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17 August 2021

## **Tirupati Graphite plc ('Tirupati' or the 'Company')**

### **Tirupati to Acquire Strategic Mozambique Graphite Projects from ASX Listed Battery Minerals**

Tirupati Graphite plc, the fully integrated, revenue generating, specialist graphite producer and graphene and advanced materials developer, is pleased to announce that it has entered into a binding acquisition agreement for the acquisition of the entire issued share capital of Suni Resources SA ("Suni Resources") (the "Acquisition"). Suni Resources holds the Mozambique portfolio of graphite assets of ASX listed Battery Minerals Limited ("Battery Minerals"), which includes the construction initiated Montepuez Graphite Project ("Montepuez" or the "Montepuez Project") and the advanced feasibility study stage Balama Central Graphite Project ("Balama Central" or the "Balama Central Project"). The Acquisition includes all associated assets, infrastructure, permits, licenses and intellectual property on both projects for a total consideration of AU\$12.5 million (circa £6.6 million) in a cash and shares deal. The Acquisition is subject, amongst other things, to the mandatory shareholder approval of Battery Minerals and approval of the transaction by the Ministry of Mineral Resources and Energy in Mozambique.

Mozambique is home to commercially significant deposits of graphite and a key determinant of mining opportunities in Mozambique is the global energy transition, which has driven demand for certain minerals needed to fuel electric vehicles and vehicles that rely on hydrogen fuel cells. Mozambique is well-positioned to take advantage of this market boom, with mining operations already expanding across Cabo Delgado where the projects are located as well as Gaza, Manica, Maputo, Nampula, Niassa, Tete and Zambezia.

### **Overview**

- The projects are being acquired from ASX listed Battery Minerals;
- The Acquisition is in line with the Company's stated strategy of diversifying its resource base and mitigating country risk;
- Two complementary world-class graphite deposits, spread over a combined 18,500 hectares permit area adding mineral resources of over 152 million tonnes at 8.5% TGC, significantly increasing the Company's JORC Code (2012) mineral resource base;
- Extensive pre-development work and a Definitive Feasibility Study ("DFS") has been conducted by Battery Minerals on the Montepuez project, resulting in a development plan for a 100,000 tonnes annual graphite concentrate capacity in two equal stages;
- Construction was initiated at the Montepuez project for a first stage 50,000 tpa flake graphite project with c. 100 person base camp, plant area grading and tailing dam construction substantially completed and certain long lead equipment including crusher unit ordered for the development of the project;

- The projects graphite product basket is a mix of jumbo, large and small flake, complementing Tirupati's existing mix of predominantly jumbo and large flake graphite products from Madagascar;
- Upon completion, the Company intends to further optimise the project development plans leveraging application of its extensive and proven expertise in developing graphite projects to minimise investment and optimise operating costs while looking to retain the plans to implement 2 x 50,000 tpa modules plan owing to visible market opportunities in the green economy; and
- Solidifies the Company's divisional structure of primary mining and processing projects in Madagascar, Sahamamy and Vatomina, and speciality graphite and graphene processing businesses in India.

### **Transaction Rationale**

- Montepuez is an in-construction high grade flake graphite project while Balama Central is an advanced stage feasibility ready project located in an established graphite producing district of Mozambique;
- The Acquisition provides resource diversity to support the Company's strategy of being a global leader in flake graphite, adding substantial JORC Code (2012) resources and reserves to complement its existing resources of high-quality large flake graphite in Madagascar;
- The additional mineral resources and reserves lay the foundation for the Company to capitalise on the visible market opportunities emanating from the growth of e-mobility and energy storage, fire safety, thermal management, advanced materials and composites;
- The Acquisition will enable the Company to achieve its stated strategy of diversifying country risk with a second primary resource location and provide advantages of higher-grade deposits with c.9-10% TGC;
- The c.60-70% medium and small flake graphite anticipated from the projects, which are preferred by certain end users in the lithium-ion battery anode and are a feed stock for micronized graphite, enable the Company to prioritise its premium jumbo and large flake Madagascan resources to premium markets for these products and applications.

