

Year End Report

JANUARY – DECEMBER 2020



EURO
BATTERY
MINERALS

EUROBATTERY MINERALS AB

Year-end Report January–December 2020

Fourth quarter 2020 (same period previous year)

- ◆ Net sales amounted to SEK 0 thousand (SEK 0 thousand).
- ◆ Operating income after depreciation/amortisation and financial items totalled SEK –5,336 thousand (SEK –2,939 thousand).
- ◆ Earnings per share after depreciation/amortisation and financial items amounted to SEK –0.34 (SEK –0.30).
- ◆ Cash flow from operating activities was SEK –5,786 thousand (SEK –3,493 thousand).

Full year 2020 (same period as previous year)

- ◆ Net sales amounted to SEK 0 thousand (SEK 0 thousand).
- ◆ Operating income after depreciation/amortisation and financial items totalled SEK –14,028 thousand (SEK –11,809 thousand).
- ◆ Earnings per share after depreciation/amortisation and financial items amounted to SEK –0.89 (SEK –1.26).
- ◆ Cash flow from operating activities was SEK –14,203 thousand (SEK –12,317 thousand).

Significant events during the period

- ◆ Eurobattery Minerals joined the Initiative for Responsible Mining Assurance (IRMA). As a member, Eurobattery Minerals will participate in, and support credible independent third-party verification and certification against a comprehensive best-practice standard that addresses the range of environmental and social issues related to industrial-scale mines¹.
- ◆ FinnCobalt Oy, a company Eurobattery Minerals has the option to acquire to 100% in a staged acquisition, informed the Company about its expansion in eastern Finland with a new reservation permit granted for exploration over the highly prospective Hietajärvi Project. The Project covers over 289km² of ground highly prospective for cobalt, copper, nickel and zinc deposits².
- ◆ In June and July 2020, the Company carried out a rights issue of units, consisting of shares and warrants. The exercise period for the warrants ended on 16 October, and a total of 1,895,819 warrants were exercised, corresponding to a subscription rate of approximately 96 per cent. The Company thereby received proceeds of approximately SEK 22.7 million before issue costs³.
- ◆ The Company extended its ongoing collaboration with Uppsala University, supporting the university's application to the Swedish innovation agency, Vinnova, for funding for a project focusing on new, modern methods of extracting REE from the shale in Fetsjön and other apatite rich discoveries in Sweden. Vinnova is expected to announce a decision at the beginning of spring 2021⁴.
- ◆ Eurobattery Minerals and AGH University of Science and Technology in Krakow, Poland, extended its existing collaboration with a project that aims to identify the main mineral carriers of the battery mineral vanadium,

¹ Eurobattery Minerals becomes member of global responsible mining initiative. Press release 07/10/20

² New granted reservation permit for exploration in Finland. Press release 14/10/20.

³ Eurobattery Minerals receives approximately SEK 22.7 million through warrant redemption. Press release 16/10/20.

⁴ Eurobattery Minerals supports Uppsala University's Vinnova application for new scientific approach to extracting battery minerals. Press release 19/11/20.

and to come up with efficient extraction methods. In this research project, scientists will use black shale rock material from Eurobattery Minerals' exploration project Fetsjön in northern Sweden. Previous results from 52 exploration boreholes and chemical analyses confirm that the black shale at Fetsjön includes large quantities of vanadium⁵.

- ◆ FinnCobalt Oy has updated Eurobattery Minerals on assay results from last summer's drilling programme at the Hautalampi Ni-Co-Cu Project ("Hautalampi"; "the Project"), eastern Finland. Drilling has confirmed significant extensions to the known mineralisation from 800 metres to 1,400 metres along a strike to the northeast of the historical resource. The mineralisation remains open along strike and down dip⁶.
- ◆ Eurobattery Minerals announced that FinnCobalt Oy has submitted the Hautalampi project's EIA-Programme to the North Karelia Centre for Economic Development, Transport and the Environment⁷.
- ◆ Eurobattery Minerals announced that FinnCobalt Oy has received a decision on a EUR 630,000 (SEK 6.4 million) development grant for its Finnish Hautalampi mine and processing plant project from the South Savolax Centre for Economic Development, Transport and the Environment ("ELY-centre"). The European Regional Development Fund (ERDF) programme granted the funds⁸.

