

# Interim Report

JANUARY – MARCH 2020



EURO  
BATTERY  
MINERALS

## EUROBATTERY MINERALS AB

# Interim Report January – March 2020

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**First quarter 2020** (same period previous year)

- ◆ Net sales amounted to SEK 0 (SEK 0).
- ◆ Operating income after depreciation/amortisation and financial items totalled KSEK -2,248 (KSEK -2,104).
- ◆ Earnings per share after depreciation/amortisation and financial items amounted to SEK -0.23 (SEK -0.08).
- ◆ Cash flow from operating activities was KSEK -1,564 (KSEK -1,564).

**Significant events during the period**

- ◆ The Company received the final assay results during the reporting period following completion of a 4 hole, 998m drill programme in the fourth quarter of 2019 at the Castriz prospect, which is part of the Corcel Ni-Co-Cu Project in NW Spain.
- ◆ Exploration Activities have confirmed there to be large areas of ultramafic rock with elevated nickel contents. The anomalous area extends for over 700m in strike and over 700m in width. Assay highlights from the four drill holes included:
  - 69m @ 0.30% Ni, 0.04% Cu & 0.01% Co from 78m (19DD0001)
  - 24.5m @ 0.30% Ni, 0.12% Cu & 0.01% Co from 14.5m (19DD0002)
  - 75m @ 0.24% Ni, 0.04% Cu & 0.01% Co from 131.5m (19DD0003)
    - including 9m @ 0.44% Ni, 0.14% Cu & 0.02% Co from 191.5m
  - 28.8m @ 0.20% Ni, 0.14% Cu & 0.01% Co from 6.8m (19DD0004)
- ◆ Mineral identification and speciation studies have commenced on drill core from Castriz to determine the potential for extraction of nickel using sustainable and conventional methods. Final results of the mineral studies are anticipated in early Q2 2020.
- ◆ Collaboration with Uppsala University and the AGH University of Science and Technology in Krakow on the vanadium potential of rock sequences at the Fetsjön project in Västerbotten determined the host mineral to be a variety of rutile. Planning is now underway to determine the potential for sustainable extraction of the vanadium.
- ◆ The Company has been pre-selected to take part in the EU project S3-MINE. S3-MINE's main objective is the development and implementation of a mining pilot at 10 different facilities in 6 different EU countries. The aim is to demonstrate the feasibility of innovative digital technologies throughout the mining life cycle as a powerful tool to increase efficiency, selectivity and profitability of the mining operations, while minimising environmental impacts and associated health & safety issues. As

a pre-selected member in the S3-MINE project, the Company can apply for monetary funding from a fund assigned to this project.

- ◆ The Company is safely managing its activities and financial position during the current challenging conditions associated with COVID-19. Progress on the Company's projects has not been impacted as activities consist primarily of desktop studies. Third-party laboratory operators are able to process analytical test work with minimal delays.

### **Significant events after the period**

- ◆ The Company announced the preliminary results from nickel sulphide mineral tests on mineralised samples from recent drilling at Castriz prospect in Galicia, northern Spain. Analytical methods that distinguish between nickel in sulphide minerals and nickel in non-sulphide minerals determined that on average 87% of the whole rock nickel assay previously reported is sourced from nickel sulphide minerals.
- ◆ The Company has signed an investment and shareholders agreement including an option for a staged acquisition of 100 per cent of the shares in Vulcan Hautalampi Oy, 100 per cent owner of the Hautalampi Nickel-Cobalt-Copper Project, in eastern Finland.
- ◆ The Board of Directors of BAT has proposed to an Extraordinary General Meeting on 27 May 2020 to carry out a rights issue of at most 1,938,938 units (the "Rights issue"). One (1) unit consists of two (2) shares and one (1) warrant (the "Unit"). The subscription price of a Unit is SEK 24.00, whereby BAT upon full subscription in the Rights issue would obtain approximately SEK 46.5 million before issue costs. Every five (5) existing shares entitle to one (1) unit right and one (1) unit right entitles to subscribe for one (1) unit. The subscription period runs during 29 June – 14 July 2020. The Rights issue is secured to SEK 23.3 million by subscription commitments of SEK 6.0 million, e.g. from the Company's CEO, and the remaining part by underwriting commitments.

