European Electric Metals to Acquire Cobalt-rich Nickel-Iron Mine

11.10.2018 | GlobeNewswire

- Fully permitted mining operation strategically located in European setting
- Elevated cobalt of up to 0.54% identified in initial EVX sampling program
- Historic resource with size and grade potential

VANCOUVER, Oct. 11, 2018 - European Electric Metals Inc. (TSXV-EVX) (“EVX” or “the Company”) is pleased to announce that it has entered into an agreement to acquire 100% of the issued and outstanding shares of Gerold Sh.pk. (“Gerold”), an arm’s length party, which holds the Skroska Iron-Nickel mine (“Skroska”) in Albania.

Gerold previously ran a 200 tons per day mine at Skroska, a fully permitted mining operation covered by a 20-year mining license, which was issued in 2008. Gerold conducted mining operations on Skroska from 2008–2013 using an open stope method. The operation previously focused on nickel production and the mine was put on care and maintenance in 2013 due to low nickel prices. EVX’s geological team believed there was potential for high-grade cobalt in this geological setting and during sampling realized this potential.

All underground infrastructure and mining equipment necessary to conduct mining operations is in place, owned and onsite. The mine is 16 kilometers on a paved road to a rail loading station that connects the mine to a shipping port.

In addition to the commencement of mining operations, the Company will also target to confirm and expand the historic resource through drilling and undertake a study to evaluate an expansion of the historic mining rate.

EVX geologists investigated the possibility of higher-grade cobalt zones at Skroska, believing there may be similarities between mineralogy of Skroska laterite deposit and the Geovic’s Cameroon laterite deposit. During sampling at the Skroska the EVX geological team took 18 laterite samples collected from 10 different underground locations. The assays ranged from 0.05% to 0.54% Co and from 0.36% to 1.92% Ni. Ten of these samples assayed 0.15% Co and above and are shown in the table below. The presence of this cobalt-rich laterite had not been previously recognized at Skroska.

Sample Number	Sample Width Meters	% Co	% Ni	% Fe_2O_3	% MnO
1A	0.80	0.20	1.46	67.00	0.289
1B	0.75	0.16	1.36	62.96	0.394
4A	1.05	0.16	1.33	71.60	0.625
6A	1.05	0.15	1.46	71.01	0.44
7A	0.85	0.18	1.39	64.79	0.56
7T	0.50	0.35	1.45	55.22	0.71
8C	0.70	0.22	1.12	76.09	0.95
8B	0.75	0.20	1.31	76.28	0.86
9A	0.70	0.24	1.46	65.89	0.64
9T	0.40	0.54	1.92	51.00	0.51

The samples were taken vertically from the pillars/columns of the mine and have widths varying from 0.40 meter to 1.10 meters. Where two samples have the same preceding number (i.e. 7A and 7B) it means they

were taken from the same location and are contiguous. The majority of the samples were collected at Level-815 of the underground mine, with three samples taken at Level-850. The sampling program covered a lateral distance of approximately 420 meters. The location of the samples and their corresponding assays are shown in the Company’s website (www.europeanelectricmetals.com).

The samples were sent to ALS Lab in Serbia for preparation and sent to their laboratory in Ireland for analysis. The analytical suite selected was ME-XRF12n. This analytical suite is suitable in the analysis of ore grade nickel laterite samples.

Mr. Fred Tejada, EVX CEO and Director states, “We are excited our geological team recognized the potential for the cobalt-rich horizons at Skroska and very pleased that this potential has been confirmed in the sampling program, via high grade cobalt results. This transaction represents a major step towards our goal of becoming an ethical source of high-grade cobalt production, within a European setting.”

The Skroska Mine

The Skroska deposit had a historic resource of 22.4 million tons grading 0.99% Ni, 50% Fe and 0.065% Co. The reserve is historic in nature (see note below). The laterite deposit ranges from 2 meters to 10 meters in thickness and averages 6 meters thick. It occurs between the ultramafic rocks (serpentinized) below and limestone on top or as a capping. The limestone is a competent rock which makes it a natural roof for the open stope underground mining method employed in the mine. Approximately 100,000 tons were mined by Gerold at an operating rate of 200 tons per day and 55,000 tons were shipped to China, while about 15,000 tons in Macedonia (information provided by Gerold Sh.pk. personnel). The rest of the mined materials are stockpiled in the mine site (the stockpile is not included in the Agreement). Prior to Gerold, mining was conducted by a state-run enterprise from 1985 to 1990 extracting 1.054 million laterite ore and delivering to the Elbasan Ferro-Nickel smelter some 58 kms to the west of the mine (based on available government information).

