

EUROPA METALS LTD

ACN 097 532 137

NOTICE OF GENERAL MEETING

AND

EXPLANATORY STATEMENT TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a General Meeting of the members of Europa Metals Ltd (**Europa Metals** or the **Company**) will be held on the date and at the location and time specified below:

DATE: Friday, 30 December 2022

LOCATION: Aldgate Tower, 2 Leaman Street, London E1 8QN

TIME: 11.00 a.m. UK time / 1.00 p.m. SA time

BUSINESS: The business of the General Meeting is to consider and pass the Resolutions set out in the enclosed agenda.

Shareholders can access a copy of the Notice at the following link:

<http://www.europametals.com/site/aim-rule-261/shareholder-communication1>

Should you wish to discuss any of the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Dan Smith on +61 (8) 9486 4036 or by email at Dsmith@europametals.com. Alternatively, you should consult your licensed financial adviser, stockbroker or other professional adviser.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

A General Meeting of the Shareholders of Europa Metals Ltd will be held at the offices of The Ince Group PLC at Aldgate Tower, 2 Leaman Street, London E1 8QN on Friday, 30 December 2022 at 11.00 a.m. (UK time) (the **Meeting**).

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

Asking Questions at the Meeting

Shareholders may submit questions in advance of the Meeting to the Company. You may send questions in writing to the share registry at the address set out on the proxy form or email your questions to the Company Secretary at: dsmith@europametals.com.

Please ensure that your questions are received no later than 5.00 p.m. (UK time) on Wednesday 28 December 2022.

Shareholders will also have the opportunity to submit questions during the Meeting in respect of the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to any questions raised during the Meeting. Shareholders are limited to a maximum of two questions each (including any submitted in advance of the Meeting). The Chair will request prior to a Shareholder asking a question that they identify themselves (including any entity name in respect of their shareholding and the number of Shares they hold).

HOLDERS OF DEPOSITORY INTERESTS

Under the Company's constitution, holders of depository interests (**DI holders**) have no rights to attend or vote at the Meeting and will not personally be sent a copy of this Notice of Meeting. Rather their rights are governed by the trust deed under which depository interests are issued. DI Holders may instruct Computershare Investor Services plc (which holds Shares on behalf of DI Holders) by either returning a completed Form of Instruction to Computershare or submitting a CREST Voting Instruction.

South Africa (Proxy Forms)

The enclosed Proxy Form provides further details on voting entitlement, appointing proxies and lodging of proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Meeting.

To vote by proxy, please complete and sign the Proxy Form enclosed and deliver the Proxy Form to:

Computershare Investor Services (Proprietary) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa (Private Bag X9000, Saxonwold, 2132 South Africa) to reach them by no later than **1.00 p.m. (SA time) on 28 December 2022**.

All beneficial owners whose shares have been dematerialised through a CSDP or broker other than with "own-name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the General Meeting. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the General Meeting. Such Shareholders must not complete the enclosed form of proxy.

United Kingdom (CREST Voting Instructions)

Holders of Depositary Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a **CREST Voting Instruction**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (identification number: 3RA50) by no later than **11.00 a.m. (UK time) on 22 December 2022**. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. Holders of Depositary Interests in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time. In this regard, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

United Kingdom (Form of Instruction)

Alternatively, DI Holders can vote by completing, signing and returning the enclosed Form of Instruction to the Company's agent (identification number: 3RA50) no later than **11.00 a.m. (UK time) on 22 December 2022**.

Entitlement to vote and the number of votes which may be cast there at will be determined by reference to the Depositary Interest register at close of business on 21 December 2022. Changes to entries on the Depositary Interest register after that time shall be disregarded.

VOTING IN PERSON

A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the enclosed Proxy Form to the Meeting to assist in registering your attendance and the number of votes. Kindly arrive 20 minutes prior to the start of the Meeting to facilitate this registration process.

For their votes to be counted, DI Holders must submit their CREST Voting Instruction (as defined above) to the Company's agent by the required cut-off time set out above. Alternatively, DI Holders can vote using the Form of Instruction.

VOTING BY CORPORATE REPRESENTATIVE

A Shareholder that is a corporation may appoint an individual to act as its representative and to vote at the Meeting in accordance with section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the Meeting. This form may be obtained from the Company's share registry.

VOTING BY PROXY

Shareholders are strongly urged to appoint the Chairman of the Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business, and the Chairman of the Meeting must follow your instructions.

