

Battery Minerals Signs Binding Offtake Agreement

Deal with US-based graphite processing specialist covers up to 20% of phase one production from Montepuez graphite project

Highlights

- **Binding agreement for sale of at least 5,000tpa of graphite concentrate at a minimum 95% TGC to US-based graphite processing graphite Urbix Resources**
- **Three-year term starting 2019 with an option to renew for another three years**
- **Deal gives Urbix the right to bid for an additional 6,000tpa of graphite concentrate from Montepuez**

Battery Minerals Limited (ASX: BAT) is pleased to advise that it has reached another major milestone in its strategy to become a global graphite supplier to the lithium battery industry, signing a binding sales agreement with a leading US-based graphite processor.

The binding offtake agreement covers up to 11,000 tonnes of graphite concentrate per year, equal to more than 20 per cent of the initial forecast annual output from Battery Minerals' Montepuez project in Mozambique.

The offtake agreement, is for a three-year term starting in 2019, with Urbix Resources LLC, a privately-owned company based in Arizona in USA. Urbix has extensive expertise in purification, downstream processing and marketing of graphite.

In addition to the offtake agreement, Battery Minerals has also signed a binding Test-work Term Sheet and Memorandum of Understanding (MoU) covering Toll Treatment and Technology commercialization with Urbix.

Battery Minerals Executive Chairman David Flanagan said the binding offtake agreement marked another key milestone along the path to project development and cashflow.

"This deal is pivotal for three reasons: it reflects the quality of the Montepuez product, it highlights the outstanding future of the project and it underpins the sale of a significant share of our forecast production," Mr Flanagan said.

"With our \$20 million capital raising recently completed, engineering studies progressing rapidly and now binding sales agreements in place, we are firmly on track to start construction in the next quarter and be commissioning in December 2018.

"We will also be working with Urbix to develop and market the products to sell into the US battery market. Ongoing market development will include optimising development of a spherical graphite for use as anode material in lithium-ion batteries as part of an international marketing strategy."

Binding Offtake Term Sheet

Under the binding offtake term sheet, Urbix will acquire up to 11,000 tonnes of graphite concentrate per annum at a minimum 95% TGC from Battery Minerals. Urbix has committed to acquire a minimum

of 5,000 tonnes per annum of graphite concentrate and has an option to acquire an additional 6,000 tonnes per annum. This option must be exercised within 12 months of Montepuez commencing mining.

The binding offtake term sheet contemplates the parties signing a formal offtake agreement on industry standard terms with an initial term of three years starting 2019 with an option to renew for another three years.

Urbix will have a right to bid for up to 6,000 tonnes per annum of additional production when Battery Minerals' Montepuez graphite project expands and again a further 6,000 tonnes per annum when Battery Minerals' Balama Central graphite project comes on stream. This comprises potential agreements for an additional 18,000t above the initial 5,000 tonnes.

Binding Test Work Services Term Sheet

Pursuant to the binding test-work term sheet, Urbix will complete test work on Battery Minerals' concentrates with the express purpose of demonstrating the feasibility of Urbix's cost effective spheronisation and purification process using Battery Minerals' product. The expected scope of this test-work will include testing spheronization and coating, investigation of Urbix's "green" acid purification method and other test-work.

The test work programme will be agreed by both parties in the coming months and it is expected involve expenditure of up to US\$500,000. Battery anticipates that payment for this testwork will be made 50% in cash and 50% in Battery Minerals' shares.

Toll Treatment Memorandum of Understanding

The Toll Treatment MoU contemplates a toll process purification agreement with Urbix supplying Battery Minerals with Urbix's innovative and environmentally-friendly graphite purification processes.

The MoU establishes a framework for co-operation for the purposes of developing and executing a toll treatment agreement in which Battery Minerals will supply Urbix with graphite flake concentrate for toll treatment. Urbix will purify Battery Minerals' 95 to 97% TGC natural flake graphite into graphite concentrate with a TGC of a minimum 99.5%. Urbix will have a right to acquire the product from the toll treatment. The MoU is non-binding and non-exclusive.

MOU for Joint Commercialisation and ongoing technology access (Technology MoU):

The Technology MoU contemplates that on demonstrating the feasibility of the Urbix process in value adding to Battery Minerals' graphite concentrate, the parties will negotiate in good faith to jointly commercialise the technology.

Subject to agreed commercial terms and successful completion of test work, Battery Minerals will consider investing up to US\$1 million in Urbix to take maximum advantage of this technology.

Background Information

Urbix Resources LLC (Urbix) is a privately-owned company based in Arizona, USA. Urbix Resources creates radical change in the way natural graphite is refined and commercialized. Urbix specializes in all aspects of the graphite value chain, and is a premier provider of refined graphite powders, pristine graphene, "graphenesque" products, expanded graphite, and specialty graphite products. Urbix advanced technology includes unique environmentally/cost conscious purification methods and significant intellectual property developments in a wide range of applications including proprietary li-ion battery cells, graphene products, cements, and other composites and energy storage materials. Urbix's state-of-the-art laboratory is located in Mesa, Arizona with commercial milling operations outside Hermosillo, Sonora MX.

Battery Minerals Limited is an ASX listed Australian company with two world-class graphite deposits in Mozambique, those being Montepuez and Balama. Battery Minerals has produced high quality graphite flake concentrate at multiple laboratories. Battery Minerals intends to commence graphite flake concentrate from its Montepuez Graphite Project at export rates at 45,000 to 50,000tpa rate in the next 15 months, targeting an average flake concentrate grade of 96.7% TGC. As Battery Minerals executes subsequent expansions, it expects production to grow to over 100kt per annum graphite flake concentrate by 2022.

Battery Minerals has recently completed a value engineering study on its Montepuez Graphite Project which found the project would deliver strong financial returns (see ASX release dated October 18, 2017 for full details). Balama Central is Battery Minerals' second graphite project in Mozambique, where the recent completion of a concept study resulted in Battery deciding to proceed with a Definitive Feasibility Study due for completion mid-2018 (see ASX release dated October 26, 2017 for full details).

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