



ASX ANNOUNCEMENT

15 November 2024



Announcement by Cyclone Metals Ltd

European Lithium Limited (ASX: **EUR**, FRA: PF8, OTC: EULIF) (**European Lithium** or the **Company**) refers its shareholders to the announcement made by Cyclone Metals Ltd (CLE) (ASX: CLE) today entitled "Memorandum of Understanding between Vale S.A. and Cyclone Metals for the development of the Iron Bear Project" and attached to this announcement.

European Lithium holds 74,101,028 shares in CLE representing 10.66% of the total share capital.

This announcement has been approved for release on ASX by the Board of Directors.

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ASX Announcement

15th of November 2024

Memorandum of Understanding between Vale S.A. and Cyclone Metals for the development of the Iron Bear Project

Cyclone Metals Limited (ASX: CLE) ("Cyclone" or "CLE") is pleased to announce it has signed a Memorandum of Understanding (MoU) with Vale S.A. ("Vale") regarding the development of its Iron Bear iron ore project, located in Canada. This MoU outlines the key terms for a strategic partnership aimed at advancing the Iron Bear project to Decision to Mine (DTM).

MAIN TERMS OF THE MEMORANDUM OF UNDERSTANDING

The MoU defines a two-phased investment pathway for Vale to earn a controlling interest in Iron Bear, as summarized below:

Phase 1: FEL 2

- Vale will contribute up to USD 18 million (Phase 1 contribution) to fund the Iron Bear development activities, including a preliminary feasibility study, mineral resource drilling and environmental baseline studies
- Phase 1 will be deemed complete when the full Phase 1 contribution has been received by Cyclone, or when the work program has been substantially completed
- Vale can withdraw at any time during Phase 1. In this case, Vale will not earn an interest in the Iron Bear Project

Phase 2: FEL 3 and DTM

- Once Phase 1 is complete, Vale may elect to commence Phase 2 and form a corporate Joint Venture with CLE, initially earning a 30% equity interest in the Iron Bear JV
- Vale's ownership in the Iron Bear JV will increase to 75% when the Vale takes Decision to Mine (DTM) or when Vale's total contribution reaches USD \$120 million (even if DTM has not been achieved)
- During Phase 2 and until Vale earns 75% interest in the Iron Bear JV, Vale and Cyclone will each hold two of five board seats on the Iron Bear JV's governing board, with an independent Chairman to be agreed upon. Once Vale earns 75% interest in the JV, Vale will nominate a majority of Directors on the JV's governing Board

Vale Option to Achieve Full Control at DTM

- Once DTM is achieved, and subject to Cyclone's shareholders' approval, Vale will have the right to acquire Cyclone's remaining 25% JV equity interest at a fair market value
- Alternatively, Vale can elect to loan carry Cyclone's share of CAPEX and be repaid from Cyclone's share of future operating profits. In this case Cyclone retains 25% of the Iron Bear JV

Right Of First Refusal and Tag Along and Drag Along Rights

- Vale will have a Right of First Refusal, granting Vale the opportunity to match any third Party offer to acquire part or all of Cyclone's interest in the Iron Bear JV
- If Vale intends to sell a controlling stake in the Iron Bear JV, Cyclone has the right to include its shares in the sale on the same terms. For sales of less than a controlling interest, Cyclone may sell a proportional part of its stake alongside Vale

In the event where Vale wishes to sell its entire interest in the Iron Bear JV to a non-related third Party, Vale will have the right to compel Cyclone to sell its corresponding interest on the same terms and conditions

Ninety Day Exclusivity period:

- During the period of 90 calendar days from the execution date of this MoU (Exclusivity Period), Cyclone covenants to Vale that it will not enter into or continue any existing discussions with any Party in relation to the sale or the grant of any interest associated with the Iron Bear Project

NEXT STEPS AND FORMALIZATION OF AGREEMENT

The terms of this MoU are **non-binding** with the exception on the exclusivity and confidentiality clauses. The MOU sets out the framework for a Formal Agreement, which the parties aim to finalise within 90 days. The Formal Agreement will establish definitive terms, project governance structures, and funding schedules for the continued advancement of Iron Bear, in line with the principles laid out in this MoU.

Paul Berend, CEO of Cyclone Metals, commented:

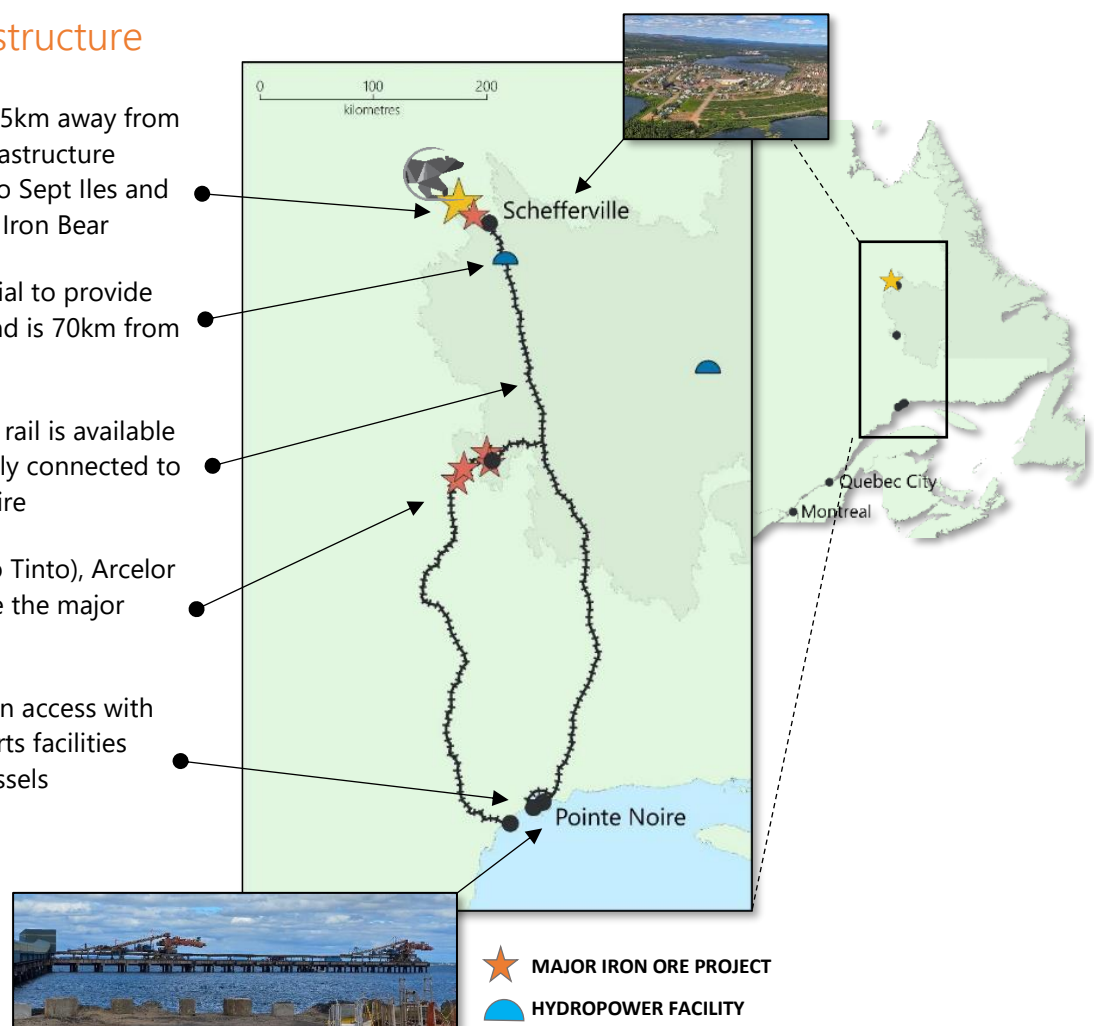
"Vale is a powerhouse for the production of ultra clean iron ore products which includes DR pellets and their proprietary cold briquettes. They are an ideal partner for us, and we look forward to leveraging Vale's extensive operational and financial resources to realise the full potential of Iron Bear"

Iron Bear Project Highlights

- 1 **Asset located in Canada**, less than 25km from an **open access heavy haul railway** connected to an **open access iron ore export port**
- 2 **World class 100% owned** Iron ore mineral resource of **16.6 billion tonnes @ 29.3 Fe%** (Inferred 14.51 billion tonnes and Indicated 2.15 billion tonnes JORC 2012 compliant) (refer ASX announcement 11th April 2024)
- 3 **Pilot Plant** production of **high quality DR¹ grade concentrate grading 71,3% Fe and 1.1% SiO₂** with high yields due to an exceptional low impurity ore body (refer ASX announcement 23rd April 2024)
- 4 **Production of strategic low carbon DR pellets** with excellent physical and metallisation properties and ultra-low deleterious elements (refer ASX announcement 12th October 2024)
- 5 Rapid project development plan with **bulk samples of DR and BF concentrates** available for steel mill clients in Q4 2024 and **DR and BF pellets** in Q2 2025

Access and Infrastructure

- ✓ Schefferville is located 25km away from Iron Bear with good infrastructure including direct flights to Sept Iles and is connected by road to Iron Bear
- ✓ Menihék has the potential to provide low-cost hydropower and is 70km from Iron Bear
- ✓ Open access heavy haul rail is available 25km away and is directly connected to Sept-Iles and Pointe Noire
- ✓ Champion Iron, IOC (Rio Tinto), Arcelor Mittal and Tata Steel are the major producers in the region
- ✓ Pointe Noire port is open access with extensive Iron Ore exports facilities suitable for Capesize vessels



About VALE S.A

Vale S.A. is one of the world's largest producers of iron ore and iron ore pellets, with an annual output exceeding 300 million tonnes. Vale employs approximately 125,000 people in over 30 countries. As a global mining powerhouse, Vale supplies premium-grade iron ore products tailored for blast furnace and direct reduction steelmaking, offering a range of fines, lump ore, and pellet feed that supports cleaner, more efficient steel production. Vale's vertically integrated operations include some of the world's most advanced mining complexes, such as Carajás in Brazil, which boasts high-grade reserves and low impurities. The company's infrastructure network spans over 2,000 kilometres of heavy-haul railways and multiple deep-water ports, enabling efficient large-scale exports to steelmakers worldwide.



Vale's Ponta da Madeira iron ore terminal in Brazil. (Image courtesy of [Vale SA.](#))

Vale has a very strong presence in Canada since the acquisition of the International Nickel Company in 2006. Currently Vale's Base Metals business has over 6000 employees in Canada. Its main assets are the Voisey's Bay Nickel Mine and Refinery and the Sudbury Operation, which is massive integrated mining and processing complex which produces nickel, gold, copper, cobalt, and PGMs.

Vale's expertise in mining, processing, and logistics will play a critical role in advancing Iron Bear's development. By leveraging its extensive operational experience, logistics and established global customer base, Vale is well-positioned to help transform Iron Bear into a major source of high-quality iron ore for the global market.

This announcement has been approved by the Company's board of directors.

Compliance Statements

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may", "potential," "should," "further" and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these forward- looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in additional Mineral Resources.