Based on the sampling done by EVX in July 2018, the mine openings (haulage, development and production areas) were observed to be accessible and free of major blockages. Electrical power supply to the underground areas was available while major mine equipment both inside the underground works and on the surface were observed to be in good condition and are reported to be operational.

The Company’s geologists persisted in looking at the possibility of higher grade in some of the deposits similar to grades in the Geovic Cameroon deposit. Having had indications of elevated Co in prospecting done, the Company’s geologists conducted a 2-day sampling program in Skroska in July. EVX geologists sampled the appropriate horizons and came back with very high cobalt grades.

Cobalt has not been a significant contributor in the past as all the laterite production in Albania was processed for nickel and iron. Historically, prior to Albania building its own smelter in 1976 in Elbasan, the laterite ore was shipped to China and Czechoslovakia.

The Company has 4 months to conduct due diligence study which will include among others a study to determine if mining operations can be re-started within 6 to 12 months. Historical resource estimates are not mineral reserves and do not have demonstrated economic viability.

Terms of the Agreement

Under the terms of the agreement, the Company will acquire 100% of the issued and outstanding shares (“Quotas") of Gerold for total consideration of â‚¬5.41 million over three years, comprising payments totaling â‚¬5.2 million and share issuances valued at â‚¬210,000.

The Company will purchase 100% of the Quotas of Gerold for â‚¬3.03 million and will purchase a loan of â‚¬2.38 million (the “Loan”) due from Gerold by paying â‚¬2.17 million and by issuing â‚¬210,000 in shares of the Company. The Company will acquire equity interests in Gerold proportionate to the amount paid and can elect to accelerate the payments to accelerate the equity interest accumulation.

The Company is required to make payments and issue shares as follows:

- Pay â,¬200,000 in 4 months from Closing.
- Pay â,¬480,000 to the vendors and purchase â,¬486,948 of the Loan on the 12th month from Closing.
- Pay â,¬1,085,000 to the vendors and purchase â,¬931,526 of the Loan on the 24th month from Closing.
- Pay â,¬1,265,000 to the vendors and purchase the balance of the Loan by paying â,¬751,526 and by issuing â,¬210,000 in shares on the 36th month from Closing.

Notwithstanding the above, EVX may defer the Equity and Loan payments due on the 24th month to the 36th month and make the payments for both the 24th month and the 36th months together. Gerold will retain a 1.5% NSR which the Company can buy at any time for â,¬1.50 million. A copy of the agreement has been filed on SEDAR which can be reviewed for details. EVX has 4 months to conduct due diligence from date of signing of the Agreement.

Note: The tonnage and grade estimates stated above are historic in nature and were obtained from the records at the Albanian Geological Survey. The estimate done, using Russian Style Polygon method, are roughly equivalent to the National Instrument 43-101 inferred category. No qualified person has done sufficient work to classify the historical estimates as current mineral resources. EVX considers the historical estimates relevant in guiding exploration efforts and planning although EVX is not treating the historical estimates as current mineral resources. EVX will need to undertake a comprehensive review of available data, including further drilling, to verify the historic estimates and classify them as current resources.

Jose Mario Castelo Branco, EuroGeol, a Qualified Person under the meaning of Canadian National Instrument 43-101 and Chief Geologist of the Company is responsible for the technical content of this news release.

About European Electric Metals Inc.

European Electric Metals Inc. is a Canadian listed public company, with a focus on electrification themed projects in Europe. A major shareholder of EVX is the European Bank for Reconstruction and Development. The goal of EVX is to become a major source of battery metals such as copper, nickel and cobalt, and the Company seeks to do so within safe, stable and logistically attractive European jurisdictions. The Company's projects are ideally located with excellent road, port and grid power availability, and near European countries that are poised to experience dramatic growth in the electric-vehicle-manufacturing industry. There is a strong battery-manufacturing industry within Europe with many more projects in the pipeline.

On behalf of the Company,

Fred Tejada, Chief Executive Officer and Director

Forward-Looking Statements. This news release contains “forward-looking” statements and information relating to the Company and Skroska are based on the beliefs of Company management, as well as assumptions made by and information currently available to Company management. Such statements reflect the current risks, uncertainties and assumptions related to certain factors including but not limited to, without limitations, exploration and development risks, expenditure and financing requirements, general economic conditions, changes in financial markets, the ability to properly and efficiently staff the Company’s operations, the sufficiency of working capital and funding for continued operations, title matters, community relations, operating hazards, political and economic factors, competitive factors, metal prices, relationships with vendors, governmental regulations and oversight, permitting, seasonality and weather, technological change, industry practices, and one-time events. Should any one or more risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements may vary materially from those described herein. The Company does not undertake to update forward-looking statements or forward-looking information, except as required by law.

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