

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

Erris Resources plc / EPIC: ERIS.L / Market: AIM / Sector: Mining
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Erris Resources plc ("Erris Resources" or the "Company")
Proposed Acquisition of 50% interest in Deutsche Lithium GmbH
Suspension of Share Trading on AIM

Erris Resources, the European focused mineral exploration company, is pleased to announce that it is in the advanced stages of a transaction for the proposed acquisition from Bacanora Lithium plc ("Bacanora") of 50 per cent. of the issued share capital of Deutsche Lithium GmbH ("Deutsche Lithium"), the principal asset of which is the Zinnwald Lithium Project ("Zinnwald" or the "Project") in Germany of which it has joint operational control (the "Proposed Acquisition").

Zinnwald, which is located in the industrial heartland of Germany, is a late stage, high value lithium project with highly attractive economics and a mining licence already in place. A 2019 Feasibility Study on the Project estimated that it has a pre-tax, discounted at 8%, NPV of approximately €428 million; an Internal Rate of Return ('IRR') of 27.4%; and an average LOM (life of mine) annual EBITDA of €58.5 million.

The Proposed Acquisition will constitute a reverse takeover under rule 14 of the AIM Rules for Companies (the "AIM Rules"). Therefore, the Proposed Acquisition will be subject, inter alia, to the approval of Erris Resources' shareholders. As such, a further announcement with full details of the Proposed Acquisition will be issued at the appropriate time and an admission document published and sent to Erris Resources' shareholders with a Notice of General Meeting. The Company has received irrevocable undertakings to vote in favour of the resolutions necessary to effect, inter alia, the Proposed Acquisition from David Hall and Osisko Gold Royalties Ltd which, in aggregate, represent 32.7 per cent. of the existing issued share capital of the Company.

In accordance with rule 14 of the AIM Rules, the Company's ordinary shares will be suspended from trading on AIM with effect from 7:30 a.m. today. Trading in the Company's ordinary shares will remain suspended until such time as either an admission document is published, or an announcement is released confirming that the Proposed Acquisition is not proceeding.

The Board of Erris Resources believes that Zinnwald has a number of characteristics which make the Proposed Acquisition a significant opportunity for Erris Resources:

- *Attractive economics:*

- NI 43-101 Resource of 35.5 Mt ore averaging 3,500ppm Li
- Mine life of 30 years equates to < 50% of the current identified mineral resources
- Project NPV (100%): €428m; IRR: 27%; average LOM annual EBITDA: €58.5 million – based on producing 7,285 tpa lithium carbonate equivalent
- Construction Capex of €159m (Gross)
- *Fast Track Development:*
 - Definitive Feasibility Study completed
 - Approved mining licence and permitting process advanced
 - Experienced project management team based in Germany
- *Excellent location:*
 - 35 kms from Dresden in the heart of the Europe's chemical and automotive industries
 - Established mining district with a mining history of over 400 years
 - Access to important local infrastructure

In addition to acquiring a 50 per cent. shareholding in Deutsche Lithium, Erris Resources will receive €1.35m in cash from Bacanora which will cover the ongoing funding obligations relating to Deutsche Lithium under the Deutsche Lithium JV Agreement (an agreement which governs how the two 50 per cent. shareholders in Deutsche Lithium will work together in relation to the Project). The other 50 per cent. owner of Deutsche Lithium is SolarWorld AG, a company which has been in administration since 1 August 2017.

The consideration for the Proposed Acquisition, including the cash to be received by Erris Resources from Bacanora, will be met by the issue of new ordinary shares in the Company such that, prior to Erris Resources issuing further new shares in relation to the proposed placing, further details of which are set out below, Bacanora would own 70 per cent. of Erris Resources. In addition, it is proposed that Erris Resources will grant Bacanora a royalty agreement, further details of which will be set out in the admission document when published.

In addition to the Proposed Acquisition, the Board of Erris Resources believes that the Company's existing Loch Tay project would be better developed on a standalone basis in a private company that can more efficiently utilise its financial resources to advance the project. Consequently, if the Proposed Acquisition proceeds, it is intended that Erris Gold Resources, which owns the Loch Tay project, will be spun out to the existing shareholders of Erris Resources, who have funded Loch Tay to date (the "Divestment"). A cash balance of €400,000 will be provided to Erris Gold Resources as part of the Divestment.

The Company's investments in Abbeytown and Brännberg will be retained on a care and maintenance basis with the ultimate aim that Erris Resources will seek to partner or divest these.

In order to provide working capital for Erris Resources, the Company is in the process of arranging a placing of new ordinary shares in the Company (the "Placing") at a price of 5p per ordinary share.

In conjunction with the Proposed Acquisition, a resolution will be put to shareholders at the general meeting to approve a change in the Company's name to Zinnwald Lithium Plc, which the Directors believe

better reflects the Company's proposed new corporate strategy to develop Zinnwald into a supplier of high value lithium products to Europe's rapidly growing electric vehicle and energy storage markets.

If the Proposed Acquisition proceeds, Bacanora will have the right to appoint two representatives to the board of Erris Resources. In preparation for the Proposed Acquisition, Mr Jeremy Taylor-Firth, a non-executive director of Erris Resources, will be resigning today from his position on the Erris Resources board.

The Proposed Acquisition, the Divestment and the Placing are inter-conditional.

Erris Resources Chairman, Anton du Plessis, commented: *"The Proposed Acquisition of a 50% interest in this late stage, high value asset has the potential to transform Erris Resources from a discovery driven consulting and exploration company into Europe's next lithium producer.*

"With a completed DFS generating a €428m NPV, 27% IRR, and €58.5 million average annual EBITDA over LOM; mining licence approved; an experienced management team on the ground; excellent access to fast-growing end markets in Europe; and a relatively low capital cost requirement of €159m, Zinnwald is considerably further along the development curve than any of our existing assets. We are hopeful of executing the Proposed Acquisition and receiving shareholder approval to enable Zinnwald to become the core asset of Erris Resources. The Board's focus will be on advancing the Project towards the construction phase at the earliest opportunity with the new name for Erris Resources, Zinnwald Lithium, reflecting the focus of the Company going forward. The Board would like to thank Jeremy Taylor-Firth for his contribution to Erris Resources both at the time of the initial IPO and subsequently.

"The Erris Resources Board believes the timing of this transaction could not be better. With the increasing number of electric vehicles and developing battery technologies, together with increasingly ambitious net zero targets being set at governmental and supranational levels especially in Europe, the world is undergoing an energy revolution, one in which lithium is set to play a central role. The Proposed Acquisition, if effected, should lead to Erris Resources having the opportunity to play a central role in this."

The Company will release further announcements as and when appropriate.

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