

# Boreal Metals - Announcing execution of definitive agreement to acquire second cobalt project in Sweden

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VANCOUVER, Feb. 9, 2018 /CNW/ - [Boreal Metals Corp.](#) ("Boreal" or the "Company") (TSXV:BMX) is pleased to announce the execution of a definitive agreement (the "Agreement") with [EMX Royalty Corp.](#) ("EMX") (NYSE American: EMX, TSXV: EMX) for the acquisition of the Guldgruvan cobalt project ("Guldgruvan" or the "Project") by Boreal [Energy Metals Corp.](#) ("BEMC"), a wholly owned subsidiary of Boreal.

The Guldgruvan nr 101 license contains the historic Los Cobalt Mine, one of the better known historic cobalt producers in the region, and is also the region where nickel was first discovered and recognized as an element in 1751<sup>1</sup>. Cobalt, copper, and nickel were mined on the property in the 1600's to 1750's. In addition to these metals, gold, silver, zinc, and lead are also present in zones of mineralization. Following the Company's growth strategy to acquire past producing projects, Guldgruvan has undergone only limited modern exploration.

"Boreal continues its exploration project growth strategy with the addition of the Guldgruvan Project. Through the acquisition of two significant past producing cobalt assets, Boreal is well positioned in the region as Scandinavian Battery Companies are moving forward to lead Europe's emerging battery production sector," stated Karl Antonius, President and CEO. "Boreal's acquisition delivers significant benefits to its shareholders. Guldgruvan complements the previously announced acquisition of Modum, which combined further builds the foundation for Boreal's strong base metal and cobalt exploration in Scandinavia."

## Transaction Commercial Terms

The agreement with Boreal contains the following commercial terms:

- Subject to regulatory approval, at closing, EMX will transfer its Guldgruvan exploration licenses to BEMC.
- At closing, BEMC will issue to [EMX Royalty Corp.](#) common shares of BEMC that will bring EMX's share of equity in BEMC to 5.9%; BEMC will have the continuing obligation to issue additional shares of BEMC to EMX to maintain its interest in BEMC, at no additional cost to EMX, until BEMC has raised CDN\$3,000,000 in equity. Thereafter, EMX will have the right to participate pro-rata in future financings at its own cost to maintain its 5.9% interest in BEMC. The issuance of BEMC shares to EMX, as set forth in the definitive agreement, is subject to receipt of TSX Venture Exchange approval.
- EMX will be granted an uncapped 3% net smelter return ("NSR") royalty on the Project, of which a 1% NSR royalty will be paid to EMX purchased by BEMC on or before the fifth anniversary of the closing date in 0.5% increments for a total of USD\$200,000 in cash and common shares of BEMC stock.
- EMX will receive annual advance royalty ("AAR") payments of USD\$20,000, commencing on the second anniversary of closing, with each AAR payment increasing by USD\$5,000 per year until reaching USD\$60,000 per year.
- EMX will also be reimbursed for its acquisition costs and previous expenditures on the Project.
- The issuance of BEMC shares to EMX, as set forth in the Agreement, is subject to TSX Ventures Exchange approval.

## The Nordic Region and Battery Metals Market

The Nordic region is host to 26 active mines and seven smelters. This region has excellent infrastructure including deep water ports with year-round ice-free harbors, extensive roads, rail, and access to skilled workforce, mining universities, and service providers.

Northvolt AB ([www.northvolt.com](http://www.northvolt.com)) has selected a location near Skelleftea, in northern Sweden to build Europe's biggest battery cell factory. Northvolt and Scania, a division of Volkswagen Truck & Bus GmbH, announced on January 25, 2018 they have agreed to develop and commercialize battery cell technology for heavy commercial vehicles<sup>2</sup>. Northvolt plans on using materials that will be responsibly and efficiently sourced as close to the mines as possible, especially from the mineral-rich Nordic peninsula. The use of locally sourced materials avoids conflict minerals in the supply chain.

