



Eurobattery Minerals signs investment agreement with option to acquire the Hautalampi nickel-cobalt-copper mine

Eurobattery Minerals AB (NGM Nordic SME: “BAT”; the “Company”), a growth company in the mining and exploration industry, has signed an investment and shareholders agreement including an option for a staged acquisition of 100 per cent of the shares in Vulcan Hautalampi Oy (“VHOy”), 100 per cent owner of the Hautalampi Nickel-Cobalt-Copper Project, in eastern Finland. The option under the Investment and Shareholders Agreement is linked to an obligation to provide successive cash financing for investments in the Hautalampi nickel-cobalt-copper Project (the “Hautalampi Project”). The consideration to be paid by BAT for acquired shares in VHOy and the option premium, and the cash financing to be provided by BAT for the Hautalampi Project amount to approximately €8.6M in total, payable during 48 months. The Board of Directors of the Company has decided, subject the approval of an Extraordinary General Meeting, on a rights issue of units to finance some of the mining activities in connection with the acquisition. For the partial payment of the option premium, the Company will issue new shares to the existing shareholders of VHOy amounting to €0.2M. More information regarding the rights issue of units will be given through a separate press release.

The Hautalampi Project is located at the same site as the famous Keretti (Outokumpu) copper mine (1912-1989). The Hautalampi Ni-Co-Cu orebody is located parallel to and above the exploited copper deposit. Existing surface and underground infrastructure provide significant location advantages in what is already a tier 1 mining jurisdiction.

– *This acquisition is an important milestone for Eurobattery Minerals as it accelerates our business strategy and shortens the time to us being producers. As the foundation of the battery value chain we are committed to provide ethically produced and traceable battery minerals from Europe critical for the rapidly growing electric vehicle industry, said Roberto García Martínez, CEO of Eurobattery Minerals.*

Key points:

- BAT has acquired an option to acquire VHOy, owner of all the mining rights to the Ni-Co-Cu deposit and 280 hectares of mining concession (approximately 94 per cent of the mining lease area).
- Aggregate consideration for the acquisition of VHOy amount to €6.05M in total, payable in different tranche payments, consisting of €1.35M in cash and €4.70M in BAT shares. Each payment tranche is triggered upon value accretive project milestones.
- The Company pays €0.05M in cash and €0.2M in BAT shares at the closing of the investment and shareholders agreement in consideration for the option to acquire VHOy.
- The Company has the option to invest €2.0M, in the way it sees fit, in the Hautalampi Project during 24 months from the acquisition and an additional €0.5M, in the way it sees fit, during the first 36 months from the acquisition. Approximately €10-15M is estimated to have been invested on the Hautalampi Project by the previous owner so far, including 22,000m of core drilling, a decline and additional underground mine development works, mineral resource and reserve estimations, multiple mineral processing studies and a feasibility study. Previous investment enables BAT to fast-track project to an updated feasibility study status-
- A historical NI 43-101 compliant Mineral Resource Estimate of 3.2Mt @ 0.43% Ni, 0.35% Cu and 0.12% Co. Significant potential for resource upside identified by historical and recent studies.
- The mineral deposit contains nickel and cobalt sulphide minerals and copper sulphide minerals with gold and silver by-products. Processing methods have been investigated and high value concentrates have been produced. Further process test work by Outotec Oyj has demonstrated that a combined nickel-cobalt concentrate can be leached and chemicals suitable for battery industry can be produced.
- Lower risk than exploration project as ore body has already been defined by previous owners. Existing decline and additional underground development totalling 2,100 meters also completed by previous owners. Underground mining permit is also in place.
- Much of the critical infrastructure is still in place, such as the high voltage power line, concrete foundations for the process plant, roads and the town itself (population 7,700).
- The acquisition is a further step in building a high-quality exploration and production company with several projects in different stages of advancement throughout Europe and thereby provide ethically sourced and traceable battery minerals to the EV industry.

Acquisition terms

The Company has options to acquire 100 per cent of VHOy in a multi-staged transaction in consideration for €6.05M in cash and BAT shares over a 48 months period. The acquisition is structured as follows:

- The Company pays €0.05M in cash and €0.2M in BAT shares – the subscription price for which correspond to the volume weighted

average price of the Company's shares on NGM Nordic SME the 10 trading days immediately prior to 27 May 2020 – for the option to acquire VHOy according to below terms.

- Tranche 1: The Company has to invest €2.0M, in the way it sees fit, in the Hautalampi Project during 24 months from the acquisition. Once invested, the Company can acquire 40 per cent of VHOy in consideration for €0.25M in cash and €1.0M in BAT shares.
- Tranche 2: The Company has to invest an additional €0.5M, in the way it sees fit, in the VHOy project during 36 months from the acquisition. Once invested, the Company can acquire an additional 30 per cent of VHOy in consideration for €0.25M in cash and €1.0M in BAT shares.
- Tranche 3: The Company can acquire the remaining 30 per cent of VHOy in consideration for €0.3M in cash and €1.0M in BAT shares within 48 months from the Acquisition of the option.
- At the announcement of commercial production, the Company will pay the sellers of VHOy €0.5M in cash and €1.5M in BAT shares.
- The sellers of VHOy will have a one (1) per cent net metals royalty, which can be bought by the Company.

The sellers' shares will be locked-up for nine (9) months from the point in time when new shares are issued to them. There is a drag-along clause at a valuation exceeding €15.0M, where the Company has to sell its shares if the old shareholders decide to sell to another party (this at a point when the Company has invested a maximum of €3.5M).

The Board of Directors of the Company has decided, subject the approval of an Extraordinary General Meeting, on a rights issue of units to finance some of the mining activities in connection with the acquisition. More information regarding the rights issue of units will be given through a separate press release.

The Hautalampi Project

Please see the attached full report for details.

For further information, please contact:

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This information is the sort of information that the company is obliged to disclose under the EU market abuse regulation.

The information was submitted by the above contact person for publication on 11 May 2020 at 08:00 CEST.

Eurobattery Minerals is a mining and prospecting company focused on battery minerals such as nickel, cobalt, copper and rare earth elements. Business activities and operations are conducted exclusively in Europe with a focus on Spain and northern Sweden. The Company has one mining licence and eight exploration licences. The headquarters are located in Stockholm. Augment Partners AB, email: info@augment.se, phone: +46 8 505 651 72, is the company's Mentor