

Zinnwald Lithium plc / EPIC: ZNWD.L / Market: AIM / Sector: Mining

13 March 2023

Zinnwald Lithium plc
("Zinnwald Lithium" or the "Company")

Ocean Partners UK Limited to acquire Erris Zinc Ltd

Zinnwald Lithium plc, the German focused lithium development company, is pleased to announce the signing of a Heads of Terms Agreement ("HOT") with Ocean Partners UK Ltd ("Ocean"), a trader of base metal ores and concentrates and parent company to Shanoon Resources Ltd ("Shanoon"), owner of the Galmoy Prospecting Licence in Ireland, for it to acquire Erris Zinc Ltd, the Company's 100% owned subsidiary that owns the Abbeytown Zinc License in Ireland ("Abbeytown").

Whilst the HOT is non-binding, it is anticipated that a definitive legal agreement reflecting these terms will be entered into between the Company and Ocean within the next month. This legal agreement shall also be subject to final approval by the Irish Geoscience Regulation Office.

HIGHLIGHTS

- Ocean to acquire Erris Zinc Ltd for €1
- Ocean commits to spend €130,000 to end 2025 or Zinnwald can effect buy-back
- Zinnwald to receive 1% Net Smelter Royalty and €200,000 cash payment six months after commencement of commercial production from Abbeytown

Zinnwald Lithium CEO, Anton du Plessis, said: "We are pleased to have found a partner to develop Abbeytown whilst we focus on advancing our Zinnwald Lithium Project towards the planned completion of a Bankable Feasibility Study at the end of 2023 and commencement of production in Q4 2026. As the core asset that underpinned our original listing on AIM in 2017, our 2018/19 exploration work identified excellent mineralisation at Abbeytown in the original drill holes, while the metallurgical review showed that a good quality concentrate could be produced. We look forward to Ocean taking the exploration further and, hopefully in the longer term, into production."

Shanoon Resources MD, Alan Buckley, said: "We are delighted that through Ocean we have been able to secure the rights to this highly prospective licence with high priority drilling targets identified."

DETAILS

Background

Zinnwald's subsidiary, Erris Zinc Ltd, owns the Abbeytown License in Ireland (PL 3735). The licence was originally granted for six years in 2013 and in Q3 2019 Erris Zinc Ltd extended this licence for a further six years. In 2021, following its acquisition of 100% of Deutsche Lithium GmbH and its Zinnwald Lithium Project, the Group elected to put its Irish operations on care and maintenance whilst it looked for a joint venture partner to take the asset forward. In 2021, the Company undertook the required further exploration work to maintain the licence in good standing, but also fully impaired the carrying value of this asset in its 2021 accounts.

HOT

Under the terms of the HOT, Ocean shall acquire 100% of Erris Zinc Ltd on the following basis:

- Ocean shall acquire Erris Zinc Ltd, which owns the Abbeytown license, for €1
- Pre-pay to Erris Zinc the minimum license spend due in 2023 of €30,000;
- Commit to finance a further total license spend of €100,000 over 2024 and 2025.
- If this additional spend is not incurred by March 2025, Zinnwald shall have the right to buy-back Erris

Zinc for €1

- Ocean shall issue a 1% Net Smelter Royalty to Zinnwald; and
- Ocean shall make a €200,000 cash payment to Zinnwald, due six months after the start of commercial production from the Abbeytown license area.

Ocean Partners UK Limited was founded in 2005 and is a global trader of base metal ores and concentrates. Its subsidiary, Shanoon Resources Ltd ("Shanoon"), is a mining and exploration company founded in 2016 with the objective of sourcing and developing mining projects in Ireland. Its current portfolio includes the Galmoy zinc and lead mine in County Kilkenny, which it is in the process of re-developing.

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For further information visit www.zinnwaldlithium.com or contact:

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Notes

AIM quoted Zinnwald Lithium plc (EPIC: ZNWD.L) is focussed on becoming an important supplier of lithium hydroxide to Europe's fast-growing battery sector. The Company owns 100% of the Zinnwald Lithium Project in Germany, which has an approved mining licence, is located in the heart of Europe's chemical and automotive industries and has the potential to be one of Europe's more advanced battery grade lithium projects.

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