## EUROBATTERY MINERALS AB

# Summary of operations and activities

## The Company

The Company continues to implement its strategy to become a European explorer, developer and ultimately producer of raw materials critical to the growing battery and EV markets. With its vision of helping Europe to become self-sufficient in ethical and fully traceable battery minerals for the electric vehicle industry, Eurobattery Minerals is at the foundation of the battery value chain in Europe.

To maximise the potential of its projects and help Europe become self-sufficient in ethical battery minerals, the Company became a partner in the S3-MINE pilot programme founded by the European Union during the reporting period. S3-MINE has been submitted to the EU funding programme H2020, under the topic SC5-10-2019-2020 Raw materials innovation actions: exploration and Earth observation in support of sustainable mining. Specifically BAT's Fetsjön project in Västerbotten, Sweden, has qualified for support. The Company is assessing how its other projects might qualify under S3-MINE.

## Spain

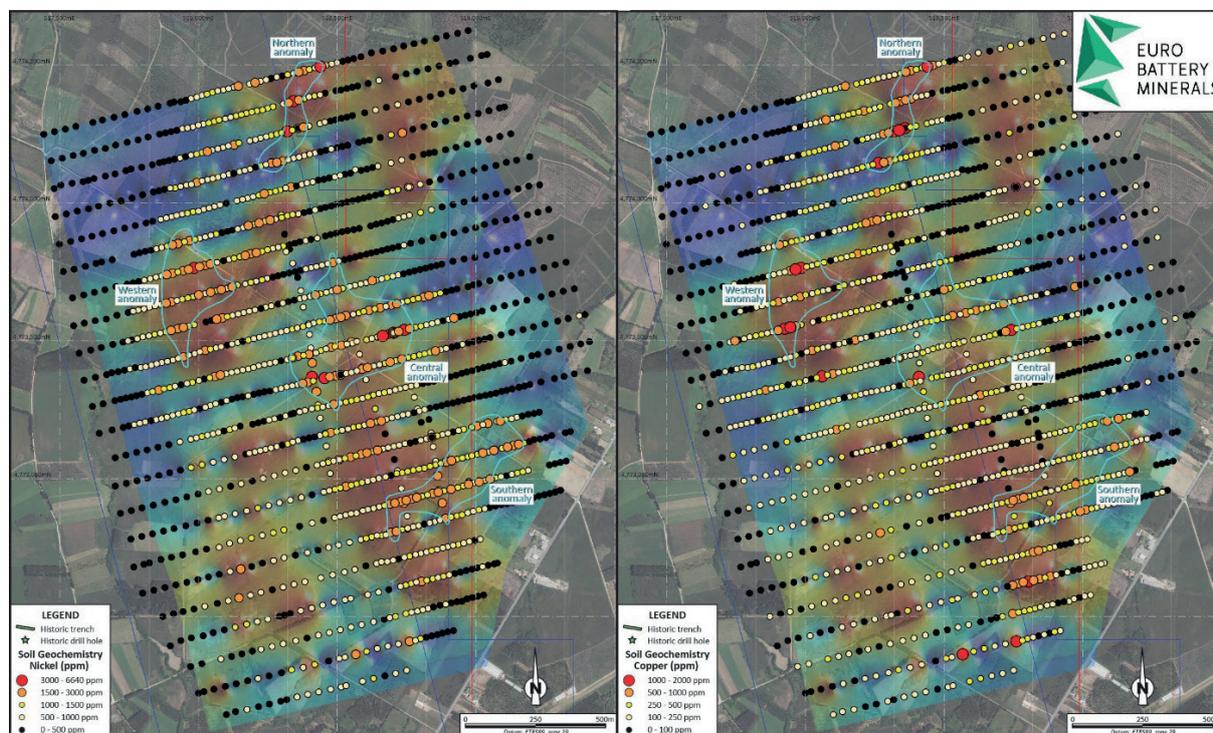
### Corcel Project

The Company drill tested three of the four coincident geochemical and geophysical anomalies identified at the Castriz prospect in the previous quarter (Fig. 1). Specifically, BAT drill tested the Northern Anomaly, Western Anomaly and Central Anomaly<sup>1</sup> (Fig. 2). The Company interprets the source of the anomalies to be metal-rich mafic and ultramafic rocks buried at depth at Castriz. BAT is targeting potential nickel-copper-cobalt sulphide deposits in these host rocks.



Figure 1 Location of the Corcel Project, Spain.

<sup>1</sup> Strong Nickel Assays Received with Coincident Geophysical Anomalies at Corcel. Press release 04/09/19.