### **Key Transaction Terms**

- Subject to the satisfaction of the conditions to the transaction, the Company will acquire from Battery Minerals 100% of the issued share capital of Suni Resources (a Mozambique incorporated subsidiary of Battery Minerals), all related intellectual property relating to the Montepuez Project and Balama Central Project, and will be assigned the shareholder loans owed by Suni Resources to certain Battery Minerals group companies amounting to c.AU\$29 million for a total aggregate consideration of AU\$12.5 million;
- Of the agreed consideration, AU\$1.5 million (c.£0.8 million) shall be settled in cash at completion;
- The balance of AU\$11 million (c.£5.8 million) shall be settled by the issue of 5,667,288 ordinary shares in the Company ("TG Shares") at an issue price of £1.03 per share, being a 10% discount to the 5-day VWAP prior to the date of entry into the acquisition agreement in two equal tranches, the first 2,833,644 TG Shares to be issued on completion of the Acquisition and the second 2,833,644 TG Shares to be issued eight months after the completion date;
- 50% of the TG Shares will be subject to a lock-in for 8 months post completion;

- 50% of the TG Shares will be subject to a lock-in for 20 months post completion;
- Accrued VAT Refunds to the date of completion claimed in Mozambique shall remain to Battery Minerals;
- Completion of the transaction is subject to certain conditions precedent, including:
  - Mozambique governmental approvals for the transfer of the shares held by Battery Minerals' subsidiary Rovuma Resources Limited in Suni Resources and the overall transaction, including the approval of the Ministry of Mineral Resources and Energy; and
  - Battery Minerals shareholder approval for the transaction.
- The parties have agreed to best efforts for satisfaction of the conditions precedent and it is expected that the satisfaction of the conditions can be secured by end of November 2021, although there is no guarantee that these will occur;
- The conditions precedent must be satisfied prior to 29 April 2022 ("Longstop Date") or as may be agreed by the parties in writing;
- The acquisition agreement may be terminated prior to completion by either party if the conditions precedent are not satisfied prior to the Longstop Date, if there is a material breach of the agreement by the other party or by the Company, if the licences relating to the Montepuez and Balama Central Graphite Projects are terminated or adversely varied, or if a material adverse change occurs in respect of Suni Resources prior to completion;
- The acquisition agreement is otherwise subject to customary terms and conditions for a transaction of this nature, including pre-completion obligations, warranties and indemnities provided by the parties.

**Shishir Poddar, CEO of Tirupati Graphite, said:** *"With fast evolving opportunities as the electrification of mobility has taken off, and the world is starting its scramble for supplies of critical raw materials of which graphite is one, this is nothing short of a game-changing acquisition for us to build our arsenal and seize every opportunity coming our way to becoming a global leader in flake graphite. Strategically, the Montepuez and Balama Central deposits are world class and will add 152 million metric tonnes at 8.5% TGC of resources to our existing c.25 million tonnes of resources in Madagascar, a c.6X addition on in ground resource tonnage with a c.12X addition on the contained graphite.*

*"Every forecast of flake graphite market we have come across rate the market size exceeding 5 million tonnes per annum of new demand by 2030, which dwarfs our current buildout to 84,000 tpa capacity planned at our Madagascan projects. With this acquisition, we take significant leap forward our mission of becoming a leader to meet the global needs for this critical material and contributing to the green aspirations of the world.*

*"A recent UN report depicts the threat we all face with climate risks and every effort towards its mitigation is an opportunity. We will continue to be pragmatic in our approach to developing additional capacities which are well planned and aligned with the graphite markets. Utilising the strengths and advantages of these projects, which are highly complementary to our resource requirements, will help us to mitigate the country*

*risks through diversification whilst further bolstering the foundations which will enable us to capitalise on every opportunity to grow beyond our medium-term development plans (“MTDP”).*

*“With much of the consideration being satisfied in equity, we will welcome our new shareholders from Battery Minerals. Continuing with the construction of the Montepuez Project will be a key focus and with our expertise and history in working similar deposits over decades, we are confident it will result in even better economics for Montepuez and Balama Central, which we have already started working on and will keep the markets updated as we progress.”*

**David Flanagan, Executive Chairman of Battery Minerals said,** *“Shishir and his team at Tirupati have developed and demonstrated world leading graphite industry capability over the last 40 years. They are uniquely positioned with existing operations and downstream processing facilities that are globally competitive making them an excellent partner to commence these projects in the shortest possible time for the greatest benefit of the respective companies, shareholders and the people of Mozambique. “*

## **DETAILS**

### **Background**

Tirupati continues to advance its operations across its portfolio including primary mining and processing projects in Madagascar, Sahamamy and Vatomina, and speciality graphite and graphene processing businesses in India.

Currently, the global production of graphite and spherical graphite is dominated by China, which uses hydrofluoric acid purification techniques to produce purified spherical graphite. Given the transition of the world to a clean, green energy platform, many lithium-ion batteries (‘LiB’) manufacturers are actively seeking alternative supply options. With this background, interest in Tirupati’s products have escalated. As recently announced (see RNS dated 5 July 2021), the Company is now working with Hanwa, a world-leading Japanese trading company, which has already built significant interest for Tirupati’s suite of graphite products in markets across Asia.