Significant events after the period

- ◆ The Company announced its expansion to the Börse Stuttgart, under the ticker EBM, via an extension of its listing on Nordic Growth Market (NGM) in Sweden. The Company also announced that it will open an office in Berlin during the first quarter of 2021. The Company will remain a Swedish public limited company (AB) headquartered in Stockholm⁹.
- ◆ FinnCobalt Oy updated Eurobattery Minerals on the final assay results from last summer's drilling programme at the Hautalampi Ni-Co-Cu Project in eastern Finland. The drilling has confirmed significant resource expansion potential from 800 metres to 1,400 metres along a strike to the northeast of the historical mineral resource, as well as continuity of the westernmost mineralised horizon in a southwesterly direction towards the historic Hautalampi mineral resource. Eurobattery Minerals has the option to acquire 100% of FinnCobalt Oy in a staged acquisition¹⁰.
- ◆ The Company announced a positive initial result from its collaboration with AGH University of Science and Technology in Krakow on developing an efficient method of extracting vanadium and rare earth elements (REE) from minerals in black shale. The technology used in the experiment allows cost-effective and sustainable enrichment of vanadium and REE at relatively low temperatures, without the use of any chemicals. The research further concludes that the previously confirmed large quantities of vanadium in the Fetsjön black shale is partly tied to the mineral rutile and partly to clays and mica fraction¹¹.

⁵ Research on vanadium enters next phase in Eurobattery Minerals' Fetsjön project. Press release 25/11/20.

⁶ Assays confirm resource expansion at the Hautalampi project, Finland. Press release 30/11/20.

⁷ FinnCobalt OY's Hautalampi mine development project environmental assessment ("EIA") programme published and submitted. Press release 14/12/20.

⁸ Finnish Hautalampi project awarded a development grant of SEK 6.4 million. Press release 16/12/20.

⁹ Eurobattery Minerals expands to Germany via dual listing and new office. Press release 15/01/21.

¹⁰ Resource upside at Hautalampi-Project in Finland. Press release 25/01/21

¹¹ Sustainable and cost-effective method of Fetsjön vanadium enrichment identified in research collaboration. Press release 01/02/21



»At the beginning of 2021, we made a strategic move by expanding to the German market via a dual listing and announcing the opening of a new office in Q1 2021.«

Roberto García Martínez
CEO

Dear Shareholder,

Q4 rounds of a very active year for Eurobattery Minerals and I am proud of the progress the company made in 2020 in delivering on our vision of being the foundation of the battery and electric vehicle value chain by producing ethical and fully traceable battery minerals in Europe. I am also proud of the level of interest in our company from the investor community, evidence of which came in the exercise of warrants subscribed to 96 per cent that raised an additional SEK 22 million for the company during the quarter. In addition to these funds, our Hautalampi nickel-copper-cobalt project in Eastern Finland was awarded a EUR 630,000 (SEK 6.4 million) development grant by the South Savolax Centre for Economic Development, Transport and the Environment granted by the European Regional Development Fund (ERDF) programme.

The green transition is clearly happening right now across several sectors. For example, electrification and battery development are key elements as Europe restarts its economy, and a vital component of the Green Deal. Individual member states support this development and are now launching their sustainable battery strategies. For example, our domestic market, Sweden, has developed an ambitious and sustainable growth strategy in this field. This development is important for Eurobattery Minerals, as sourcing raw materials is crucial to our success.

Sustainable sourcing with a focus on ethics and traceability is the core business of our company. As already communicated in the previous quarterly report, joining the independent Initiative for Responsible Mining Assurance (IRMA) is a strategic move for Eurobattery Minerals. Together we will join forces with other stakeholders in the EV and mining industry and work with third-party verification and certification against a comprehensive best-practice standard that addresses the range of environmental and social issues related to industrial-scale mines.

