

7 October 2020

Europa Metals Ltd

("Europa Metals", the "Company" or the "Group") (AIM, AltX: EUZ)

Final Results for the Year Ended 30 June 2020

Europa Metals, the European focused lead-zinc and silver developer, is pleased to announce its final results for the year ended 30 June 2020.

A pdf copy of the full Annual Report and Accounts is available at the following link: <http://www.europametals.com/site/news-announcements/annual-reports-archive> and will be posted to shareholders in due course.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014.

Key Extracts from the Company's audited Report and Accounts are set out below:

Chairman's Statement

Throughout the last financial year, we have continued to advance Europa Metals Ltd's ("Europa", "Europa Metals" or the "Company") wholly owned Toral lead, zinc and silver project located in the province of Castilla y León, north west Spain (the "Toral Project" or "Toral").

Our efficient and cost effective approach to exploration and development has included the successful prosecution of several drilling campaigns designed to extract maximum value and information from each drill hole. This approach has also seen Europa Metals successfully complete several phases of exciting metallurgical test work and oversee an increasing level of confidence in the pre-existing mineral resource estimate via the commissioning of regular independent updates.

In the first half of the financial year, the Company completed an oversubscribed fundraising of £1 million (gross), thereby enabling us to fund further development work which was efficiently targeted towards both increasing our levels of confidence in the resource from the inferred to indicated category and to securing a further metallurgical sample to facilitate ongoing work to better define potential future processing routes.

During the financial year, we announced our first indicated resource at Toral, which we achieved with the first drilling campaign of 2019. This area of higher tenor mineralisation on the deposit was further substantiated later in 2019 with the successful drilling of hole TOD-025, intersecting **7.70m @ 17.3% ZnEq(PbAg)** from 483.6m to 491.3m, including **4.3m @ 25.6% ZnEq(PbAg)** from 486.3m to 490.6m. This also delivered a **40%** increase in the indicated inventory defining **3.8Mt @ 8.3% ZnEq (including Pb credits)**, which is a very good result serving to demonstrate the efficiency of Europa's project team's drill targeting.

The metallurgical test work commissioned and conducted on material from Toral during and subsequent to the reporting period involved two key objectives, firstly the accumulation of further mineralisation representivity across the deposit and, secondly, the initiation of X-ray transmission ("XRT") ore sorting test work. The results obtained proved to be excellent on both fronts, with the high grade intersection from hole TOD-025 performing very well through flotation to prove up a globally significant lead concentrate of **79.2%**. The XRT programme delivered very exciting results illustrating the capacity to upgrade low grade ore by a factor of 2 - 4x, which

could prove transformational in how we approach potential future mining operations at Toral.

The achievement of such milestones is important to the future development of the Company as more financing options become available to us on the back of increasing confidence levels in the deposit. Further drilling should enable Europa to grow the size of the current indicated resource estimate which will feed into updated economic parameters for the Toral Project. In addition, the successful metallurgical test work has provided an understanding of potential future concentrate products and, with the retention of third-party marketers, such as Conrad Partners from Hong Kong, we will be able to engage in preliminary marketing discussions with potential third party concentrate buyers.

As Europa progresses through the next 12 month period, with its planned activities having been financed by the recent post year end fundraising of £2 million (gross), further drilling and metallurgical work will feed into an updated production flow sheet, and assist the project team in identifying efficiencies versus the initial 2018 Scoping Study's findings. We are also advancing the key components of a pre-feasibility study ("PFS") with work commencing on hydrogeology, waste management and geotechnical analysis, while continuing with environmental baseline studies and community engagement. The first half of 2020 saw Europa acclimatise to the new and challenging global environment stemming from the COVID-19 pandemic. We implemented appropriate procedures at an early stage in the onset of the pandemic in order to mitigate its effects on the group's workplaces and activities and will continue to monitor events as they unfold.

I would like to take this opportunity to thank all of our shareholders, advisers and other stakeholders for their continued support and interest in our activities and look to reporting further progress in due course.

