Current liabilities	248,910	825,328
Total liabilities	**248,910**	**825,328**
Contributed equity	78,909,275	74,125,719
Share based payments reserve	5,241,608	6,029,636
Accumulated losses	(74,969,462)	(38,104,551)
Total equity	**9,181,421**	**42,050,803**
Loss after income tax	(36,864,911)	(6,278,922)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income/(loss) for the year	**(36,864,911)**	**(6,278,922)**

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.

25. 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.

Notes to the Consolidated Financial Statements (continued)

25. Subsidiaries (continued)

Recognition of Sale of Tanga Minerals Limited

Battery Minerals Limited entered into a binding share sale agreement with Nedeel LLC on 26 September 2018 to sell 100% of the issued capital of its Mauritian subsidiary, Tanga Minerals Limited, which holds 100% of Niassa Metals S.A (Mozambique). The deed of settlement was executed on 25 January 2019.

Battery Minerals recognizes the following estimated revenue and costs associated with the sale of Tanga Minerals

Transaction Element	Amount, $
Cash Consideration Received (USD 50,000 @ 0.7157)	69,855
Net revenue on sale of Tanga Minerals/ Niassa Metals	**69,855**
Dispose of net liabilities in Tanga Minerals	(2,220)
Dispose of net liabilities in Niassa Metals	(207,548)
Net gain on sale of Tanga Minerals/ Niassa Metals	**(270,598)**

The gain on disposal of Tanga Minerals and Niassa Metals was recognised as profit for the year in the statement of profit or loss and other comprehensive income.

26. 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 2019 $	Consolidated 31 Dec 2018 $
Within one year	707,417	682,022
Later than one year but no later than five years	-	-
	707,417	**682,022**

(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 2019	Consolidated 31 Dec 2018 $
Within one year	-	54,545
Later than one year but no later than five years	-	-
	-	**54,545**

Notes to the Consolidated Financial Statements (continued)

27. Events After the End of the Reporting Period

In March 2020 Battery Minerals Limited has signed two binding agreements to acquire 67% and 33% of Gippsland Prospecting Pty Ltd (Gippsland Prospecting), which has the sole right to apply for a highly prospective exploration licence of Block 4 immediately adjacent to Thursday's Gossan copper-gold project in Victoria. The acquisition is subject to the approval of Battery Minerals shareholders and the grant of the exploration licence. As a consideration, Battery Minerals will issue 439,363,850 ordinary shares and pay up to $500,000 to the three shareholders of Gippsland Prospecting Pty Ltd and repay Gippsland Prospecting shareholder loans of $250,000 for past expenditure. Battery Minerals has agreed to spend a minimum of $1.5 million on exploration and evaluation on Block 4 in the first 12 months after completion of the transaction.

On completion of the transaction Mr Kent Balas and Dr Darryl Clark will join the Battery Minerals Board, and Mr Balas will be appointed as Managing Director of Battery Minerals. Subject to shareholder approval, Battery Minerals will issue the new members of management 70 million Zepo incentive 5-year options with vesting conditions subject to clear performance targets, being the definition of mineral resources, ore reserves and a decision to mine.

After the reporting date, the Company seen macro-economic uncertainty with regards to prices and demand for battery minerals including graphite as a result of the COVID-19 (coronavirus) outbreak. Furthermore, recent global developments and uncertainty in March 2020 has caused further abnormally large volatility in commodity and stock markets. The scale and duration of these developments remain uncertain but could impact the Company's ability to finance its projects.

Directors' 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 2019 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 Chairman 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

____

David Flanagan
Chairman

Perth, Western Australia, 25 March 2020

Corporate Governance Statement at 24 March 2020

The Company's corporate governance statement and Appendix 4G can be found on the Company's website at www.batteryminerals.com/corporate/corporate-governance/ , was approved by the Board on 24 March 2020 and is current at 24 March 2020.

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 3rd edition unless otherwise stated.

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

ASX Additional Information as at 24 March 2020

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 is:

- 1,318,091,549 listed ordinary fully paid shares;
- 274,484,066 listed options exercisable at $0.10 and expiring on 31 July 2023; and
- 180,300,000 unlisted options

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

2. Distribution of Equity Securities

Ordinary Shares (ASX Code: BAT)

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	119	6,764	0.00%
1,001 - 5,000	63	271,961	0.02%
5,001 - 10,000	297	2,441,002	0.19%
10,001 - 100,000	1,384	67,617,872	5.13%
100,001 - 9,999,999,999	1,201	1,247,753,950	94.66%
Totals	**3,064**	**1,318,091,549**	**100.00%**

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	144	8,435,406	3.07%
100,001 - 9,999,999,999	245	266,029,904	96.92%
Totals	**391**	**274,484,066**	**100.00%**

Unmarketable parcels

There were 1,946 shareholders holding less than a marketable parcel of ordinary shares.