On the same subject I am delighted that we have extended our partnerships with scientists from Uppsala University and AGH University of Science & Technology in Krakow on new, sustainable methods of extracting vanadium and rare earth elements (REE) from the black shale in our Fetsjön project in Sweden. Projects include a joint research application to the Swedish innovation Agency, Vinnova, and an experimental project on new technologies to obtain vanadium and REE. The latter project has already announced progress recently with

a new thermal and sustainable method that allows cost-effective enrichment of vanadium and REE at relatively low temperatures.

During Q4 and Q1 2021, we attained the final results from our drilling campaign in our Hautalampi project. The assays confirmed a significant resource expansion potential from 800 metres to 1,400 metres along a strike to the northeast of the historical mineral resource and continuity of the westernmost mineralised horizon in a southwesterly direction towards the historic Hautalampi mineral resource. Combined with the EIA-programme submission to the North Karelia Centre for Economic Development, Transport and the Environment, we are now ready for the next stage in Hautalampi.

Besides the Hautalampi project, we are also thrilled about the new reservation permit granted for exploration over the highly prospective Hietajärvi Project, in close proximity to Hautalampi. The project covers over 289km² of ground highly prospective for cobalt, copper, nickel and zinc deposits.

We also made progress in the fourth quarter in our Castriz project area in Spain, where previous tests have confirmed that the majority of nickel and copper is contained within sulphide minerals, the preferred raw materials for the EV battery manufacturing industry. Finally, at the beginning of 2021, we made a strategic move by expanding to the German market via a dual listing and announcing the opening of a new office in Q1 2021. Our presence in the most important automotive market in Europe, enabling easy access for the significant German investor community to invest in Eurobattery Minerals, is a key driver behind our expansion, and essential for us to continue delivering on our business strategy. However, Eurobattery Minerals will remain a Swedish public limited company (AB) headquartered in Stockholm.

In conclusion, we are very well-positioned from a market, financial and project perspective, and I am excited about continuing our expansion and progress in 2021.

Yours Faithfully
Roberto García Martínez
CEO

1 OCTOBER–31 DECEMBER 2020

Comments on the fourth quarter

Earnings and sales

The Company's net sales for the fourth quarter totalled SEK 0 thousand (SEK 0 thousand), and earnings after financial items totalled SEK –5,336 thousand (SEK –2,939 thousand). Operating expenses amounted to SEK –4,842 thousand (SEK –2,735 thousand). EBITDA for the fourth quarter was SEK –4,721 thousand (SEK –2,735 thousand). Financial expenses for the quarter amounted to SEK –615 thousand (SEK –204 thousand).

Investments

Investments in property, plant and equipment in the fourth quarter totalled SEK 0 thousand (SEK 0 thousand). Investments in non-current intangible assets amounted to SEK 1,541 thousand (SEK 1,715 thousand). Investments in non-current financial assets amounted to SEK 1,756 thousand (SEK 0 thousand).

Financial position

Cash and cash equivalents amounted to SEK 42,737 thousand (SEK 6,612 thousand) at 31 December. Equity was SEK 92,464 thousand (SEK 40,754 thousand).

Cash flow and financing

Cash flow from operating activities in the fourth quarter was SEK –5,786 thousand (SEK –3,497 thousand). Cash flow from investing activities was SEK –3,297 thousand (SEK –1,715 thousand), while cash flow from financing activities was SEK 21,538 thousand (SEK 0 thousand).



1 JANUARY–31 DECEMBER 2020

Comments on the full year 2020

Earnings and sales

The Company's net sales for the full year 2020 totalled SEK 0 thousand (previous year: SEK 0 thousand), and earnings after financial items totalled SEK –14,028 thousand (SEK –11,809 thousand). Operating expenses amounted to SEK –13,358 thousand (SEK –11,639 thousand). EBITDA for the full year 2020 was SEK –13,152 thousand (SEK –11,624 thousand). Financial expenses for the period amounted to SEK –876 thousand (SEK –185 thousand).

