



7 August 2023

ASX ANNOUNCEMENT

FBM ACQUIRES REMAINING 20% INTEREST IN KANGAROO HILLS LITHIUM PROJECT

Future Battery Minerals Limited (ASX: FBM) (FBM or the **Company**) is pleased to advise that it has entered into an agreement (**Agreement**) to acquire the remaining 20% interest in the Kangaroo Hills Lithium Project (**KHLP**). This acquisition is made by acquiring the remaining 20% interest in Eastern Coolgardie Goldfields Pty Ltd (**ECG**) from Goldfellas Pty Ltd (**Seller**), a wholly owned subsidiary of Lodestar Minerals Limited (ASX: LSR).

The Company currently holds an 80% interest in ECG, the Joint Venture entity exploring the KHLP, and, following completion of the acquisition, will hold all of the issued share capital in ECG.

Executive Chairman, Mike Edwards commented:

“This is a significant step in FBM becoming the next lithium producer in Western Australia. The acquisition of the remaining 20% interest confirms the belief and potential we see at Kangaroo Hills and allows us to confidently move forward with our strategic plans for the project. Both diamond core and reverse circulation (RC) drilling is underway together with metallurgical test work on core samples taken at Kangaroo Hills. We look forward to updating the market further as we progress on these important activities”.

The total Consideration for the 20% acquisition under the Agreement is as follows:

- \$500,000 in cash comprising of \$250,000 to be paid at Completion, \$125,000 payable 3 months from Completion, and \$125,000 payable 6 months from Completion; and
- the issue of \$3,000,000 worth of fully paid ordinary shares in the Company (**Shares**), with such number of shares to be calculated via the 15-day VWAP for Shares in the period immediately prior to the Completion date (**Consideration Shares**); and
- the issue of an equivalent number of performance rights as the Consideration Shares which will vest and convert into Shares upon the Company delineating and announcing a Mineral Resource (JORC Code compliant) of at least 10mt at 1.0% Li₂O at the Kangaroo Hills Lithium Project (**Consideration Performance Rights**).

The Consideration Shares and Consideration Performance Rights will be issued under the Company's existing Listing Rule 7.1 capacity.

The consolidation of 100% ownership of the project signals the Company's commitment to further exploring and developing the KHLP. Following the successful discovery of spodumene bearing pegmatites in March 2023, FBM is now actively drilling the Big Red Prospect (29m @ 1.36% Li₂O from 38m KHRC011)¹ and the regional prospects, Rocky (5m @ 1.12% Li₂O from 104m KHRC037), Eastern Grey, Wallaroo and Pademelon². The Company is also undertaking further target generative geophysics and geochemistry and has commenced early-stage metallurgical test work on what has become an exciting hard rock lithium discovery.

The Completion date of the 20% acquisition is expected to occur on or around 11 August 2023. A summary of the material terms of the Agreement are detailed in the Annexure to this announcement.

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

For further information visit www.futurebatteryminerals.com or contact:

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¹ Refer to 22 June 2023 ASX Announcement – More High-Grade Lithium Assays, New Pegmatite Uncovered

² Refer to 8 June 2023 ASX Announcement – New Priority LCT Pegmatite Drill Targets Highlight Potential Scale at Kangaroo Hills

