

**21 December 2022**

## **Europa Metals Ltd**

("Europa Metals", the "Company" or the "Group") (AIM, AltX: EUZ)

### **Publication of Supplementary Explanatory Statement**

Europa Metals, the European focused lead-zinc and silver developer, further to the Company's announcement of 7 December 2022, wishes to provide additional information that the directors of the Company consider may be beneficial to Shareholders in deciding whether to approve the resolution to be proposed at the general meeting scheduled to be held at 11.00 a.m. (UK time) on Friday, 30 December 2022.

The Supplementary Explanatory Statement is set out in full at the end of this announcement and should be read by Shareholders in its entirety. In addition, the Supplementary Explanatory Statement, together with the Explanatory Statement of 7 December 2022, can be viewed and downloaded from the Company's website via the following link: <http://www.europametals.com/site/aim-rule-261/shareholder-communication>

Defined terms used in this announcement have the same meanings as those ascribed to them in the Notice, Explanatory Statement and/or Supplementary Explanatory Statement unless the context requires otherwise.

For further information on the Company, please visit [www.europametals.com](http://www.europametals.com) or contact:

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## **EUROPA METALS LTD**

**ACN 097 532 137**

### **SUPPLEMENTARY EXPLANATORY STATEMENT TO SHAREHOLDERS**

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#### **INTRODUCTION**

This Supplementary Explanatory Statement has been prepared for the information and assistance of Shareholders in connection with the Resolution to be considered at the General Meeting of the Company's Shareholders to be held at 11.00 a.m. (UK time) / 7.00 p.m. (AWST) on Friday, 30 December

**This Supplementary Explanatory Statement should be read in conjunction with the Notice of Meeting and Explanatory Statement announced and sent to Shareholders on 7 December 2022.**

Capitalised terms in this Supplementary Explanatory Statement have the meanings given in the Notice of General Meeting and Explanatory Statement to Shareholders unless otherwise stated.

The purpose of this Supplementary Explanatory Statement is to provide certain additional information that the Directors believe may be beneficial to Shareholders in deciding whether or not to pass the Resolution set out in the Notice.

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## **1. RESOLUTION 1 - APPROVAL OF THE PROPOSED TRANSACTION WITH DENARIUS**

### **1.1 Denarius**

Denarius is a Canadian junior mining company listed on the TSXV (ticker symbol: DSLV). It is engaged in the acquisition, exploration, development and eventual operation of mining projects in high-grade districts, with its principal focus being on its Lomero-Poyatos Project (the **Lomero Project**) in Spain. Denarius also owns the Zancudo and Guia Antigua Projects in Colombia.

Following appropriate due diligence, the Company is satisfied that Denarius has a suitably qualified board and management team as well as access to sufficient funds to be able to, *inter alia*, properly carry out the planned twin drill programme and complete a preliminary economic assessment to satisfy the conditions to be able to exercise the First Option, and thereafter potentially complete a NI 43-101 compliant pre-feasibility study on the Toral Project and pay US\$2 million cash to the Company to be able to exercise the Second Option.

### **1.2 Toral Project**

On 30 November 2022, the Company announced an updated mineral resource estimate for the Toral Project. The Company confirms that there have not been any material changes to the information set out in that announcement. Further information on the Toral Project is set out in the announcement and, if Shareholders are in any doubt about its contents, they are recommended to seek independent advice.

In the event that Shareholders do not approve the Resolution or Denarius withdraws from the Option Agreement without substantially completing the conditions to the exercise of the First Option or Second Option, the Company would seek to either identify and secure an alternative partner(s) to fund the Toral Project or raise sufficient funds to progress the project. Progressing the Toral Project will include further exploration work and completion of a pre-feasibility study.

### **1.3 Loan**

The proposed Loan to the Company's wholly-owned subsidiary EMI will be a participating, or limited recourse, loan governed under Spanish law, which converts into equity in EMI upon Denarius exercising the First Option.

If the First Option is not exercised, Denarius will be required to assign the Loan to Europa Metals in return for the payment by the Company of US\$1.

Interest of 5 per cent. will accrue on the Loan if EMI generates a profit of at least €500,000 prior to it being converted into equity.

