

Europa Metals Ltd
(Incorporated and registered in Australia and registered as
an external company in the Republic of South Africa)
(Registration number 4459850)
(External company registration number 2011/116305/10)
Share code on the ASX: EUZ
Share code on AIM: EUZ
Share code on the JSE: EUZ
ISIN: AU0000014342
("Europa Metals" or "the Company")



Proposed US\$6m Farm-In Arrangement with Denarius Metals Corp. for up to 80% of the Toral Project

Europa Metals, the European focused lead, zinc and silver developer, is pleased to announce that it has signed a letter of intent for an option and joint-venture ("JV") arrangement with Denarius Metals Corp. (TSXV: DSLV; OTCQB: DNRSF) ("Denarius"), pursuant to which Denarius will have the right to acquire up to an 80% ownership interest in the Company's wholly owned Toral Zn-Pb-Ag Project (the "Toral Project" or "Toral"), León Province, Northern Spain in two stages (the "Proposed Transaction").

The Proposed Transaction is subject, *inter alia*, to confirmatory due diligence by Denarius, the finalisation and entering into of definitive documentation (the "Definitive Agreement") and all requisite shareholder and regulatory approvals as appropriate.

Highlights:

- **Stage 1 Option:** Denarius will be afforded the exclusive right to acquire 51% of the project's intermediate holding company, Europa Metals Iberia S.L. ("EMI"), or the project's underlying permit(s), by spending US\$4m on the Toral Project over a period of up to 3 years, comprising:
 - US\$650,000 in two tranches to be utilised by Europa Metals to fund completion of a pre-feasibility study and mining licence application for the Toral Project; and
 - A further US\$3.35m to be applied towards:
 - approximately 2,000m of confirmatory due diligence drilling; and
 - securing and exploring the nearby historic Antonina Zn-Pb mine area (the "Antonia Mine") and surrounding concessions to form a proposed expanded JV project.
- **Stage 2 Option:** Denarius will be afforded the exclusive right to acquire an additional 29% interest in EMI, or the project's underlying permit(s), in return for:
 - delivering a further pre-feasibility study demonstrating positive economic results over the proposed enlarged project, including the Antonina concessions; and
 - making a cash payment of US\$2m to Europa Metals, within the 12-month period following exercise of the Stage 1 Option.

Commenting today, Myles Champion, Executive Chairman and acting CEO of Europa Metals said:

"The Board has for some time been evaluating a range of options to advance the Toral Project towards development in a manner that minimises dilution for the Company's shareholders as far as possible whilst also providing exposure to the significant future value inherent in the project. It is a

credit to our Spanish team to have progressed and shaped the project to its current stage of development and we are delighted to be able to seek a definitive agreement to partner with Denarius and its successful development team.

“Over the past four years, Europa Metals’ team has been working diligently to progress this high-quality, base metals project in a world-class mining jurisdiction. This proposed investment by Denarius is a significant step forward in the advancement of not only Toral, but also our ambition to secure potential further concessions in the surrounding region.

“We look forward to welcoming Serafino and the rest of the Denarius team into the Toral Project and collectively changing the direction of exploration and mining activity across northern Spain with the ongoing support of regional governments and communities.”

Serafino Iacono, Executive Chairman and CEO of Denarius, commented:

“We are extremely pleased to have agreed the commercial parameters for this proposed farm-in transaction subject, inter alia, to definitive documentation which will enable Denarius to lead the development of this high-grade polymetallic project located in a well-mineralised historic mining area and proactive jurisdiction that also offers potential further exploration opportunities. The high-grade concentrates that could be produced at Toral in the future make this a unique opportunity for Denarius to seek to develop a high-quality base metal project in the heart of western Europe.

“Surging demand from industry, combined with increasing geopolitical risks, have served to increase raw metals prices over the last year. The production capacity to service the European automotive and lead-acid battery industry is declining and there is an urgent need to develop safer and more sustainable alternative raw material supply systems in the region. The Proposed Transaction could also provide future strategic synergy with our wholly owned Lomero-Poyatos polymetallic project in respect of the commercialisation of concentrates from both potential future operations.”

Details of the Proposed Transaction

The Proposed Transaction involves the formation of an unincorporated joint-venture between Denarius and Europa Metals for the development of the Toral Project, which will cover both the existing investigation permit (the “Permit”) area and potentially the adjacent historic Antonina Mine area, the former licence for which is currently terminated by the Junta de Castilla y León (the “Junta”). The Proposed Transaction will involve the grant of a two-stage option to Denarius by the Company in return for funding certain planned expenditure and consideration of up to, in aggregation, US\$6m subject to certain conditions precedent, as described further below.

The first phase of the Proposed Transaction will involve an option for the acquisition by way of a farm-in by Denarius or its designee, from EMI, a wholly owned Spanish subsidiary of Europa Metals, which holds the current Permit in respect of the Toral Project of a 51% interest in the Toral Project (the “First Option”).

In order to be able to exercise the First Option and acquire a 51% interest in the Toral Project (i) Denarius and Europa Metals shall agree on a work programme and budget and (ii) Denarius will thereafter fund a minimum of US\$4m of expenditure (including US\$650,000 to be advanced to Europa Metals as to US\$100,000 on signing of the Definitive Agreement and as to US\$550,000 on completion of a potential financing round by Denarius, which is expected to be concluded by 31 March 2023) towards:

- i. a 6-month due diligence twin drilling project of up to 2,000 metres to confirm mineralisation and grades and enable Denarius to obtain cores from the mineral resource wireframes; and
- ii. the completion of a pre-feasibility study for the Toral Project (including the proposed Antonina

Mine concession) to be presented to the Junta (the “Pre-Feasibility Study”). Notwithstanding the foregoing, Europa Metals and Denarius understand that a pre-feasibility study on the Toral Project, acceptable to the Junta must be presented before the end of October 2023 to comply with the obligations under the existing Permit.

The disbursement of the remaining amounts required to exercise the First Option (a minimum of US\$3.35m), will be contingent on the effective incorporation of the Antonina Mine into the Toral Project (the “Antonina Condition Precedent”). Denarius will have the right to terminate the joint-venture in the event that: (i) Denarius and/or Europa are unable to secure the mineral rights in respect of the historic Antonina Mine area within the 18-month period following the date of execution of the Definitive Agreement; or (ii) if the due diligence twin drilling project finds significant assay discrepancies with the previously Europa Metals reported values.

The second phase of the Proposed Transaction will involve an option to afford Denarius or its designee, the right to acquire an additional 29% interest in the Toral Project, via EMI, or in the Permit directly, to take its interest up to 80% in return for: (i) delivering the Pre-Feasibility Study demonstrating positive economic results for the proposed enlarged Toral Project and (ii) making a cash payment of US\$2m to Europa Metals, within the 12-month period following the date of exercise of the First Option (the “Second Option”).

The Proposed Transaction is subject, *inter alia*, to confirmatory due diligence by Denarius, the finalisation and entering into of a Definitive Agreement (within the next 60 days unless extended by the parties) and all requisite shareholder and regulatory approvals, as appropriate, and there can be no guarantee that the transaction will be completed.

A further announcement(s) will be made in due course as appropriate.

For further information on the Company, please visit www.europametals.com or contact:

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5 October 2022

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

About Denarius

Denarius is a Canadian junior company engaged in the acquisition, exploration, development and eventual operation of mining projects in high-grade districts, with its principal focus on the Lomero-Poyatos Project in Spain. The company also owns the Zancudo and Guia Antigua Projects in Colombia.

Additional information on Denarius can be found on its website at www.denariusmetals.com and by reviewing its profile on SEDAR at www.sedar.com.