

13 May 2019

African Battery Metals plc ("ABM" or the "Company")

Acquisition and Earn-in Agreement – Botswana Project

African Battery Metals plc (LON:ABM) the AIM listed battery metal exploration and development company is pleased to announce it has entered into a Share Acquisition and Earn-in Agreement (the "Agreement") in respect of a nickel - PGM (platinum group metals) opportunity in Botswana.

Highlights:

- ABM has acquired an 18.26% stake in Kalahari Key Mineral Exploration (Pty) Limited, ("Kalahari Key") a Botswana registered exploration company with a 100% interest in the Molopo Farms Complex Project (the "MFC Project" or the "Project") in south west Botswana for a total consideration of US\$194,810;
- In addition, ABM may at its sole discretion and by 31 December 2019, elect to earn-in to a 40% direct project interest in the MFC Project, by expending US\$500,000 by 31 December 2020 on ground exploration at the Project, expected to include drilling of high priority targets (the "Earn-in");
- Upon completion of the Earn-in expenditure requirement, ABM will hold a total economic interest of 50.96% in the MFC Project through its 18.26% shareholding in Kalahari Key and 40% direct interest in the MFC Project and will have representation on the MFC Project operating committee and the Kalahari Key board;
- The MFC Project comprises three exploration licences, covering 2,725 square kilometres which are believed to be prospective for nickel, PGM and copper mineralisation;
- Alongside the acquisition of all historic exploration data, Kalahari Key has recently undertaken a high-resolution, helicopter-borne electromagnetic and magnetic survey using New Resolution Geophysics' ("NRG") Xcite System™ (the "Survey");
- The airborne geophysics undertaken in the Survey has identified 17 key zones where the conductivity of the rocks is of interest and Kalahari Key is reviewing this data and constructing a priority list of targets for ground exploration follow up;
- Further information in respect of Kalahari Key and the MFC Project background is outlined below and at the Kalahari Key website: www.kalaharikey.co.uk;

- ABM will provide further updates in respect of Kalahari Key and the MRC Project as material operational developments occur.

Andrew Bell, Chairman of African Battery Metals, comments:

“I am delighted to secure this new Botswana opportunity for African Battery Metal shareholders. Botswana is an exceptional country with exciting exploration opportunities and a superb operating environment.

This significant opportunity comes to us after the MFC Project has already benefitted from extensive historical exploration that has already identified 17 targets through Airborne Electromagnetic Surveys.

There is some further Airborne Electromagnetic work to do, with ground exploration follow up and ongoing target prioritisation. However, the ultimate key to unlocking the value from exploration targets under sand cover is via the drill rig and we will be working with Kalahari Key to identify the quickest route to active drilling operations.

The Board considers this investment consistent with its stated policy of seeking battery metal exposure in Africa and believes that further exploration success at the MFC Project would by virtue of the potential scale have a transformative impact on the prospects of ABM and on investor sentiment towards it.

I am delighted to be working with the Kalahari Key team and would like to emphasise the diligent work they have done to bring the MFC Project to its current position.

These are exciting times and we anticipate further updates in respect of Botswana and our other business interests in the near future.”

Dr Roger Key, CEO of Kalahari Key, comments

“Kalahari Key is very pleased to have reached this agreement with African Battery Metals and we look forward to a productive partnership.

The work done on the MFC Project so far has reinforced our belief that we have a significant resource with a geological model analogous to Voisey Bay. We welcome the financial input from ABM that will enable us to move quickly into a drilling phase, and we also appreciate the management and organisational benefits that come from a close working relationship with ABM.”

BACKGROUND TO KALAHARI KEY AND THE MFC PROJECT

Kalahari Key Mineral Exploration Company (Pty) Ltd, registered in Botswana, is a mineral exploration and geological consultancy company that was established by Roger Key, Andy Moore, Simon Bate and Rick Bonner in November 2014.