Accordingly, as a fully integrated business, the Company is focused on ramping up activities at its primary graphite mining and processing operations as it looks to build its position as a key supplier of high-value flake graphite. Commissioning at the first 9,000tpa module of its second project, Vatomina, is almost complete, which will lift primary flake graphite capacity in Madagascar to 12,000tpa output ahead of increasing total capacity to 84,000tpa by 2024 under the Company’s MTDP.

To complement its two primary graphite projects in Madagascar, the Company has entered into a binding acquisition agreement for the acquisition of the entire issued share capital of Suni Resources which holds the Mozambique portfolio of graphite assets of ASX listed Battery Minerals, which includes the construction initiated Montepuez Project and the advanced feasibility study stage Balama Central Project including all

associated assets, infrastructure, permits, licenses and intellectual property on both projects for a total consideration of AU\$12.5 million (circa £6.6 million) in a cash and shares transaction.

Flake graphite is a critical resource, which is used in over 150 applications. As well as purity, flake size is one of the main variables determining the product type and end application of flake graphite. For example, jumbo flakes are most suited for use in expandable graphite products, while small flakes are preferred for spherical graphite used in the anode of LiB.

At Sahamamy and Vatomina, the Company produces high-quality flake graphite concentrate with up to 96% purity with a predominance of jumbo and large sized flakes; the flake-size distribution mix is circa 80% jumbo and large flake, and 20% small flakes. Notably, the flake sizes at Montepuez and Balama Central are predominantly small flake with the mix being circa 60%-70% small flake and 30%-40% coarser flake. This is key as test works to date has confirmed that the size and quality of the natural flake graphite from these projects is ideally suitable for LiB.

Tirupati's demonstrated low operating costs in Madagascar is primarily due to the large flake particle size distribution, which means that liberation of the graphite is easier, translating to leaner processing circuit. While more crushing facilities will be needed at the new projects in Mozambique, these projects have the advantage of being higher grade deposits and therefore, it is anticipated that low operating costs will also be maintained as they will be able to produce larger quantities of graphite from lesser material through the processing circuit.

Looking ahead, it is anticipated that the Company will modify the existing mine plans at both projects, utilising its own clean processing techniques; further details will be provided at a later date.

## **Group Mineral Resources & Ore Reserves Statement<sup>1</sup>**

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<sup>1</sup> Battery Minerals Group Mineral Resource. Estimate ("MRE")

**Group Resource Statement:**

<b>*Battery Minerals Group MRE</b>				
<b>Group Mineral Resource Estimate (2.5% - Montepuez 6% - Balama TGC Cut-off)</b>				
Project	Deposit	Group Total Mineral Resource - Weathered		
		Tonnes	TGC	Cont. Graphite
		Mt	%	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
<b>Total</b>		<b>17.7</b>	<b>8.9</b>	<b>1,580</b>
Project	Deposit	Group Total Mineral Resource - Primary		
		Tonnes	TGC	Cont. Graphite
		Mt	%	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
<b>Total</b>		<b>134.8</b>	<b>8.5</b>	<b>11,440</b>
Project	Deposit	Group Total Mineral Resource		
		Tonnes	TGC	Cont. Graphite
		Mt	%	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
<b>Total</b>		<b>152.5</b>	<b>8.5</b>	<b>13,030</b>

\* For CP statements, please refer to 'Group Resources Update' dated 18 October 2018.

**Group Ore Reserves:**

<b>Battery Minerals Group Probable Ore Reserves</b>			
Project	Mt	Grade % TGC	Contained Graphite Mt
*Balama	19.66	11.06	2.17
*Montepuez	42.19	9.27	3.91
<b>Total</b>	<b>61.9</b>	<b>10.1</b>	<b>6.08</b>

\* For CP statements, please refer to 'Balama Central Graphite Project Feasibility Study results' dated 12 December 2018.

**Montepuez Project**

Montepuez is an in-construction high-grade graphite project with a Mining Licence and Environmental Permits in place. The Montepuez Project is underpinned by its high quality and strategically large resources

and reserves from its two key targets, Buffalo and Elephant which contain mineral resources of 119.6 million tonnes at 8.1% total graphite content ('TGC') and ore reserves of 42.2 million metric tonnes at 9.27% TGC.

The Ore Reserve estimate of Montepuez is summarised in the table below.