Cobalt has many uses, but over half of the total global demand comes from the chemical sector which uses cobalt, among other applications, for metallic cathodes in rechargeable batteries<sup>3</sup> specifically, lithium cobalt oxide (LiCoO<sub>2</sub>) is used in lithium ion battery cathodes. Nickel-cadmium (NiCd) and nickel metal hydride (NiMH) batteries also use cobalt to improve the oxidation of nickel. In addition to battery usage in mobile devices, battery technologies for electric vehicles, coupled with a worldwide shortage of ethically-sourced cobalt, have helped drive a multifold increase in the price of cobalt as the global race to source rechargeable battery metals continues to increase worldwide demand.

#### Overview of Guldgruvan Project

The 2,383 Ha Guldgruvan cobalt project is located near the town of Los, Sweden. The Project is accessible year-round with robust infrastructure including paved roads, power, and skilled labour in nearby municipalities. The Guldgruvan nr 101 contains numerous historical workings, test pits and shallow drill holes in addition to five major mining sites, which were of historical production.

Widespread cobalt-bearing copper and subordinate nickel-zinc-gold-silver mineralization occurs in sulphide disseminated vein-infill, and shear zones within Proterozoic mafic and felsic metavolcanic rocks at Guldgruvan. The cobalt-bearing occurrences define a series of parallel north-northwest trending zones of mineralization that extend for at least six kilometers across the claim package.

#### About Boreal Metals Corp.

Boreal is a mineral exploration company focused on the discovery of Zinc, Copper, Silver, Gold and Cobalt deposits in exceptional, historical mining project areas spanning Sweden and Norway. The Company aims to discover new economic mineral deposits in known mining districts that have seen little or no modern exploration techniques. The Company is led by an experienced management team and technical team, with successful track records in mineral discovery, mining development and financing.

#### Qualified Person

Daniel MacNeil, P.Geol, a Qualified Person as defined by National Instrument 43-101, has read and approved all technical and scientific information related to the Modum project contained in this news release. Mr. MacNeil is Vice President Exploration at [Boreal Metals Corp.](#)

On behalf of [Boreal Metals Corp.](#)

Karl Antonius, President

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

#### Cautionary Note Regarding Forward-Looking Statements

This news release contains certain statements that may be deemed "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "would", "may", "could" or "should" occur. Although [Boreal Metals Corp.](#) believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and are subject to risks and uncertainties, and actual results or realities may differ materially from those in the forward-looking statements. Such material risks and uncertainties include, but are not limited to, [Boreal Metals Corp.](#)'s ability to raise sufficient capital to fund its obligations under its property option agreements, to maintain its mineral tenures and concessions in good standing, to explore and develop its projects, to repay its debt and for general working capital purposes; changes in economic conditions or financial markets; the ability of [Boreal Metals Corp.](#) to obtain the necessary permits and consents required to explore, drill and develop the projects and if obtained, to obtain such permits and consents in a timely fashion relative to [Boreal Metals Corp.](#)'s plans and business objectives for the projects; the general ability of [Boreal Metals Corp.](#) to drill test its projects and find mineral resources; if any mineral resources are discovered or acquired, the Company's ability to monetize any

mineral resources; and changes in environmental and other laws or regulations that could have an impact on the Company's operations. Forward-looking statements are based on the reasonable beliefs, estimates and opinions of Boreal Metals Corp. management on the date the statements are made. Except as required by law, Boreal Metals Corp. undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors change.

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<sup>1</sup> Cronstedt, Axel F. (1754). "Fortsättning af rön och försök, Gjorde Med en Malm en Malm-art från Los Kobolt Grufvor." Svenska Veenskapas Academians Handlingar. 15: 38-45.

<sup>2</sup> <https://www.reuters.com/article/northvolt-scania/vws-scania-backs-northvolts-5-bl-in-swedish-battery-plant-idUSL8N1P>

<sup>3</sup> <https://www.thebalance.com/metal-profile-cobalt-2340131>

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## Contact

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