**Figure 2** Plan view of nickel- and copper-in-soil geochemistry at the Castriz prospect. Main prospective zones highlighted in blue polygons. Background image is Total Magnetic Intensity (TM).

A total of four diamond drill holes for 988m were completed at Castriz (Fig. 3). Assay results from the first two drill holes were received last reporting period<sup>2</sup> with the results of the final two drill holes received in the current reporting period<sup>3</sup>. Detailed logging and sampling of the core was completed by BAT and over 300 samples sent to ALS Global via Seville for sample preparation prior to multi-element geochemical analysis<sup>4</sup>. Assay highlights included:

- 69m @ 0.30% Ni, 0.04% Cu & 0.01% Co from 78m (19DD0001)
  - **including 12m @ 0.48% Ni, 0.08% Cu & 0.01% Co from 129.0m**
  - **including 3m @ 0.69% Ni, 0.12% Cu & 0.02% Co from 132m**
- 24.5m @ 0.30% Ni, 0.12% Cu & 0.01% Co from 14.5m (19DD0002)
- 75m @ 0.24% Ni, 0.04% Cu & 0.01% Co from 131.5m (19DD0003)
  - **including 24.4m @ 0.34% Ni, 0.11% Cu & 0.02% Co from 182.5m**
  - **including 9m @ 0.44% Ni, 0.14% Cu & 0.02% Co from 191.5m**
- 28.8m @ 0.20% Ni, 0.14% Cu & 0.01% Co from 6.8m (19DD0004)

<sup>2</sup> First Results from Drilling Confirms High Level of Nickel. Press release 10/09/19.

<sup>3</sup> Final Results from Drilling Show Larger Prospect Zone Than Expected in Castriz Drill Results. Press release 28/01/20.

<sup>4</sup> ALS Global is the leading full-service provider of analytical geochemistry services to the global mining industry.

The Company is encouraged by the drilling and assay results from Castriz. The targeted rock sequences intersected included a layered sequence of variably magnetised and weakly mineralised mafic and ultramafic rocks (serpentinites, pyroxenites and amphibolites). These rock types are known to host Ni-Cu-Co deposits elsewhere so the Company is consequently encouraged by the potential at Castriz.

The region of anomalous metal contents intersected is at least 700m in strike length and up to 700m in width (Fig. 3) suggesting the potential for a large, bulk tonnage size resource. The Company is currently completing detailed rock and mineral studies to assess the full economic potential of the Castriz rocks.

The Castriz prospect is the first of the prospective zones at Corcel to be explored by BAT. The Company is currently assessing the application of its successful exploration strategy elsewhere at Castriz and at its other prospects at the Corcel Project, including Monte Mayor and Monte Castello (Fig. 1).