Australia (Proxy Forms)

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- A Shareholder (either an individual or a body corporate) who is entitled to attend and vote at the Meeting is entitled to appoint a proxy which may be a body corporate or an individual.
- A proxy need not be a Shareholder.
- A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the total votes. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed Proxy Form. To appoint a second proxy, you must follow the instructions on the Proxy Form.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy and Shareholders and their proxies should be aware of these provisions which generally provide that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.

The enclosed Proxy Form provides further details on voting entitlement, appointing proxies and lodging of proxy forms. To vote by proxy, please complete, sign and return the enclosed Proxy Form. In order for it to be valid, your Proxy Form (and any power of attorney under which it is signed) must be received at one of the addresses given below at least 48 hours before the Meeting, being by **11.00 a.m. (UK time)** on 28 December 2022. Any Proxy Form received after that time will not be valid for the Meeting.

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| Online | at www.investorvote.com.au |
| By mail | Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia |
| By fax | 1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia) |
| By mobile | Scan the QR Code on your Proxy Form and follow the prompts. |
| Custodian voting | For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions. |

CUSTODIAN VOTING

For Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.

VOTING VIA A POLL

All resolutions under this Notice will be determined by way of a poll.

Europa Metals Ltd

ACN 097 532 137

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Europa Metals Ltd will be held at 11.00 a.m. (UK time) on 30 December 2022 at the offices of The Ince Group PLC at Aldgate Tower, 2 Leman Street, London E1 8QN.

The Explanatory Statement accompanying this Notice of Meeting provides additional information on the matter to be considered at the General Meeting and a glossary of defined terms not defined in full in this Notice. The Explanatory Statement and the enclosed Proxy Form, or Form of Instruction if you are a DI Holder, form part of this Notice of Meeting. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the glossary.

The Directors have determined, pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations, that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at **5.00 p.m. (UK time) on 28 December 2022**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

AGENDA

RESOLUTION

1. **Proposed Grant of a two stage Option for the Disposal of a majority interest in the Toral Project to Denarius Metals Corp.**

To consider, and if thought fit, to pass with or without amendment the following as an **Ordinary Resolution**:

“That, for the purposes of Rule 15 of the AIM Rules for Companies issued by the London Stock Exchange plc and for all other purposes, the grant and potential future exercise of the Option by the Company to Denarius Metals Corp., as announced on 23 November 2022, for it to acquire up to an 80% interest in the Toral Project be approved in accordance with the terms and conditions of the option agreement and otherwise of the terms and conditions set out in the Explanatory Statement.”

BY ORDER OF THE BOARD



Daniel Smith
Director/Company Secretary

DATED 7 December 2022

Europa Metals Ltd

ACN 097 532 137

EXPLANATORY STATEMENT TO SHAREHOLDERS

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the Resolution to be considered at the General Meeting of the Shareholders of Europa Metals Ltd to be held at 11.00 a.m. (UK time) / 7.00 p.m. (AWST) on Friday, 30 December 2022 at the offices of The Ince Group PLC at Aldgate Tower, 2 Leaman Street, London E1 8QN.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

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

1. RESOLUTION 1: APPROVAL OF THE PROPOSED TRANSACTION WITH DENARIUS

1.1 Background

On 23 November 2022, the Company announced that it had entered into a definitive option agreement (the **Option Agreement**) with Denarius Metals Corp. (TSXV: DSLV; OTCQB: DNRSF) (**Denarius**).

Pursuant to the Option Agreement, conditional on, *inter alia*, the approval of Europa Metals' shareholders, Denarius will have the right to acquire in two stages up to an 80 per cent. ownership interest in the Company's wholly owned Spanish subsidiary, Europa Metals Iberia S.L. (**EMI**), which holds the Toral Pb, Zn & Ag project (**Toral** or the **Toral Project**), located in the Province of Castilla y León, north-west Spain (**Proposed Transaction**).

1.2 Material terms of the Option Agreement and associated agreements

The Proposed Transaction involves the formation of a joint venture, via EMI, between Denarius and Europa Metals for the development of Toral, which covers both the project's existing and any expanded investigation 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**). In return for funding certain expenditure on the project and consideration of up to, in aggregate, US\$6,000,000, Denarius will be afforded the exclusive right to acquire up to an 80 per cent. interest in the Toral Project by way of a two-stage option arrangement.