In November 2016 the company acquired two mineral exploration licences (PL310/2016 and PL311/2016) from the Botswana Government. The licences cover the eastern and central parts of a shear/feeder zone through the centre of the Bushveld-related Molopo Farms Complex in southern Botswana. A third licence (PL202/2018) was acquired in early 2018 immediately to the south of PL311/2016.

In the year to 30 June 2018, Kalahari Key's loss before tax amounted to 1,302,868 Pula (approximately £93,000). The net assets of Kalahari Key as at 30 June 2018 were 1,080,455 Pula (approximately £77,000).

The target mineralization is Ni-PGM in the shear/ feeder zone. Re-processing and re-interpretation of existing high-resolution airborne magnetic data and regional gravity data was initially used to identify target areas. Selected core from previous exploration programmes has also been examined to better understand the geology of the Complex.

Towards the end of 2018, NRG™ was contracted to complete a high-resolution airborne magnetic and Electro Magnetic survey over the feeder/shear zone using their Xcite™ methodology. The preliminary analysis of the new geophysical data has to date identified 17 conductor targets within the feeder/shear zone.

FURTHER TRANSACTION INFORMATION

Initial 18.26% interest in Kalahari Key:

ABM has acquired 3,157 new ordinary shares in Kalahari Key at US\$55 per share for cash consideration of US\$173,635. In accordance with the Agreement, at least 75% of this new working capital must be invested in ground operations at the MFC Project.

In addition, ABM has acquired 385 existing ordinary shares in Kalahari Key currently held by Value Generation Limited, ("VGL") a company beneficially owned by Paul Johnson, Executive Director of ABM at US\$55 per share for cash consideration of US\$21,175. Given the planned active participation of ABM and Paul Johnson in the management and operations of Kalahari Key and the MFC Project, the Board have concluded it is appropriate for the Company to acquire the VGL holding in Kalahari Key and thereby remove any potential conflict of interest going forward.

In total ABM has acquired 3,542 shares for a total acquisition cost of US\$194,810 which will be satisfied from existing cash resources and becomes an 18.26% shareholder in Kalahari Key.

ABM will have the right but not the obligation to maintain its percentage holding in future Kalahari Key financings along with other shareholders.

Project level 40% Earn-in to the MFC Project:

Not later than 31 December 2019 ABM may elect, at its sole discretion, to earn-in to 40% of the MFC Project by entering into and then fulfilling a commitment to spend US\$500,000 ("Committed Spend") during the period to 31 December 2020.

Upon ABM entering into the Earn-in (or earlier with the agreement of all parties) an MFC Project operational committee (the "Committee") will be established comprising members Roger Key (Kalahari Key Director), Andrew Bell (ABM Director) and Andrew Moore (Kalahari Key Director). The Committee will determine the allocation of the Committed Spend and management of operational activities. Upon completion of the Earn-in expenditure requirement ABM will hold 40% of the MFC Project

The Committed Spend will be applied primarily to the completion of drilling of four targets at the MFC Project.

Also, upon ABM entering into the Earn-in (or earlier if agreed by all parties) Paul Johnson (ABM Director) will join the Board of Kalahari Key.

Neither the Committee members nor the existing or new directors of Kalahari Key will be remunerated for their services.

Also upon the Company entering into the Earn-in, a Joint Venture Agreement will be established between the parties which will determine strategy, operational management and corporate structuring. This will include the usual fund or dilute provisions unless an alternate structure is agreed by the parties.

The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No.596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

For further information please visit <https://www.abmplc.com/> or contact:

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Notes to Editors:

ABM is an AIM listed, Africa focused, resource company exploring for the key metals used in next generation batteries that fuel the new electric vehicle revolution.

The Board and team of advisors, who have proven expertise in African exploration, mining and project generation, have identified an opportunity to utilise the Company's position to become a leader in the London market for investors to gain exposure to the battery metal commodity suite, particularly cobalt, lithium, copper and nickel.