### **1.4 JV Agreement and Shareholders' Agreement**

In addition to the terms set out in the Explanatory Statement, the JV Agreement contains the following terms:

- (a) during the option periods, Denarius will, as operator, prepare work programmes and budgets for approval by the Management Committee. Europa Metals will initially have one representative on the Management Committee. A participant may elect not to participate in the work programme and budget, in which event their interest in the joint venture would be diluted in accordance with an agreed formula;
- (b) subject to typical exceptions, in the event that a party wished to transfer its interest in the JV Agreement, there is a right of first refusal to the other party; and
- (c) disputes under the JV Agreement are to be resolved by arbitration.

The JV Agreement and Shareholders' Agreement otherwise contain terms considered customary for a transaction of this nature.

### **1.5 Directors' recommendation**

In unanimously recommending that Shareholders vote in favour of the Resolution, the Directors have identified and considered the following principal advantages:

- (a) prior to entering into the Option Agreement, the Company undertook a lengthy due diligence and sale/joint venture process, and is satisfied that as a result of this process the consideration receivable under the Option Agreement is superior to competing potential proposals received and is at least equal to the value of the interest in the Toral Project being disposed;
- (b) the Option Agreement enables the Toral Project to be advanced by Denarius to a completed pre-feasibility study stage without the Company having to raise further capital for Toral;
- (c) as a condition to exercising the Second Option, Denarius must pay the Company US\$2 million in cash. As a result of such potential future cash payment, the Directors believe that the Company would be in an optimal position to invest in other resource opportunities/projects;
- (d) Denarius' management team is experienced in operating in Spain and is currently advancing Denarius' Lomero Project towards an economic study following completion of its Phase 2 exploration programme; and
- (e) the Company will, in the event that Denarius at any time elects not to proceed with the Option Agreement, have the benefit of the work undertaken by Denarius, at no cost to the Company, to that point.

In unanimously recommending that Shareholders vote in favour of the Resolution, the Directors have also had regard to the following disadvantages:

- (a) the Company will no longer manage the Toral Project and, following exercise of the First Option and potentially the Second Option, will be a minority shareholder in EMI; and
- (b) the Company could potentially suffer further dilution should fundraising activity be required if it cannot meet future cash calls in respect of the Toral Project.

#### **GLOSSARY IN RESPECT OF THE EXPLANATORY STATEMENT AND SUPPLEMENTARY EXPLANATORY STATEMENT**

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<b>A\$</b>	means Australian dollars.
<b>AIM</b>	means the market of that name operated by the London Stock Exchange plc.
<b>AIM Rules for Companies</b>	means the AIM Rules for Companies published by London Stock Exchange plc (as amended from time to time).
<b>Board</b>	means the current board of directors of the Company.
<b>Chairman or Chair</b>	means the person appointed to chair the General Meeting.
<b>Company or Europa Metals Corporations Act</b>	means Europa Metals Ltd ACN 097 532 137.
<b>Corporations Regulations</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>DI Holders</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>Directors</b>	means holders of depositary interests in the Company.
<b>Explanatory Statement</b>	means the directors of the Company, being Myles Campion, Evan Kirby and Daniel Smith.
<b>Form of Instruction</b>	means the explanatory statement accompanying the Notice of Meeting.
<b>General Meeting or Meeting</b>	means, for DI Holders, the form of instruction enclosed with the Notice of Meeting.
<b>Group</b>	means the General Meeting of Shareholders convened by the Notice.
<b>Notice of Meeting or Notice</b>	means the Company and a related body corporate of the Company as defined in section 50 of the Corporations Act and any company in respect of which the Company has voting power of not less than 20%.
	means the notice of General Meeting including the

	Explanatory Statement.
<b>Ordinary Resolution</b>	means a Resolution to be passed by a simple majority of Shareholders (entitled to vote) that vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
<b>Proxy Form</b>	means, for Shareholders, the proxy form enclosed with the Notice of Meeting.
<b>Resolution</b>	means the resolution set out in the Notice of Meeting.
<b>Share</b>	means an ordinary share in the Company.
<b>Shareholder</b>	means a holder of Shares in the Company.
<b>US\$</b>	means US dollars.

All references to "£", "pence" or "p" are to the lawful currency of the United Kingdom.

All references to "A\$", "\$", "c" or "cents" are to the lawful currency of Australia.

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