Option Agreement

Pursuant to the Option Agreement, Denarius has accordingly been granted an initial option for a period of three years from the date of the Option Agreement (the **First Option Period**) to subscribe for 51 per cent. of EMI's share capital and a second option for a period of one year from the closing of the First Option (the **Second Option Period**) to potentially acquire an additional 29 per cent. of EMI's share capital (the **Second Option**) from Europa Metals.

First Option

The initial option granted to Denarius pursuant to the Option Agreement (the **First Option**) may be exercised by Denarius conditional on, *inter alia*:

- (i) it assuming operatorship and making expenditures on the Toral Project of US\$4,000,000; and
- (ii) the completion of a preliminary economic assessment (the **43-101 PEA**) on the Toral Project.

In each case, prior to the expiry of the First Option Period, failing which the First Option will lapse.

Denarius will advance the US\$4,000,000 by way of a loan (the **Loan**) to EMI (the **First Option Expenditure**) and on satisfaction of all of the conditions of the First Option, Denarius shall be entitled to capitalise the Loan up to the amount of the First Option Expenditure for the issue to it of 51 per cent. of the shares in EMI. In the event that the First Option is not exercised, Denarius shall be required to assign the loan to Europa Metals for US\$1.

Denarius will have the ability to extend the term of the First Option Period for a further 90 days if the 43-101 PEA is significantly advanced and Denarius continues to make commercially reasonable efforts to meet the conditions to exercise the First Option.

The First Option Expenditure shall be made in accordance with an agreed high level budget for the Toral Project which requires:

- (i) a minimum of US\$1,000,000 of the total of the First Option Expenditure to be spent prior to the first anniversary of the date of the Option Agreement, including in respect of a mining licence application in respect of the Toral Project to be submitted to the Junta by 31 July 2023;
- (ii) a minimum of US\$2,000,000 of the total of the First Option Expenditure to be spent prior to the second anniversary of the date of the Option Agreement; and
- (iii) the full amount of the First Option Expenditure to be spent prior to the third anniversary of the date of the Option Agreement (extendable by 90 days in certain circumstances).

Denarius shall advance US\$100,000 on the business day following the required shareholder approval being obtained and a further sum of, in aggregate, US\$550,000 in periodic payments at the discretion of Denarius.

Accordingly, the consideration to be received by the Company in respect of the First Option will all be utilised on expenditure to advance the Toral Project.

Second Option

The Second Option may be exercised by Denarius conditional on:

- (i) the exercise of the First Option;
- (ii) completion of a NI 43-101 compliant pre-feasibility study on the Toral Project at the cost of Denarius; and
- (iii) payment of US\$2,000,000 to Europa Metals in satisfaction of the exercise price for the Second Option (the **Second Option Exercise Price**).

In each case prior to the expiry of the Second Option Period. The US\$2,000,000 consideration receivable in respect of the Second Option, will be utilised to pursue the Company's stated growth strategy and provide additional working capital for the group.

In the event that only the First Option is exercised by Denarius, Denarius has undertaken to transfer to Europa Metals, upon request by Europa Metals, such number of shares in EMI representing two per cent. of the issued share capital such that the Company would own 51 per cent. of the issued share capital of EMI thereafter.

The Option Agreement contains representations, warranties and indemnities given by the Company and EMI to Denarius, in relation to title and capacity to the shares in EMI, legal title to the Toral Project and environmental, of the type commonly found in such agreements. Such representations, warranties and indemnities are repeated on exercise of the First Option and the Second Option. The Company's maximum aggregate liability under such warranties and indemnities is limited to an amount equal to the aggregate of the First Option Expenditure and the Second Option Exercise Price (to the extent such amounts are expended).

In addition, the Option Agreement can be terminated by a party if the other party is in material breach of the terms of the Option Agreement. Denarius may terminate the Option Agreement at any time by providing the Company and EMI with at least sixty days' prior notice in writing.

The Option Agreement is governed by the laws of the Province of Ontario and the federal Laws of Canada.

Joint Venture Agreement and Shareholders' Agreement

On exercise of the First Option, the parties shall also enter into a joint venture agreement (the **JV Agreement**) and a shareholders' agreement (the **Shareholders' Agreement**). The JV Agreement sets out the terms of the appointment of the management committee to be established (the **Management Committee**) to determine the overall policies, objectives, procedures and actions in respect of the joint venture as regards its business including the Toral Project. The Management Committee shall initially consist of three representatives appointed by Denarius and one representative appointed by the Company. The board of directors of EMI shall reflect the decisions of the Management Committee in all respects.