Myles Campion
Executive Chairman

6 October 2020

Chief Executive Officer's Operational and Financial Review

I would firstly like to express our appreciation for the entire Europa team's hard work and dedication during and post the reporting period in what has been a highly challenging environment due to the Coronavirus global health emergency. The safety of our workforce is at the forefront of everything we do and the operational team's response to ensure that all best practice instructions and guidance has been fully adopted and adhered to, with respect to COVID-19, is a testament to their professionalism.

Notwithstanding the significant challenges posed by, and the Board's actions to mitigate the impact of, COVID-19, the financial year to 30 June 2020 and subsequent period has seen significant progress for Europa Metals at all levels. Going into the financial year, Europa Metal's core strategy was to develop the surety of an economically robust mining model, for a flagship project situated in the EU, that can be developed within the boundaries of the defined JORC 2012 resource. Potential expansion of the existing resource to extend the planned future mine life is a clear option that can be pursued at a future date, subject to the relevant permissions, on the basis of high levels of certainty around a mine development plan or even during future production itself.

Whilst the Toral Project is open towards its eastern boundary and at the approximate 1,000 metre depth mark, over the course of the last fifteen months we have focused our resources on increasing continuity and our understanding of the existing block model and in recovering sufficient mineralised samples to conduct our first programme of metallurgical testing, which was undertaken by Wardell Armstrong International ("WAI").

As Europa Metal's team has pursued the group's stated strategy, we have continuously reviewed each area of work following our own analysis of the lead, zinc and silver marketplace and feedback from third party groups. Europa regularly engages with a range of industry groups within the metals sector and shares appropriate project information on a number of levels ranging from publicly available reported results to granting access to a comprehensive data room following execution of a suitable non-disclosure agreement. Such engagement is ongoing as we continue to update and enhance our knowledge of Toral and de-risk additional elements of the project with each new work programme.

In summary, as of September 2020, I am delighted to report that we have experienced no Coronavirus cases amongst our personnel and have implemented a full community relations programme including submission of initial documentation in respect of the requisite stakeholder consultation process that will eventually form part of our mining licence application. Operationally, we have achieved a significant amount in a very efficient manner, including; defining, and then increasing, Toral's initial indicated resource, completion of three distinct phases of metallurgical analysis (including the implementation of an ore sorting process) which has seen excellent grade and recovery results for all metals, reporting of the highest grade lead, zinc and silver intersections obtained by Europa to date and the signing of a concentrate marketing agreement with Conrad Partners. The results from such activities will be utilised in the completion of an economic update, currently underway, on the project that will bring together all of the findings from the key workflows completed since the 2018 Scoping Study. We have also recently secured further funds to progress the key components of a PFS, with work already underway on the ground ahead of the anticipated grant of a new, three year, investigation permit for Toral by the Junta of Castilla y León. The application for such permit was compiled and submitted in close consultation with the Junta itself and, over the last three years, Europa has fully complied with its statutory obligations and commitments with respect to all work conducted on the project. The application was made for a new investigation permit as Europa's team believes that significant enhancements can still be made to a prospective mining application to the same authorities, to demonstrate and support the long-term economic potential of a future mining operation at the Toral Project.

Corporately, in mid July 2020, Europa's shareholders passed the requisite resolutions to enable the Company to, *inter alia*, make certain amendments to its Constitution to bring the Company into greater alignment with more UK market standard corporate governance practices, recognising that AIM is now the primary exchange for the Company's shares following its delisting from the ASX in March 2019. The Company also implemented a share consolidation as part of the proposals at the meeting on the basis of a 500:1 ratio in order to reduce the number of shares in issue to a more appropriate level versus the Company's peer group and thereby improve investor perception and volatility in the Company's share price. As a matter of course, the Company continues to regularly identify, review and evaluate other projects and opportunities that could potentially add value to the group, but no such opportunities are currently being actioned/pursued.

Group Highlights

Coronavirus

- During March 2020, the Company responded to all instructions and best practice guidance from the relevant authorities with regards to ensuring the safety of its work force in Spain, the UK and Australia by implementing a series of operational procedures and monitoring initiatives. Europa Metals puts the safety of its workforce ahead of all other considerations and continues to operate strictly within the parameters of social distancing.