Annexure – Materials Terms of the Agreement

Seller	Goldfellas Pty Ltd
Buyer	Future Battery Minerals Limited
Completion	Completion will occur five (5) Business Days after the Execution Date, being 11 August 2023 (Completion Date).
Consideration	<p>Total consideration is as follows:</p> <ul style="list-style-type: none"> • At Completion, the Buyer must: <ul style="list-style-type: none"> ○ pay \$250,000 in cash; ○ allot and issue to the Seller \$3,000,000 worth of Shares, with such number of Shares to be calculated by dividing \$3,000,000 by the 15-day VWAP for Shares in the period immediately prior to the Completion Date (Consideration Shares); ○ allot and issue to the Seller an equivalent number of performance rights as the Consideration Shares, which will vest upon the Buyer delineating and announcing a Mineral Resource (JORC Code compliant) of at least 10mt at 1.0% Li2O at the Kangaroo Hills Lithium Project (Consideration Performance Rights). • The remaining \$250,000 in cash to be paid as follows: <ul style="list-style-type: none"> ○ \$125,000 payable 3 months from Completion; and ○ \$125,000 payable 6 months from Completion.
Voluntary Escrow	<p>The Seller agrees that the Consideration Shares will be restricted from trading on the ASX as follows:</p> <ul style="list-style-type: none"> • 1/3 of the Consideration Shares will be subject to voluntary escrow until the date which is six (6) months from Completion; and • 1/3 of the Consideration Shares will be subject to voluntary escrow until the date which is twelve (12) months from Completion.
First Right of Refusal	<p>In relation to any proposed sale of the Consideration Shares, the Seller:</p> <ul style="list-style-type: none"> • must consult with the Buyer and provide a transfer notice detailing the number of sale securities (Sale Securities), the price for each Sale Security, the proposed timing and method of sale (Transfer Notice); • grants to the Buyer a period of 15 Business Days from the date of the Transfer Notice to facilitate the proposed sale of Sale Securities, including by finding third party buyer(s) to acquire the Sale Securities (Sale Period); and

	<ul style="list-style-type: none"> undertakes that it will not enter into any agreement, arrangement or understanding for the Disposal of any Sale Securities during the Sale Period.
Tenement Option	<p>The Seller grants to the Buyer an option to acquire certain tenements held by the Seller (Tenements), free from any encumbrances (Tenement Option) and undertakes that during the Tenement Option Period, it will not encumber and/or dispose of the Tenements and will keep the Tenements in good standing.</p> <p>The Buyer may at any time during the period commencing on the date of the Agreement and ending on the date that is 24 months from the date of the Agreement (Tenement Option Period), require that the Seller sells to the Buyer the Tenements for the nominal consideration of \$1.</p> <p>The Buyer may exercise the Tenement Option by providing written notice to the Seller of its intention to exercise the Tenement Option during the Tenement Option Period.</p>
Joint Venture Agreement	On and from completion, the Joint Venture Agreement between the Buyer and the Seller will be terminated and shall have no further effect.
Other Terms	Customary terms for agreements of this nature, including in relation to representations and warranties.

About Kangaroo Hills Lithium Project (KHLP)

The KHLP is a recent and exciting hard rock Lithium discovery located in the Goldfields of Western Australia only 17km's south of the township of Coolgardie. Spodumene mineralisation within Lithium-Caesium-Tantalum (LCT) pegmatites was discovered during regional exploration drilling of the Nepean Nickel project in late 2022. Exploration efforts to date have significantly expanded on these initial results, as the Company has now conducted two rounds of drilling totalling 47 holes and over 6,000m. Drilling to date has identified the Big Red prospect an outcropping shallow north dipping Pegmatite with peak intercepts of 29m @ 1.36% Li₂O from 38m with the economic lithium mineral Spodumene noted as the dominant mineral³. Through the implementation of regional target generative work, which involved mapping, geophysics and geochemistry, six additional high priority prospects have been identified. These high priority prospects have the potential to host further LCT pegmatites.

The location of the project provides significant advantages to FBM. Located on the doorstep of a premier mining district, the Goldfields of Western Australia and specifically Kalgoorlie (50km East of KHLP) host a professional mining and exploration workforce. This provides the company with access to skilled labour and infrastructure critical to the development of any future mining project. The Goldfields are also a Lithium endowed province of Western Australia, with numerous operating and developing Lithium projects. Notably the KHLP is only 30km's west of the Mt Murrion Lithium Mine operated by Mineral Resources Ltd (ASX: MRL). The site is accessible via a sealed road leading south from Coolgardie, ensuring the Company has continuous access all year-round.