Deposit	Ore type	Class	Ore (Mt)	TGC (%)
Buffalo	Weathered	Probable	3.58	8.31
	Fresh	Probable	16.80	10.06
	<b>Subtotal</b>	<b>Probable</b>	<b>20.38</b>	<b>9.75</b>
Elephant	Weathered	Probable	2.41	8.39
	Fresh	Probable	19.41	8.87
	<b>Subtotal</b>	<b>Probable</b>	<b>21.82</b>	<b>8.82</b>
TOTAL	Weathered	Probable	5.98	8.34
	Fresh	Probable	36.21	9.42
	<b>TOTAL</b>	<b>Probable</b>	<b>42.19</b>	<b>9.27</b>

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

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

Montepuez - Average Product Flake Size Classification		
	Weathered	Fresh
Sieve Size (µm)	% in Interval	% in Interval
>300	5.9	11.6
180	3.5	22.5
150	13.6	11.0
-150	77.0	54.9

A DFS completed by Battery Minerals which was upgraded in October 2018, confirmed robust project economics and strong returns over a 30-year mine life from a 50,000tpa operation under the proposed development plans. This equated to some 4.8Mtpa of production over the first 10 years.

Tirupati has already started the process to reviewing its development options for Montepuez to integrate the project into its existing production profile and maximise the value of the project in the short to medium term.

### **Balama Central (10031C)**

The Balama Central Graphite Project is located approximately 260km east of Pemba, along the Pemba – Montepuez – Balama public road, within the same region as Montepuez and other graphite producers in Mozambique. The two main graphite ore bodies, Lennox and Byron, have mineral resources of 32.9Mt at a grade of 10.2% TGC. The maiden Balama Central Graphite Project ore reserve is defined in the table below:

<b>Ore Type</b>	<b>Balama Central Graphite Project Ore Reserve</b>		
	<b>Class</b>	<b>Ore (Mt)</b>	<b>TGC (%)</b>
Weathered	Probable	5.44	10.74
Primary	Probable	14.21	11.19
<b>Total</b>	<b>Probable</b>	<b>19.66</b>	<b>11.06</b>

The defined solution for the Balama Central Graphite Project Feasibility Study by Battery Minerals in 2018 consists of a 480,000 tpa plant feed at 12.5% TGC mining operation, producing approximately 58,000 tpa of 96% TGC graphite flake concentrate, with a 42-year life of operation. Balama Central still requires a mining license, environmental and other approvals which will be obtained by Tirupati in the ordinary course of business as the project is developed further.

**\*\* ENDS \*\***

For further information, please visit <https://www.tirupatigraphite.co.uk/> or contact:

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### **Notes**

Tirupati Graphite Plc is a revenue-generating, multi-asset, multi-jurisdictional, fully integrated producer and developer of high-grade natural flake graphite, speciality graphite and graphene and graphene enhanced advanced materials. With a unique set of properties, graphite has diverse applications with multiple growth



streams and graphene forms the new generation of 2D and advanced materials. The Company places a special emphasis on “green” applications, including renewable energy and energy efficiency, energy storage, thermal management, and advanced materials development, and is committed to ensuring its operations are sustainable as well.

The Company’s operations include primary mining and processing in Madagascar, where the Company operates two key projects, Sahamamy and Vatomina; 3,000 tpa of high-quality flake graphite concentrate with up to 96% purity is currently being produced and sold to customers globally, additional 9,000 tpa capacity expected to be commissioned in July 2021, and this is planned to increase to 84,000 tpa by 2024 as per the Company’s modular medium-term development plan.

In India, through Tirupati Speciality Graphite Private Limited (‘TSG’), with whom the Company has a binding acquisition agreement subject to regulatory approvals, Tirupati is developing a suite of speciality graphite for use in hi-tech applications like lithium-ion batteries, fire retardants, thermal management, and composites. Its current operations include the 1,200 tpa Patalganga Project, which was commissioned in July 2019 to manufacture and sell CARBOFLAMEX®, a trademarked fire-retardant expandable graphite product. TSG is further developing 30,000 tpa specialty graphite project in two 15,000 tpa modules which will include capabilities to manufacture high-purity, expandable, micronized and spherical graphite and using its unique green processing technologies for the manufacturing of these advanced materials.

TSG has also established and continues to develop the Tirupati Graphene and Mintech Research Centre, a state-of-the-art R&D centre focussed on manufacturing graphene, developing its applications and advanced materials using graphene, and further providing environmentally friendly technologies consultancy for mineral processing.