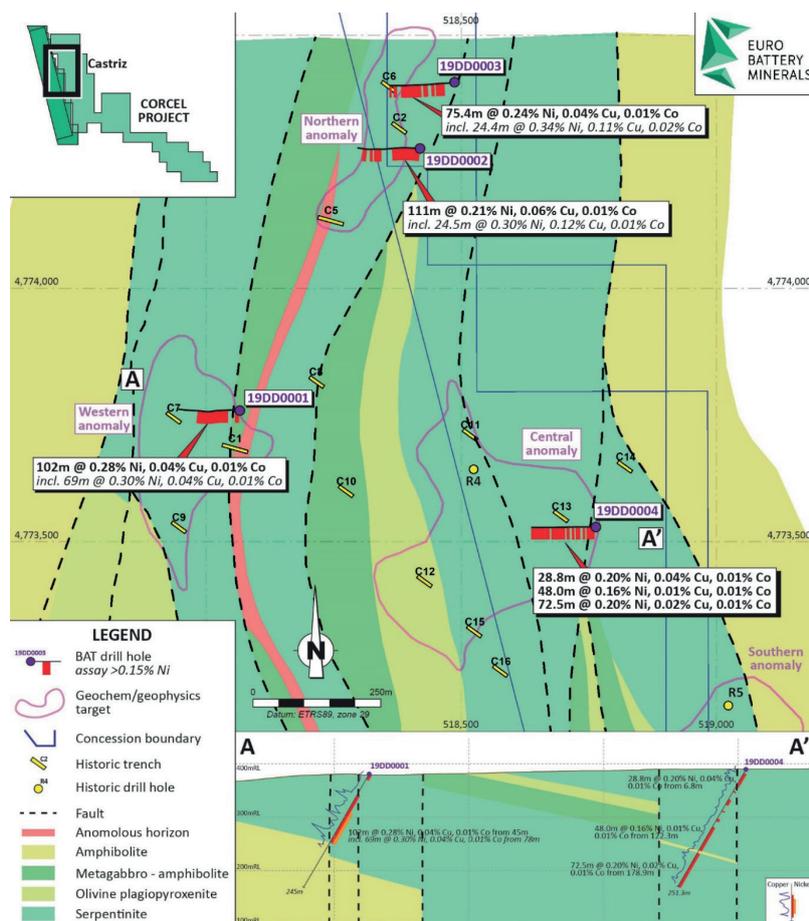


Figure 3 Plan view BAT drill holes on interpreted solid geology, Castriz prospect. Inset: cross-section (A – A').

**Sweden**

In total, BAT have 7 exploration permits in northern Sweden. The Company has assessed the results of rock chip and boulder geochemical sampling completed during the previous quarter and ranked the permits according to economic potential and suitability for future exploration activities. Planning is currently underway for the 2020 summer field season.

**Fetsjön Project**

During the reporting period, the Company received research results from its collaboration with Uppsala University and AGH University of Science and Technology in Krakow on the potential for vanadium recovery at the Fetsjön project in Västerbotten. Vanadium was previously identified in graphitic shale bedrock at Fetsjön, however no specific studies have been done on the host mineral(s). Studies at Uppsala determined the vanadium host mineral to be rutile and planning is now underway to determine sustainable ways to extract the vanadium from the rutile minerals.

**Project generation**

The Company continues to review its project portfolio and look at new opportunities with a focus on metals that can be extracted sustainably and are required for the EV battery sector. Everything from early-stage exploration to near-term development project opportunities are being assessed. BAT has focused on several near-term development opportunities and has selected those with the best prospects for advanced data room analysis. The Company is encouraged by the quality of opportunities across the exploration – mining spectrum and will strengthen its project portfolio when this is of clear benefit to all stakeholders.

**Pre-selected for EU project S3-MINE**

The Company has been pre-selected to take part in the EU project S3-MINE. S3-MINE's main objective is the development and implementation of a mining pilot at 10 different facilities in 6 different EU countries. The aim is to demonstrate the feasibility of innovative digital technologies throughout the mining life cycle as a powerful tool to increase efficiency, selectivity and profitability of the mining operations, while minimising environmental impacts and associated health & safety issues. As a pre-selected member in the S3-MINE project, the Company can apply for monetary funding from a fund assigned to this project.



»We were in the fortunate position of having completed all current field activities ahead of the pandemic, and all employees and consultants are in good health and working from their homes.«

**Roberto García Martínez**  
CEO

## CEO comments

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Dear Shareholder,

I am pleased to provide an update on our business to provide ethically-sourced and traceable battery minerals from Europe to the electric vehicle industry. During the first quarter of 2020, the COVID-19 pandemic hit Europe, meaning that the Company had to adapt its working methods to carry on running the various projects remotely. We were in the fortunate position of having completed all current field activities ahead of the pandemic, and all employees and consultants are in good health and working from their homes.

Primary activities on the Company's flagship Corcel nickel-cobalt-copper project in NW Spain remain focused on geochemical and mineral studies on drilling core from the Castriz prospect following receipt of the final assay data early in the quarter. The results of the final two drill holes presented in January 2020 indicated a much larger area than previous analysis and drilling activities did, with anomalous levels of nickel now intersected for over 700m in strike and 700m in width.

We continue to evaluate the drilling results and the implications for mineral deposits at Castriz and the wider Corcel Project, including the Monte Mayor and Monte Castello prospects.

Eurobattery Minerals is also pleased to report progress during the quarter on the study with Uppsala University and the AGH University of Science & Technology in Krakow on the vanadium potential at the Fetsjön project in Västerbotten, Sweden. Mineral studies have advanced our understanding of the source of the vanadium and we will now assess the technical and economic implications of this. We look forward to outcomes of more studies at Fetsjön.

During the quarter, the Company was also pleased to become a partner in the S3-MINE pilot programme founded by the European Union. S3-MINE has been submitted to the EU funding programme H2020, under the topic SC5-10-2019-2020 Raw materials innovation actions: exploration and Earth observation in support of sustainable mining. Specifically, BAT's Fetsjön project in Västerbotten, Sweden, has qualified for support and the Company is now assessing how its other projects might qualify.