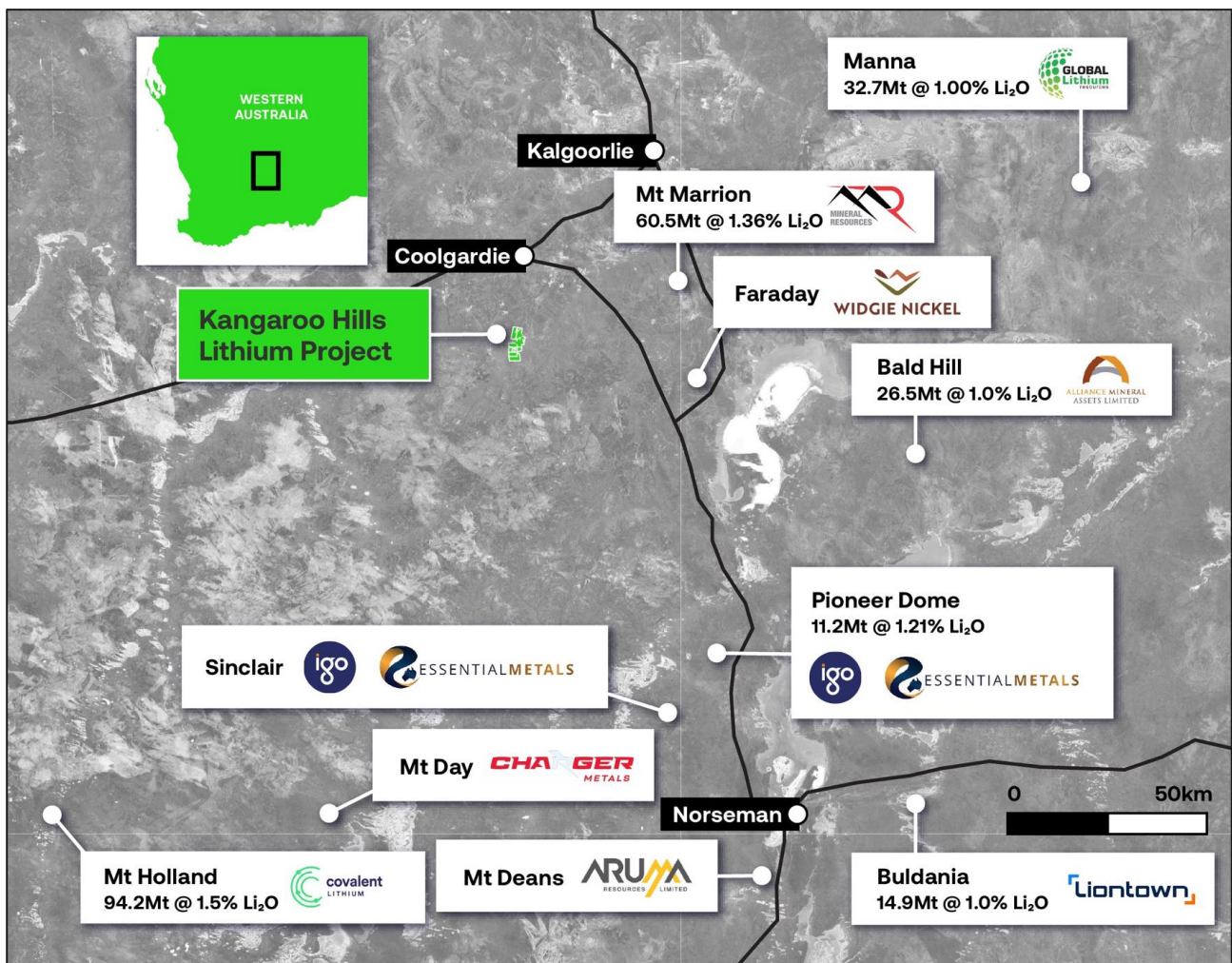


Figure 1 – KHLP Location Map

³ Refer to 22 June 2023 ASX Announcement – More High-Grade Lithium Assays, New Pegmatite Uncovered

Competent Persons Statement

The information in this announcement that relates to exploration results is based on and fairly represents information compiled by Mr Robin Cox BSc (E.Geol), a Competent Person, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Cox is the Company's Chief Geologist and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cox consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Future Battery Minerals Limited's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential", "should," and similar expressions are forward-looking statements. Although Future Battery Minerals Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Previously Reported Results

There is information in this announcement relating to exploration results which were previously announced on 8 June 2023 and 22 June 2023. Other than those disclosed in the announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement.