

15 March 2019

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

Investment and Option Agreement with Katoro Gold plc

African Battery Metals plc (LON:ABM) the AIM listed battery metal exploration and development company is pleased to announce that it has acquired an interest in Katoro Gold plc (LON:KAT) ("Katoro") and entered into an option agreement (the "Option") with Katoro to acquire an interest in the Haneti Nickel Project ("Haneti") in Tanzania (altogether the "Agreement").

Under the Agreement ABM will be able to acquire up to 10 million new ordinary shares of 1.0 pence each in the capital of Katoro ("Ordinary Shares"), together with up to 10 million warrants over Ordinary Shares, and an option to acquire, subject to the completion of due diligence by ABM, up to a 35% interest in Katoro's 100% owned Haneti Nickel Project ("Haneti") in Tanzania (the "Option") for a total consideration of up to £125,000.

Highlights:

- Katoro is an AIM listed exploration and development company with gold and nickel interests in Tanzania;
- Katoro holds a 100% interest in the Haneti project which comprises tenements covering an area of circa 5,000 sq. km (prospecting licences, offers and applications) prospective for nickel, platinum-group-elements, cobalt, copper, gold and lithium;
- Katoro also holds a 100% interest in the Imweru and Lubando gold projects in Tanzania which in total host a JORC compliant gold resource (inferred and indicated) of 754,980 ounces of gold;
- For a consideration of £25,000, ABM will acquire 2,500,000 new Ordinary Shares (the "Tranche 1 Shares"), equating to an issue price of 1.0 pence per share;
- ABM will also be granted 2,500,000 warrants to subscribe for 2,500,000 new Ordinary Shares at a price of 1.25 pence per share with a three year expiry term from today's date;
- Under the Agreement, ABM has been granted the Option, for a period of 60 days in which to undertake due diligence on Katoro and its projects, in particular Haneti;
- If ABM exercises the Option, ABM will invest a further £75,000 to acquire an additional 7,500,000 new Ordinary Shares at a price of 1.0 pence per share (the "Tranche 2 Shares");

- On exercise of the Option, ABM will also be granted a further 7,500,000 warrants to subscribe for 7,500,000 new Ordinary Shares at a price of 1.25 pence per share with a three year expiry term from the date of the exercise of the Option;
- On exercise of the Option, ABM will also acquire a 25% interest in the Company's wholly owned subsidiary, Kibo Nickel Limited ("Kibo Nickel"), which, through its wholly owned subsidiary, Eagle Exploration Limited ("Eagle"), holds a 100% interest in Haneti. Following the Option exercise, Katoro will retain a 75% interest in Kibo Nickel;
- Following the Option exercise, ABM will be required to fund its 25% share of Haneti costs, or will dilute in accordance with standard industry fund or dilute provisions;
- In the event the Option is exercised, ABM will have the right, for 12 months after the Option exercise date, to acquire a further 10% interest in Kibo Nickel for a further payment to Katoro of £25,000 in cash.

Paul Johnson, Executive Director of African Battery Metals commented: "I am delighted to announce the acquisition of an interest in Katoro Gold plc and the Option agreement enabling us to increase our holding in Katoro and also secure a strategic stake in the Haneti Nickel Project.

The Agreement announced today complements our existing interests and provides a degree of diversification whilst remaining focused on Africa and battery metal projects.

Alongside our existing copper and cobalt interests, the addition of nickel into our portfolio exposes our shareholders to another strategically significant metal where we believe the forward supply/demand dynamics are looking highly attractive.

We are looking to work with Katoro on an accelerated exploration programme at Haneti to build on the knowledge that Katoro, and previous owner Kibo Mining plc, gathered. This includes data demonstrating 13.59% nickel in sampling of outcrops.

We look forward to reporting back on developments in respect of this strategic transaction in the near future."

Note: within its unaudited half year results to 30 June 2018 Katoro Gold plc reported a loss for the half year of £152,279 and a comprehensive income (after exchange differences on translating of foreign operations) of £10,670 and net assets at 30 June 2018 of £254,569.

For the year ended 31 December 2017, Kibo Nickel reported net liabilities of €11,620, nil revenue and a loss for the year of €3,300. For the year ended 31 December 2017, Eagle reported net liabilities of US\$891,968, nil revenue and a loss for the year of US\$33,989. Kibo Nickel does not consolidate the results of Eagle and Eagle's only liability, is an inter-company loan of US\$957,621 which was transferred to Katoro on completion of the acquisition in November 2018.

Further information on the Agreement

Katoro is required to allocate the monies received pursuant to the issue of the Tranche 1 Shares, the potential issue of the Tranche 2 Shares and the potential receipt of a further £25,000 from ABM to the maintenance, exploration and development of Haneti.

In the event the Option is exercised, Katoro and ABM will establish within one month a written Joint Venture Agreement and associated Shareholder Agreement in respect of Kibo Nickel, Eagle and Haneti.

Save for certain circumstances, the warrants issued pursuant to the Agreement may, until 1 July 2019, only be exercised by ABM if such exercise does not dilute Kibo Energy plc ("Kibo"), Katoro's major shareholder, to less than 50.5% of the issued share capital of Katoro at that time.

Background to the Haneti Nickel Project

Extract from the latest Katoro Gold plc market announcement in respect of the Haneti Nickel Project dated 30 January 2019.

Link to announcement: https://polaris.brighterir.com/public/katoro_gold/news/rns/story/w1m5y3w

The 5,000 sq. km polymetallic Haneti Nickel Project in Tanzania is a highly prospective, high-grade nickel sulphide asset. Previous work, totalling approximately US\$1.5 million, has identified grades of up to 13.59% nickel with additional gold, cobalt, platinum credits and some significant lithium anomalies. Additionally, independent work, undertaken by Western Geophysics Pty, underlines the potential of HNP to host a substantial nickel sulphide deposit.

The Company acquired HNP in November 2018 and immediately commenced a review and analysis of all historic work completed on the Project. Based on the review of historic exploration work on the Project, the Company believes that it could host a chonolith type nickel sulphide deposit and that Mihanza Hill, one of several high priority exploration targets within HNP, is the most prospective target identified to date and this will be the initial focus for the Company.

The main objective of the 2019 exploration work programme will be to ascertain the existence of disseminated (or massive) sulphide mineralisation at the identified high priority exploration targets, including Mihanaza Hill. Using a variety of exploration techniques, the programme will seek to define a future drilling programme. Work has already commenced in this regard, with the Company having completed a soil sampling programme of 1,300 samples which are now ready to be submitted for laboratory analysis.

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.