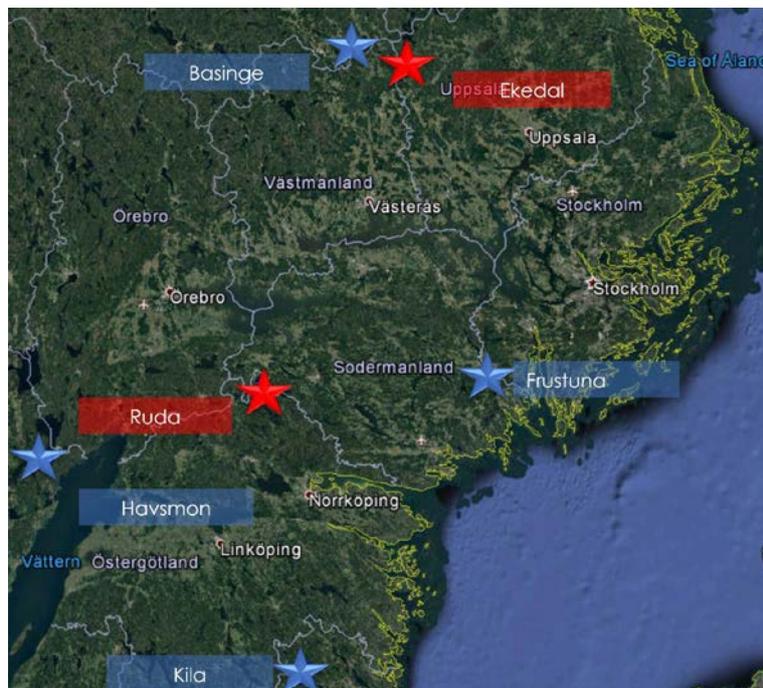




10th December 2019

EUC Enters Into Exclusive Option Agreement to Divest Two Swedish Licences

- Non-refundable exclusive option fee of €20,000 (~\$32,250) paid for right to acquire Ekedal and Ruda Projects, Sweden
- Total €1.56 million (~\$2.5 million) expenditure commitment over a four year period across the two Projects
- Total cash consideration of €4.21 million (~\$6.79 million) in three staged option payments and a final acquisition payment in the event purchaser completes transaction across both Projects
 - €50,000 (~\$80,650) within 12 months
 - €60,000 (~\$97,770) within 24 months
 - €100,000 (~\$161,290) within 36 months
 - €4,000,000 (~\$6,451,612) within 48 months
- 1.5% Net Smelter Return (NSR) Royalty across each of the Projects



*Figure 1: EUC Swedish Project Location Plan
(Divestment Tenure in Red, Retained Projects in Blue)*

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European Cobalt Ltd (“EUC” or “the Company”, ASX: EUC) is pleased to announce it has entered into an exclusive option agreement with 2617818 Ontario Inc. (“2617818”) to divest the Ekedal and Ruda Projects (“the Projects”), located in Sweden. The proposed transaction reduces the holding costs associated with retaining non-core tenure in Sweden and has the potential of delivering further upside through future cash consideration and production royalties.

The Company acquired the Projects in November 2017 via direct licence application and to date has completed minimal work on the assets.

COMMERCIAL TERMS

A Binding Heads of Agreement has been entered into with 2617818 for each of the Projects. The key commercial terms are listed below:

- €20,000 non-refundable option fee to secure exclusive right to acquire both of the Projects;
- Expenditure commitments for each of the individual projects of:
 - €30,000 in the first year payable upon approval of work program
 - €150,000 in the second year
 - €200,000 in the third year
 - €400,000 in the fourth year
- Cash payments for each of the individual projects of:
 - €25,000 option payment per project in first year
 - €30,000 option payment per project in the second year
 - €50,000 option payment per project in the third year
 - €2,000,000 acquisition payment for 100% of the individual project in the fourth year
- A Net Smelter Return Royalty (NSR) of 1.5% applies to both of the Projects. At any point prior to the decision to mine, 0.5% of the NSR can be purchased from one of the Projects for €500,000 and the remaining 1% of the NSR can be purchased back prior to decision to mine for €1,000,000.



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2617818 may elect to withdraw from one or both of the Projects at any point during the four year period by providing 30 days written notice.

For further information, please contact:

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08 6143 6740

This announcement is authorised by the Board of Directors of European Cobalt Limited.

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