Investments

Investments in tangible assets for the full year 2020 totalled SEK 0 thousand (SEK 0). Investments in non-current intangible assets amounted to SEK 4,218 thousand (SEK 30,934 thousand). Investments in non-current financial assets amounted to SEK 11,190 thousand (SEK 0 thousand).

Financial position

Cash and cash equivalents amounted to SEK 42,737 thousand (SEK 6,612 thousand) at 31 December. Equity was SEK 92,464 thousand (SEK 40,754 thousand).

Cash flow and financing

Cash flow from operating activities for the full year 2020 was SEK –14,203 thousand (SEK –12,317 thousand). Cash flow from investing activities was SEK –15,410 thousand (SEK –31,141 thousand), while cash flow from financing activities was SEK 65,738 thousand (SEK 45,442 thousand).

Financing of operations

Following the issue carried out by the Company in 2020, the Board of Directors is of the opinion that the Company has no need of external capital in order to finance operations for the next 12 months.

Share information

During the year, 150,663 shares were issued via a set-off issue. The issue is part of the investment agreement with the option to acquire the Hautalampi Nickel-Cobalt-Copper mine, which was resolved on at an extraordinary meeting of the Company's shareholders in May 2020. During the year, 3,938,142 shares were also issued via a rights issue, and the associated warrants that expired in October generated a further 1,895,819 shares for the Company.

The share capital in Eurobattery Minerals AB (publ) at 31 December 2020 amounts to SEK 15,679,318. The total number of shares outstanding is 15,679,318.

The Company was listed on AktieTorget in June 2015. The Company's share was moved to Nordic SME Sweden in April 2019. The share's ticker symbol is BAT and its ISIN code is SE0012481570. In January 2021, a parallel listing of the Company's share was implemented, and it can now also be traded on Börse Stuttgart in Germany under the ticker symbol EBM.

According to Euroclear's register, Eurobattery Minerals had approximately 7,800 shareholders at the close of the period.

List of shareholders at 31 December 2020

<i>Shareholder</i>	<i>Number of shares</i>	<i>Percentage (%)</i>
Avanza Pension	1,160,694	7.40%
Ulex Recursos S.L.	973,110	6.21%
Andrew Randall	969,919	6.19%
Marbury Ridge Ltd	966,116	6.16%
Kimberly Wrixon	654,400	4.17%
Daniel Eddington	450,000	2.87%
He Shin Kim	359,723	2.29%
Swedbank Försäkring	333,638	2.13%
DH Invest AB	300,000	1.91%
Frenergy AB	259,351	1.65%
Total, other shareholders	9,252,367	59.02%
	15,679,318	100.00%

Related-party transactions

During the year, earnings were affected by fees of SEK 2,636 thousand paid to CEO Roberto García Martínez's company Nazgero Consulting Service LTD for work carried out. Earnings for the year have also been impacted by salary and other remuneration to the CEO in the amount of SEK 2,178 thousand.

Finally, earnings were impacted during the year by fees of SEK 127 thousand paid to Board member Jan Arnbom's company Arnbom Geotrade HB for work carried out.

**Accounting principles**

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.

Annual General Meeting and annual report

The Annual general meeting is planned for 1 June 2021. The time and place for the AGM will be published on the Company's website at the same time as the publication of the annual report for 2020, at least three weeks before the AGM is held.

Dividend

The Board intends to propose to the Annual General Meeting that no dividend be paid for the 2020 financial year.

Auditor's report

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

Mentor

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Financial calendar

The interim report for the first quarter of 2021 will be published on 20 May 2021.

Reports and press releases, etc., are published on Nordic Growth Market's website www.ngm.se and on www.eurobatteryminerals.com.