The Company looks forward to providing further updates on Corcel and its other projects over the coming year. We are focused on advancing our projects and also expanding our footprint in the exploration and mining of raw materials, and as such be the foundation for the European EV battery industry.

Yours Faithfully

**Roberto García Martínez**  
CEO

1 JANUARY – 31 MARCH 2020

## Comments on the first quarter

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### Earnings and sales

The Company's net sales for the first quarter totalled SEK 0 (SEK 0) and earnings after financial items totalled KSEK -2,248 (KSEK -2,104). Operating expenses amounted to KSEK -1,299 (KSEK -2,102). EBITDA for the first quarter totalled KSEK -2,102 (KSEK -2,102). Finance costs for the quarter amounted to KSEK -2,244 (KSEK -2,102).

### Investments

Investments in property, plant and equipment in the first quarter totalled SEK 0 (SEK 0). Investments in non-current intangible assets amounted to KSEK 1,266 (SEK 0).

### Financial position

Cash and cash equivalents amounted to KSEK 2,828 (KSEK 2,198) at 31 March. Equity totalled KSEK 38,506 (KSEK 4,167).

### Cash flow and financing

Cash flow from operating activities in the first quarter was KSEK -2,522 (KSEK -1,564). Cash flow from investing activities was KSEK -1,266 (SEK 0), while cash flow from financing activities was SEK -0 (KSEK -866).



## Share information

The share capital in Eurobattery Minerals AB (publ) at 31 March 2020 amounts to SEK 142,996,736. The total number of shares outstanding is 9,694,694.

The Company was listed on AktieTorget on 22 June 2015. On 17 April 2019, the share was moved to NGM, where trading began on 18 April 2019. The share's ticker symbol is BAT and its ISIN code is SE0012481570. According to Euroclear's register, Eurobattery Minerals had approximately 4,839 shareholders at the close of the period.

### List of shareholders at 31 March 2020

Shareholder	Number of shares	Percentage (%)
Ulex Recursos S.L.	1,145,768	11.82 %
Marbury Ridge Ltd	1,073,116	11.07 %
Andrew Randall	792,753	8.18 %
Kimberly Wrixon	646,169	6.67 %
Daniel Eddington	646,169	6.67 %
Avanza Pension	385,497	3.98 %
He Shin Kim	359,723	3.71 %
Swedank Försäkring	339,125	3.50 %
Faviol AB	310,851	3.21 %
JPMP Konsult AB	270,500	2.79 %
Total, other shareholders	3,725,023	38.40 %
	<b>9,694,694</b>	<b>100.00 %</b>

### Related-party transactions

During the period, earnings were affected by fees of KSEK 165 to Board member Monia Benbouzid's company Amplex Management AB for work carried out.

During the period, earnings were affected by fees of KSEK 197 to CEO Roberto García's company Nazgero Consulting Service LTD for work carried out. Earnings for the period were also affected by salary and other remuneration to the CEO of KSEK 954.

Finally, during the period, earnings were affected by fees of KSEK 42 paid to Board member Jan-Olof Arnbom's company Arnbom Geotrade HB for work carried out.

**Accounting policies**

Eurobattery Minerals AB has been applying the Swedish Annual Accounts Act and Swedish Accounting Standards Board's general recommendation 2012:1 (K3) on the preparation of financial statements since 2014. Changes to accounting policies have not had any impact on the financial statements.

**Audit report**

This interim report has not been subject to review by an auditor.

**Mentor**

Augment Partners AB  
Telephone: +46 8-505 65 172  
Email: [info@augment.se](mailto:info@augment.se)

**Upcoming reporting dates**

The Interim report for January – June will be published on 12 August 2020.  
The Interim report for January – September will be published on 18 November 2020.  
The Year-end report for 2020 will be published on 24 February 2021.