A shareholder holding less than 50 per cent. of the issued share capital of EMI (a **Minority Shareholder**) shall have the right to appoint a representative to the Management Committee for such time as its shareholding in EMI does not fall below 10 per cent. Any shareholder holding more than 50 per cent. of the issued share capital of EMI (a **Majority Shareholder**) shall be entitled to appoint three representatives to the Management Committee and shall have the right to be appointed as operator.

The quorum for any meeting of the Management Committee shall consist of at least three representatives, one of whom must be a representative appointed by the Company (subject to it holding at least 10 per cent. of the issued share capital in EMI). Certain decisions of the Management Committee require the prior written consent of the Company and Denarius including, but not limited to:

- (a) creating, or permitting, any encumbrances over any assets comprising the Toral Project;
- (b) abandoning, selling or otherwise disposing of substantially all of the assets comprising the Toral Project or any material portion of it; or
- (c) relinquishing or altering the terms of the Toral permit(s) (other than in connection with a renewal of the Toral permit(s)).

The JV Agreement is governed by the laws of the Province of Ontario and the federal Laws of Canada.

The Shareholders' Agreement to be entered into between the Company, EMI and Denarius sets out certain obligations and requirements as to the management of EMI. The board of directors of EMI (the **EMI Board**) shall consist of four directors. A Majority Shareholder shall have the right to appoint three directors and a Minority Shareholder shall have the right to appoint one director. The quorum for meetings of the EMI Board must include one director appointed by the Minority Shareholder. EMI shall not issue any shares without the prior written consent of the Company and Denarius.

The Shareholders' Agreement is governed by Spanish law.

1.3 AIM Rules for Companies

In accordance with AIM Rule 15, the Proposed Transaction is deemed to constitute a fundamental change of business for the Company and therefore requires the approval of shareholders at a duly convened general meeting.

If Resolution 1 is duly approved by the Company's Shareholders, the Proposed Transaction will become unconditional and the first and second options will be exercisable subject to Denarius satisfying the requisite exercise conditions. The funding pursuant to the terms of the arrangements with Denarius will serve to substantially reduce the Company's operating costs in relation to its ongoing activities at Toral.

If Resolution 1 is not approved by the Company's Shareholders, the Proposed Transaction will not proceed and the Company will therefore continue to fund its operations at Toral in its own right.

1.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1. The Directors' recommendation is based on the benefits to the Company and reasoning outlined in sections 1.1 to 1.3 above.

GLOSSARY

In the Notice of Meeting and this Explanatory Statement:

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| A\$ | means Australian dollars. |
| AIM | means the market of that name operated by the London Stock Exchange plc. |
| AIM Rules for Companies | means the AIM Rules for Companies published by London Stock Exchange plc (as amended from time to time). |
| Board | means the current board of directors of the Company. |
| Chairman or Chair | means the person appointed to chair the General Meeting convened by this Notice of Meeting. |
| Company or Europa Metals | means Europa Metals Ltd ACN 097 532 137. |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth). |
| Corporations Regulations | means the <i>Corporations Regulations 2001</i> (Cth). |
| DI Holders | means holders of depositary interests in the Company. |
| Directors | means the directors of the Company, being, at the date of this Notice of Meeting, Myles Campion, Evan Kirby and Daniel Smith. |
| Explanatory Statement | means the explanatory statement accompanying the Notice of Meeting. |
| Form of Instruction | means, for DI Holders, the form of instruction enclosed with this Notice of Meeting. |
| General Meeting or Meeting | means the General Meeting of Shareholders convened under this Notice. |
| Group | 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%. |
| Notice of Meeting or Notice | means this notice of General Meeting including the Explanatory Statement. |
| Ordinary Resolution | 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). |
| Proxy Form | means, for Shareholders, the proxy form enclosed with this Notice of Meeting. |
| Resolution | means the resolution set out in this Notice of Meeting. |
| Share | means an ordinary share in the Company. |
| Shareholder | means a holder of Shares in the Company. |
| US\$ | means US dollars. |

All references in this Notice to “£”, “pence” or “p” are to the lawful currency of the United Kingdom.

All references in this Notice to “A\$”, “\$”, “c” or “cents” are to the lawful currency of Australia.