February 2021

Eurobattery Minerals AB
Board of Directors

For further information, please contact CEO Roberto García Martínez.
Email: roberto@eurobatteryminerals.com

Income statement

<i>SEK thousand</i>	2020 <i>Oct–Dec</i>	2019 <i>Oct–Dec</i>	2020 <i>Jan–Dec</i>	2019 <i>Jan–Dec</i>
Operating revenue				
Net sales	0	0	0	0
Other operating income	121	0	206	15
Operating costs				
Other external costs	-4,467	-2,082	-11,029	-10,985
Staff costs	-375	-653	-2,327	-653
Depreciation of tangible fixed assets	0	0	-2	-1
Operating profit/loss	-4,721	-2,735	-13,152	-11,624
Net financial items	-615	-204	-876	-185
Earnings before tax	-5,336	-2,939	-14,028	-11,809
Tax on profit/loss for the year	0	0	0	7
PROFIT/LOSS FOR THE PERIOD	-5,336	-2,939	-14,028	-11,802

Balance sheet

<i>SEK thousand</i>	31/12/2020	31/12/2019
Assets		
Non-current intangible assets	37,886	33,666
Non-current tangible assets	18	20
Non-current financial assets	11,279	89
Other current assets	899	1,019
Cash & bank balances	42,737	6,612
TOTAL ASSETS	92,819	41,406
Equity and liabilities		
Equity	92,464	40,754
Current liabilities	355	652
TOTAL EQUITY AND LIABILITIES	92,819	41,406

Change in equity

<i>SEK thousand</i>	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
Equity at start of period	76,262	43,693	40,754	7,136
New share issue	22,749	0	72,118	50,867
Costs for new share issue	-1,211	-0	-6,380	-5,441
Profit/loss for the period	-5,336	-2,939	-14,028	-11,808
Equity at end of period	92,464	40,754	92,464	40,754

Cash flow statement

<i>SEK thousand</i>	2020 Oct–Dec	2019 Oct–Dec	2020 Jan–Dec	2019 Jan–Dec
Operating profit/loss for the period	-4,721	-2,735	-13,150	-11,624
Financial items	-615	-181	-876	-185
Cash flow from operating activities before change in working capital	-5,336	-2,916	-14,026	-11,808
Change in operating receivables	92	-639	120	-712
Change in operating liabilities	-542	58	-297	203
Cash flow from operating activities	-5,786	-3,493	-14,203	-12,317
Cash flow from investing activities	-3,297	-1,715	-15,410	-31,141
Cash flow from financing activities	21,538	0	65,738	45,442
Cash flow for the year	12,455	5,208	36,125	1,984
Cash and cash equivalents at start of period	30,282	11,824	6,612	4,628
Cash and cash equivalents at end of period	42,737	6,612	42,737	6,612

Key performance indicators and share data

	2020 <i>Jan–Dec</i>	2019 <i>Jan–Dec</i>
Average equity for the period (SEK thousand)	66,609	23,945
Average total capital for the period (SEK thousand)	67,112	24,569
Return on equity (%)	–21	–49
Return on total capital (%)	–20	–47
Equity/assets ratio (%)	99	98
Basic earnings per share (SEK)	–1.44	–0.05
Diluted earnings per share (SEK)	–0.89	–1.26
Equity per share (SEK)	5.90	4.19
Quick ratio (%)	12,292	1,170
Total number of shares	15,679,318	9,694,694
Average number of shares	12,687,006	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.
Quick ratio:	Current assets excluding stock in relation to current liabilities.



Ethical and fully traceable minerals for the electric revolution



Eurobattery Minerals AB is a Swedish mining company listed on NGM Nordic SME (BAT) and Börse Stuttgart (EBM). As the foundation of the battery value chain the company's vision is to help Europe become self-sufficient in ethical and fully traceable battery minerals for the electric vehicle industry. The company is focused on exploration and development of several nickel-cobalt-copper projects in Europe to supply raw material critical to the expanding electric vehicle battery market. Please visit eurobatteryminerals.com for more information. Augment Partners AB, e-mail: info@augment.se, phone: +46 8 505 651 72, is the company's Mentor.