



9 May 2023

ASX Announcement

Sale of Nepean Nickel Project for \$10 million in Cash

Highlights

- Future Battery Metals has executed an agreement for the sale of its 80% owned Nepean Nickel Project (NNP) comprising tenements M15/709, M15/1809 and P15/5750 (Sale Tenements) for a total cash consideration of \$10 million.
- NNP tenements (*non-lithium*) sale settlement terms comprise a \$0.1 million cash deposit (already received) and the payment of \$2.7 million in cash upon completion, with the balance of \$7.2 million in cash payable in stages over the next 24 months.
- The transaction will strengthen the Company's cash reserves and will support funding of exploration at its 2 key lithium projects in Kangaroo Hills in WA and Nevada Lithium in the USA.
- The Sale Tenements do not include the Kangaroo Hills Lithium Project (KHLP).

Future Battery Minerals Limited (ASX: **FBM**) (**FBM** or the **Company**) wishes to advise that its 80% owned subsidiary Eastern Coolgardie Goldfields Pty Ltd (**ECG** or the **Seller**) has entered into an agreement (**Agreement**) with Rocktivity Nepean Pty Ltd (**Buyer**) for the sale of certain Nepean Nickel Project (**NNP**) tenements (**Transaction**) for a total consideration of \$10 million in cash (\$8.0 million net to FBM). The Company holds 80% of the total issued share capital of the Seller and the remaining 20% is held by Goldfellas Pty Ltd, a wholly owned subsidiary of Lodestar Minerals Limited (**Lodestar**) (ASX: **LSR**).

Under the terms of the Agreement, ECG has agreed to sell the NNP "nickel" tenements M15/709, M15/1809 and P15/5750 (**Sale Tenements**) (including mining information and plant and equipment located on the Sale Tenements) to the Buyer for a total cash consideration of \$10 million, payable as follows:

- \$100,000 non-refundable cash deposit (already received);
- \$2,700,000 cash on completion; and
- \$7,200,000 cash in deferred instalments:
 - \$2,700,000 payable 12 months from completion of the Transaction;
 - \$2,500,000 payable 18 months from completion of the Transaction; and
 - \$2,000,000 payable 24 months from completion of the Transaction.
- Importantly, the Sale Tenements do not comprise any of the tenements which either host, or immediately surround, the 80% owned Kangaroo Hills Lithium Project (KHLP) where the Company has made an exciting lithium (spodumene) discovery which has returned near surface intersections including 29m @1.36% Li₂O and 27m @1.32% Li₂O.

The Company's 80% share of the cash consideration (\$8,000,000) for the sale of the Sale Tenements will be utilised by FBM to support funding of exploration at its Kangaroo Hills (80%) and Nevada Lithium



(80%) exploration projects, to progress the Pre-Feasibility Study (PFS) at the Saints Nickel Project and for other working capital purposes.

Executive Chairman, Mike Edwards commented: “As a result of the new exploration focus on the Company’s two exciting lithium discoveries, we have been looking at rationalising the Company’s portfolio which has resulted in the execution of a sale of the Nepean Nickel Project. The Board believes that the timing is right and the sale proceeds will strengthen the Company’s cash reserves to progress our strategic lithium exploration projects, comprising the high-grade hard rock 80% owned Kangaroo Hills Lithium Project (KHLP) and large-scale sedimentary potential of our and Nevada Lithium Project (NLP).”

Transaction Details

The completion of the Transaction is conditional on the Seller obtaining ministerial consent for the transfer of the Sale Tenements to the Buyer.

The obligations of the Buyer are being guaranteed by Rocktivity Mining Pty Ltd (**Rocktivity Mining**), the parent and holding company of the Buyer. Rocktivity Mining is an established mining and investment company based in Perth, Western Australia, with a focus on project development through acquisition, right to mine or other corporate structures that create value for stakeholders. Refer to Rocktivity Mining’s website at <https://www.rocktivity.com.au/> for further details.

A summary of the material terms of the Transaction are detailed in the Annexure to this announcement.

This announcement has been authorised for release by the Board of Directors of the Company.

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Annexure – Materials Terms of the Transaction

Seller	Eastern Coolgardie Goldfields Pty Ltd
Buyer	Rocktivity Nepean Pty Ltd
Buyer Parent	Rocktivity Mining Pty Ltd, the ultimate holding company of the Buyer
Sale Tenements	Nepean Nickel Project nickel tenements M15/709, M15/1809 and P15/5750
Consideration	<p>Total cash consideration of \$10 million, payable as follows:</p> <ul style="list-style-type: none"> • \$100,000 non-refundable deposit (already received); • \$2,700,000 on completion (Initial Consideration); and • \$7,200,000 in deferred instalments: <ul style="list-style-type: none"> ○ \$2,700,000 payable 12 months from completion of the Transaction; ○ \$2,500,000 payable 18 months from completion of the Transaction; and ○ \$2,000,000 payable 24 months from completion of the Transaction, • (together, the Deferred Consideration). • On the date of execution of the Agreement, the Seller will transfer the Initial Consideration (to be released to the Seller at completion) and an amount (Bond Amount) secured under an unconditional performance bond affecting M15/1809 (Bond) to an escrow agent's bank account. • Interest will be payable on late payment of the Deferred Consideration.
Condition Precedent	Completion is conditional on the satisfaction (or waiver) of the Seller receiving ministerial consent for the transfer of the Sale Tenements under the <i>Mining Act 1978</i> (WA) (Mining Act), to the extent required.
Conduct Pending Completion	<p>On and from the date of execution of the Agreement to completion, the Seller shall provide the Buyer and its representatives the licence, right and liberty to undertake certain permitted exploration activities, including:</p> <ul style="list-style-type: none"> • accessing and traveling over the Sale Tenements and bringing vehicles, plant and machinery on to the area; • conducting exploration and taking samples from the area the subject of the Sale Tenements;



	<ul style="list-style-type: none"> • exploring the area the subject of the Sale Tenements; • exercising all or any of the rights of the legal and beneficial owner of the Sale Tenements to carry out certain exploration activities.
Replacement Bond	<p>The Buyer will replace the Bond with a substitute unconditional performance bond and must take all steps necessary to release the Seller's Bond.</p> <p>In the event there is an enforcement or calling in of all or part of the Bond by the Minister as a result of the Buyer's activities on the Sale Tenements (Called in Amount), the parties are deemed to authorise the escrow agent to release the Called in Amount from the Bond Amount held in the escrow account.</p>
Security for Deferred Consideration	<p>The parties will enter into a mining mortgage on completion to secure the payment of the Deferred Consideration, to be registered against the Sale Tenements.</p> <p>The Seller may lodge caveats against each of the Sale Tenements under the Mining Act to protect its interest under the Agreement in respect to the Deferred Consideration.</p>
Assignment	<p>The Buyer must not sell the Sale Tenements (or other assets) or grant a subsequent security over the Sale Tenements without the Seller's prior written consent. The Seller's consent to the grant of a subsequent security must not be unreasonably withheld where the financier enters into a priority, subordination and/or intercreditor deed with the Seller.</p>
Buyer Parent Guarantee and Indemnity	<p>The Buyer Parent guarantees to the Seller the Buyer's compliance with the Buyer's obligations under the Agreement.</p> <p>The Buyer Parent indemnifies the Seller against any liability arising, and any losses, costs, charges or expenses it incurs, if an obligation is unenforceable against, or a monetary obligation cannot be recovered from, the Buyer Parent or from the Buyer because of any circumstance whatsoever.</p>
Other Terms	<p>Customary terms for agreements of this nature, including in relation to representations and warranties and dispute resolution.</p>