3. Top 20 Largest Holders of Listed Securities

Ordinary shares (ASX Code: BAT)

	Holder Name	Holding	%
1	FARJOY PTY LTD	199,133,245	15.11%
2	PACIFIC DEVELOPMENT CORPORATION PTY LTD	35,000,000	2.66%
3	MITCHELL GROUP HOLDINGS PTY LTD	27,044,381	2.05%
4	BNP PARIBAS NOMS PTY LTD	23,598,431	1.79%
5	GURRAVEMBI INVESTMENTS PTY LTD	20,000,000	1.52%
6	JOHNSTON CORPORATION PTY LTD	20,000,000	1.52%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,956,079	1.36%
8	SKER HOLDINGS PTY LTD	17,000,000	1.29%
9	CITICORP NOMINEES PTY LIMITED	13,010,161	0.99%
10	SEYMOUR GROUP PTY LTD	12,923,434	0.98%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,915,639	0.98%
12	BT PORTFOLIO SERVICES LTD	12,600,000	0.96%
13	RESOURCE & LAND MANAGEMENT SERVICES PTY LTD	12,500,000	0.95%
14	MS CINDY TONKIN & MR STUART PETER TONKIN	10,944,225	0.83%
15	CRANPORT PTY LTD	9,965,371	0.76%
16	MR JOSEPH CAMILLERI	9,000,000	0.68%
17	ABHI SUPER PTY LTD	8,955,456	0.68%
18	RACELAND HOLDINGS PTY LTD	8,600,000	0.65%
19	MR DARRYL THOMAS AYRIS	7,995,191	0.61%
20	MR MATHEW MARIAN APPLETON	7,791,525	0.59%
	Total	**486,933,138**	**36.94%**
	Total issued capital - selected security class	**1,318,091,549**	**100.00%**

Listed Options exercisable at $0.10 and expiring on 31 July 2023 (ASX Code: BATO)

	Holder Name	Holding	%
1	FARJOY PTY LTD	51,666,667	18.82%
2	D M MIDDLETON PTY LTD	20,000,000	7.29%
3	SEYMOUR GROUP PTY LTD	10,000,000	3.64%
4	PACIFIC DEVELOPMENT CORPORATION PTY LTD	10,000,000	3.64%
5	RESOURCE & LAND MANAGEMENT SERVICES PTY LTD	9,249,999	3.37%
6	MR NEIL WELSH	6,541,167	2.38%
7	SKER HOLDINGS PTY LTD	6,249,999	2.28%
8	ANDREW MARK WILMOT SETON	6,217,556	2.27%
9	JOHNSTON CORPORATION PTY LTD	5,499,999	2.00%
10	MR STEPHEN BERNARD PEART	5,000,000	1.82%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,649,207	1.69%
12	CRANPORT PTY LTD	3,639,022	1.33%
13	M & K KORKIDAS PTY LTD	3,556,999	1.30%
14	MR GREGORY MILTS	3,000,000	1.09%
15	SAS INVESTMENTS PTY LTD	3,000,000	1.09%
16	UURO PTY LTD	3,000,000	1.09%
17	NATIONAL NOMINEES LIMITED	2,974,999	1.08%
18	MCNEIL NOMINEES PTY LIMITED	2,720,000	0.99%
19	NORTHCOVE INVESTMENTS PTY LTD	2,500,000	0.91%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,500,000	0.91%
	Total	**169,250,614**	**61.66%**
	Total issued capital - selected security class	**274,484,066**	**100.00%**

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.

5. Unquoted securities

The following unlisted class of security are listed below:

Expiry Date	Exercise Price, $	Balance Number	Vested & exercisable Number
30-May-20	0.09	2,500,000	2,500,000
21-Dec-21	0.10	5,000,000	5,000,000
21-Dec-21	0.15	5,000,000	5,000,000
21-Dec-21	0.20	5,000,000	5,000,000
21-Dec-21	0.25	5,000,000	5,000,000
21-Dec-21	0.15	10,000,000	-
21-Dec-21	0.15	3,000,000	3,000,000
21-Dec-21	0.15	4,400,000	4,400,000
21-Dec-21	0.15	3,000,000	3,000,000
23-Dec-21	0.15	1,500,000	500,000
22-May-22	0.20	1,000,000	-
26-May-22	0.94	10,000,000	-
26-May-22	0.20	5,000,000	-
26-May-22	0.13	3,000,000	3,000,000
30-Jun-13	0.13	4,500,000	2,250,000
30-Jun-13	0.13	1,500,000	1,500,000
3-Jul-23	0.00	20,000,000	-
13-Jul-23	0.00	12,800,000	-
16-Jul-23	0.20	4,600,000	2,200,000
16-Jul-23	0.20	1,000,000	-
16-Jul-23	0.15	150,000	75,000
24-Apr-24	0.00	56,850,000	-
24-Apr-24	0.00	15,500,000	-
TOTAL		**180,300,000**	**42,425,000**

6. Substantial shareholder notices

Name	Number of Shares	% Holding
FARJOY PTY LTD	199,133,245	15.11%

Restricted Securities Subject to Escrow

There are no shares subject to escrow.

7. On-market buy back

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

8. 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 2019 consistent with its business objective and strategy.

9. Tenure

See Operations Overview.

BATTERY MINERALS

www.batteryminerals.com