

EUROPEAN METALS CORP. ANNOUNCES LETTER OF INTENT TO ACQUIRE MAJORITY INTEREST IN EUROGAS AG

January 5, 2016 (Toronto, Ontario): **EUROPEAN METALS CORP.** (“EMC” or the “Company”) (CSE: ECU) is pleased to announce that it has signed a non-binding letter of intent (“LOI”) which sets out the proposed terms and conditions of a transaction (the “Transaction”) whereby EMC will acquire approximately 78% of the issued and outstanding shares of EuroGas AG, a private Swiss company in the business of mining and oil and gas exploration and development (“EuroGas”), from ZB Capital AG, a private Swiss company and the majority shareholder of EuroGas (“ZBC”).

Overview of EuroGas

EuroGas was incorporated in the Swiss canton of Zurich on August 12, 2009 and currently has three wholly owned subsidiaries as well as a number of directly-held assets.

The first subsidiary, EuroGas Silver & Gold Inc. (“ESG”), is a Nevada corporation that owns approximately 150 gold/silver claims in the Banner Mining District, located 60 miles east of Boise, Idaho, USA, as well as an option to purchase an interest in the Banner Silver Mine from a private Montana, USA corporation. ESG has completed extensive preparatory work on the claims since it acquired them in 2011 and plans to undertake an ambitious exploration program on the property in the spring of 2016.

The second subsidiary, EuroGas GmbH Austria, is an Austrian corporation that serves as the administration company for EuroGas and owns a 33% interest in Rozmin s.r.o., a Slovakian mining company (“Rozmin”), which in turn formerly owned the exploration rights to the Gemerská Poloma soapstone talc mineral deposit in Roznava, Slovak Republic. These rights were revoked by the Slovak government in 2005, and EuroGas is currently involved in an arbitration case at the International Centre for Settlement of Investment Disputes (ICSID) against the Slovak Republic (No. ARB/14/14) under a pair of bilateral investment treaties to recover damages arising from this revocation. The potential award has been estimated at over \$200 million, and EuroGas is in the process of obtaining an independent evaluation report from KPMG LLP and Wardell Armstrong International to support this figure.

The initial request for arbitration was filed against the Slovak Republic by EuroGas and Belmont Resources Inc., a British Columbia corporation with its shares listed for trading on the TSX Venture Exchange, as the owners of an aggregate 90% interest in Rozmin, on June 25, 2014, and the unlawfulness of the government’s actions has repeatedly been confirmed in a series of Slovakian internal court decisions.

The third EuroGas subsidiary, EuroGas Minerals Ukraine, is a Ukrainian corporation that holds rights and options to enter into several existing oil and gas joint ventures in western Ukraine. It is also in the process of carrying out an exploration program for gold, silver, uranium, rare earths, chromium spinel and related materials on a property in central Ukraine.

In addition, EuroGas holds the rights to various gold mining claims in the Yukon Territory, Canada, including a 33% interest in a placer gold mining operation.

The Transaction

The Transaction will take the form of a contractual share exchange pursuant to which EMC will acquire 100% of the EuroGas shares held by ZBC in exchange for the issuance to ZBC of units of the Company (each, an “EMC Unit”) on a 1:1 basis. Upon the completion of the Transaction, EuroGas will become a majority-owned subsidiary of the Company.

It is expected that the Transaction will be treated as a reverse takeover within the meaning of applicable Canadian securities laws and be considered a fundamental change under the policies of the Canadian Securities Exchange (the “CSE”). As a result, it will be necessary for the Company to obtain regulatory approval from the CSE as well as approval from EMC’s shareholders.

The material terms of the LOI include:

- (a) On or prior to the closing date of the Transaction (the “Closing Date”), EMC will consolidate its outstanding share capital on the basis of one (1) new common share (each, an “EMC Share”) for every 10 old EMC Shares (the “Consolidation”);
- (b) At the closing, EMC will allot and issue 721,250,000 post-Consolidation EMC Units to ZBC, with each EMC Unit consisting of one EMC Share and three-quarters of a warrant to purchase one EMC Share, with each whole warrant exercisable at a price of \$0.05 per EMC Share for a period of 12 months, \$0.075 per EMC Share for the next 12 months, and \$0.10 per EMC Share for a period of 12 months thereafter;
- (c) On or prior to the Closing Date, EMC will enter into binding debt settlement agreements and releases with certain of its creditors in form and substance satisfactory to EuroGas (the “Debt Settlement”), with the result that the accounts payable and accrued liabilities of EMC will be no greater than \$150,000 at the closing;
- (d) EuroGas will assign to the holders of EMC Shares as of December 8, 2015 and in proportion to their ownership of EMC Shares, the right to receive an aggregate of US\$5,000,000 in cash from any award received by EuroGas in connection with the arbitration proceeding described above;
- (e) On or prior to the Closing Date, EMC will appoint two nominees of EuroGas to its board of directors, with an additional director agreed upon by the parties to be appointed on the Closing Date; and
- (f) Upon the completion of the Transaction and subject to the approval of the CSE, a finder’s fee of a maximum of 46,250,000 post-Consolidation EMC Shares will be payable to an arm’s length third party.

The Company and EuroGas will use their reasonable best efforts to complete due diligence by January 8, 2016 and enter into a mutually satisfactory definitive agreement with ZBC (the “Definitive Agreement”) to reflect the complete terms of the Transaction by January 29, 2016. The LOI may be terminated by either EMC or EuroGas as a result of unsatisfactory due diligence results or if the Definitive Agreement is not executed on or before January 29, 2016.

The completion of the Transaction is subject to various conditions, including:

- (a) The completion by each of EMC and EuroGas of their due diligence investigation of the other party;

- (b) The delivery by EuroGas to EMC of engineering reports on its oil and gas properties in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;
- (c) The delivery by EuroGas to EMC of audited financial statements of EuroGas for those fiscal periods required under applicable securities laws or the policies of the CSE;
- (d) The completion of the Consolidation and the Debt Settlement;
- (e) EuroGas, EMC and ZBC obtaining all required directors, regulatory, shareholder and third party approvals; and
- (f) If necessary, the receipt by EMC of a valuation and fairness opinion in respect of the Transaction that is satisfactory to EMC, which opinion has not been subsequently withdrawn.

Following the successful negotiation of the Definitive Agreement and subject to regulatory and shareholder approval, the Transaction is expected to close no later than February 26, 2016.

For further information:

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The CSE has not reviewed, approved or disapproved the content of this press release.

Forward-Looking Statements

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of EMC, including, but not limited to, the impact of general economic conditions, industry conditions, and the dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on the forward-looking statements. The forward-looking statements contained in this news release speak only as of the date on which they are made, and the Company undertakes no obligation to update them publicly to reflect any new information or the occurrence of future events or circumstances, other than as required by applicable laws.