Operational - Toral Pb, Zn & Ag Project, Spain

- Diamond drilling campaign completed in September 2019 targeting approximately 750 metres of previously unassayed areas of the deposit. Key results were:
 - o Structural demonstration that the lead, zinc and silver mineralisation currently comprises at least two, and possibly three, plunging high-grade shoots with higher grade mineralisation usually identified at 400 metres from surface with the majority of the currently defined resource estimate present in distinct areas down to 1,000 metres from surface (where the deposit remains open at depth).
 - o Mineralised samples from both the parent and the daughter holes were collated and processed by WAI with the first series of results, obtained in December 2019, analysing the metallurgical characteristics of Toral and ascertaining potential concentrate types for future production and sale.
- A formal stakeholder engagement process for the Toral Project was initiated during August 2019 with an initial document being submitted to all key administration stakeholders in connection with the planned eventual securing of an exploitation licence for the project following a development decision. Further to a series of local consultation sessions, the Company responded to local stakeholder feedback and, in November 2019, launched a dedicated information sharing website for the Toral Project available at: europametals.es and proyectotal.com.
- An updated JORC (2012) compliant resource estimate was completed in October 2019 which included the first indicated category of resource for Toral.
- A further drilling campaign commenced in November 2019 resulting in the highest grade intersection recovered by the Company to date: **7.70m @ 17.3% ZnEq (PbAg)** from 483.6m to 491.3m, including **4.3m @ 25.6% ZnEq (PbAg)** from 486.3m to 490.6m from drill hole TOD-025. Further samples were obtained for additional metallurgical testwork by WAI.
- An initial hydrogeological study was concluded in February 2020 resulting in positive assessment of the sub-surface hydrogeological conditions, namely:
 - o Toral Project hosted in limestones but does not have developed levels of drainage created from the dissolution of sedimentary material (likely seal against the surrounding water table).
 - o 245.55l/s flow across the proposed mineable project area falls well within acceptable levels for economic mine development; further work, including a borehole test, will need to be undertaken to enable a PFS.
 - o The results of this desktop study are being tested with a hydrogeological programme at Toral.
- An application for a new, three-year, investigation permit in respect of the Toral Project was submitted to the Junta of Castilla y León in June 2020. The Investigation Permit renewal application was prepared in close consultation with the relevant bodies of the Junta, whose involvement in the submission process served to reinforce the Company's decision to apply. The Company currently anticipates that a decision in respect of the grant of a new Investigation Permit will occur prior to the scheduled expiry of the existing permit (being November 2020).

Corporate

- A fundraising of £1,000,000 gross was completed, at an issue price of 0.025 pence per share, on 30 September 2019. In addition, one warrant exercisable for a period of 2 years at a subscription price of 0.0375 pence per share was issued to all participants in the fundraising for every two new ordinary shares subscribed. The funds were deployed towards additional drilling of the Toral Project, mining engineering and processing work and general working capital purposes.
- A General Meeting was convened for mid July 2020 to seek and obtain shareholder approval for a series of resolutions, including the implementation of a share consolidation, in order to support the Company's ongoing cost reduction strategy and more closely align Europa Metals' corporate governance framework and Constitution with those of other AIM quoted companies following due consultation with certain shareholders and advisers.

Post Period (1 July 2020 - present)

- All resolutions successfully passed by shareholders at the abovementioned General Meeting leading to the implementation of a 500:1 consolidation of the Company's ordinary shares, certain amendments to the Company's Constitution to enhance shareholder protections, and support for an incentive plan for directors and employees further to ongoing cost reduction measures in light of the Coronavirus health emergency.
- In early August 2020, Colin Bird stepped down from the Board as Non-Executive Chairman, with Myles Campion assuming the role of Executive Chairman and myself being confirmed as CEO.
- Following a period of assessment of the Toral Project, a product marketing agreement was signed with Conrad Partners, Hong Kong, for them to work with the Company to source commercial terms for the potential future supply and sale of concentrate products from Toral.
- Updated JORC (2012) mineral resource estimate **including a 40% increase in the Indicated Resource**.
- In mid August 2020, post the share consolidation, successful fundraising of £2,000,000 gross completed at an issue price of 12.75 pence per share to facilitate certain key PFS workstreams, including:
 - Hydrogeological studies to further ascertain sub surface water conditions;
 - Additional drilling targeting further increases in the confidence level of the overall mineable resource for Toral; and
 - Further metallurgical, geotechnical, waste management and environmental work components.
- In late August 2020, third phase metallurgical testwork completed by WAI incorporating an ore sorting analysis. The results are now being utilised, along with all other key work completed since the 2018 Scoping Study, as part of a comprehensive, independent, economic update for the Toral Project to establish and set updated economic parameters for the PFS.
- PFS work underway with further operational updates anticipated in Q4 2020.