Reports and press releases, etc., are published on Nordic Growth Market's website [www.ngm.se](http://www.ngm.se) and on [www.eurobatteryminerals.com](http://www.eurobatteryminerals.com)

*20 of May 2020*  
Eurobattery Minerals AB  
Board of Directors

For further information, please contact CEO Roberto García Martínez  
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## Income statement

<i>SEK thousand</i>	<i>2020 Jan–Mar</i>	<i>2019 Jan–Mar</i>	<i>2019 Jan–Dec</i>
<b>Operating revenue</b>			
Net sales	0	0	0
Other operating income	9	0	15
<b>Operating costs</b>			
Other external expenses	-1,299	-2,102	-10,986
Personnel costs	954		-653
<b>Operating profit/loss</b>	<b>-2,244</b>	<b>-2,102</b>	<b>-11,624</b>
Net interest items	-4	-2	-184
<b>Earnings before tax</b>	<b>-2,248</b>	<b>-2,104</b>	<b>-11,808</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-2,248</b>	<b>-2,104</b>	<b>-11,808</b>

## Balance sheet

<i>SEK thousand</i>	<i>31/03/2020</i>	<i>31/03/2019</i>	<i>31/12/2019</i>
<b>Assets</b>			
Non-current intangible assets	34,962	2,761	33,696
Non-current financial assets	79	79	79
Other current assets	1,016	460	1,015
Cash and bank balances	2,828	2,198	6,616
<b>TOTAL ASSETS</b>	<b>38,885</b>	<b>5,498</b>	<b>41,406</b>
<b>Equity and Liabilities</b>			
Equity	38,506	4,167	40,754
Current liabilities	379	1,331	652
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>38,885</b>	<b>5,498</b>	<b>41,406</b>

## Change in equity

<i>SEK thousand</i>	2020 <i>Jan–Mar</i>	2019 <i>Jan–Mar</i>	2019 <i>Jan–Dec</i>
<b>Equity at start of period</b>	<b>40,754</b>	<b>7,136</b>	<b>7,136</b>
Rights issue	-	-	50,867
Cost of rights issue	-	-867	-5,441
Profit/loss for the period	-2,248	-2,104	-11,808
<b>Equity at end of period</b>	<b>38,506</b>	<b>4,167</b>	<b>40,754</b>

## Statement of Cash flow

<i>SEK thousand</i>	2020 <i>Jan–Mar</i>	2019 <i>Jan–Mar</i>	2019 <i>Jan–Dec</i>
Operating profit/loss for the period	-2,244	-2,102	-11,624
Interest paid	-4	-2	-186
<b>Cash flow from operating activities before change in working capital</b>	<b>-2,248</b>	<b>-2,104</b>	<b>-11,810</b>
Change in operating receivables	-1	-197	-752
Change in operating liabilities	-273	-737	58
<b>Cash flow from operating activities</b>	<b>-2,522</b>	<b>-1,564</b>	<b>-12,504</b>
Cash flow from investing activities	-1,266	0	-30,934
Cash flow from financing activities	0	-866	45,426
<b>Cash flow for the year</b>	<b>-3,788</b>	<b>-2,430</b>	<b>1,988</b>
Cash and cash equivalents at start of period	6,616	4,628	4,628
Cash and cash equivalents at end of period	2,828	2,198	6,616

## Key performance indicators and share data

	2020 <i>Jan–Mar</i>	2019 <i>Jan–Mar</i>	2019 <i>Jan–Dec</i>
Average equity for the period (KSEK)	39,630	5,652	23,945
Average total capital for the period (KSEK)	40,145	6,615	24,569
Return on equity (%)	-6	-37	-49
Return on total capital (%)	-5	-32	-48
Equity/assets ratio (%)	99	76	98
Basic earnings per share (SEK)	-0.23	-0.008	-1.22
Diluted earnings per share (SEK)	-0.23	-0.22	-1.22
Equity per share (SEK)	3.97	0.02	4,20
Cash ratio (%)	1,014	200	1,170
Total number of shares	9,694,694	251,812,969	9,694,694
Average number of shares	9,694,694	251,812,969	6,106,412

### KPI definitions

Return on total capital:	Earnings after financial items plus finance costs as a percentage of average total capital.
Return on equity:	Net profit according to income statement as a percentage of average equity.
Equity/assets ratio:	Equity as a percentage of total assets.
Earnings per share:	Earnings after tax in relation to average number of shares.
Equity per share:	Equity in relation to number of shares at balance sheet date.
Cash ratio:	Current assets excluding stock in relation to current liabilities.



# Ethical and fully traceable minerals for the electric revolution



Eurobattery Minerals is a mining and prospecting company focused on battery minerals such as nickel, cobalt, copper and rare earth elements. Business activities and operations are conducted exclusively in Europe with a focus on Spain and northern Sweden. The company has one mining license and eight exploration licenses. The headquarters is located in Stockholm. Augment Partners AB, tel. +46 8 505 651 72, email: [info@augment.se](mailto:info@augment.se) is Eurobattery Minerals' Mentor.