Consolidated Statement of Profit and Loss and Other Comprehensive Income For the year ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	3(a)	3	42
Other income	3(b)	-	7,212
Administration expenses	3(c)	(1,000,227)	(974,577)
Occupancy expenses		(2,824)	(32,489)
Exploration expenditure		(1,375,442)	(1,390,379)
Foreign exchange gain/(loss)		15,830	(1,979)
Loss before taxation		(2,362,660)	(2,392,170)
Income tax benefit / (expense)	5	-	-
Loss after income tax for the year from continuing operations		(2,362,660)	(2,392,170)
Net loss for the year		(2,362,660)	(2,392,170)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net exchange gain on translation of foreign operation		171,072	62,293
Other comprehensive income for the year, net of tax		171,072	62,293
Total comprehensive loss for the year		(2,191,588)	(2,329,877)
Net loss for the year attributable to:			
Equity holders of the Parent		(2,191,588)	(2,329,877)
		(2,191,588)	(2,329,877)
Total comprehensive loss for the year attributable to:			
Equity holders of the Parent		(2,191,588)	(2,329,877)
		(2,191,588)	(2,329,877)
Loss per share			
		Cents per share	Cents per share
Basic loss for the year attributable to ordinary equity holders of the Parent	7	(0.02)	(0.03)
Diluted loss for the year attributable to ordinary equity holders of the Parent	7	(0.02)	(0.03)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes in the full Report and Accounts.

Consolidated Statement of Financial Position As at 30 June 2020

		2020	2019
	Note	\$	\$
Assets			

Current assets			
Cash and short term deposits	8	700,642	1,052,411
Trade and other receivables	9	210,866	291,201
Total current assets		911,508	1,343,612
Non-current assets			
Plant and equipment		24,073	31,657
Other receivables	9	193,096	-
Right of use assets		39,035	-
Capitalised exploration expenditure	10	1,577,953	1,423,943
Total non-current assets		1,834,157	1,455,600
Total assets		2,745,665	2,799,212
Liabilities and equity			
Current liabilities			
Trade and other payables	11	207,462	91,709
Lease liability		22,328	-
Total current liabilities		229,790	91,709
Non-current liabilities			
Lease liability		16,505	-
Total non-current liabilities		16,505	-
Total liabilities		246,295	91,709
Net assets		2,499,370	2,707,503
Equity			
Contributed equity	12	42,489,962	40,572,924
Accumulated losses	15	(43,121,940)	(40,759,280)
Reserves	14	3,131,348	2,893,859
Total equity		2,499,370	2,707,503

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes in the full Report and Accounts.

Consolidated Statement of Cash Flows For the year ended 30 June 2020

		2020	2019
	Note	\$	\$
Cash flows used in operating activities			
Interest received		3	42
Exploration and evaluation expenditure		(1,507,897)	(1,387,317)
Payments to suppliers and employees		(828,272)	(1,337,373)
Net cash flows used in operating activities	19	(2,336,166)	(2,724,648)
Cash flows used in investing activities			
Payments for plant and equipment		(5,953)	-

Net cash flows used in investing activities		(5,953)	-
Cash flows from financing activities			
Lease principal repayments		(49,096)	-
Proceeds from issue of shares		2,212,254	2,684,170
Transaction costs on issue of shares		(183,506)	(184,832)
Net cash flows from financing activities		1,979,652	2,499,338
Net (decrease)/increase in cash and cash equivalents held		(362,468)	(225,310)
Net foreign exchange difference		10,699	5,394
Cash and cash equivalents at 1 July		1,052,411	1,272,327
Cash and cash equivalents at 30 June	8	700,642	1,052,411

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes in the full Report and Accounts which can be accessed via the following link:

<http://www.europametals.com/site/news-announcements/annual-reports-archive>

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